



ANNUAL REPORT

2025-26

For the year ended 30 June 2026

Sindh Peoples Housing for Flood Affectees (SPHF)

A Company established by the Government of Sindh
under Section 42 of the Companies Act, 2017

Table of Contents

1. Notice of Annual General Meeting.....	3
2. Corporate Information.....	6
3. Organogram.....	8
4. Directors' Report.....	9
5. Auditors' Report on Financial Statements.....	16
6. Financial Statements.....	19
7. Auditors' Review Report on Statement of Compliance with Corporate Governance.....	52
8. Statement of Compliance with Code of Corporate Governance.....	53
9. Form of Proxy.....	60



Government of Sindh
Sindh People's Housing for Flood Affectees (SPHF)
Notice of the 4th Annual General Meeting



NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting ("Meeting") of the Members of Sindh Peoples Housing for Flood Affectees ("SPHF" or the "Company") will be held on Monday, 26th October 2026, at 1:00 p.m., at the Meeting Room of SPHF Office, Bungalow No. 20, Block 7/8, Modern Cooperative Housing Society, Tipu Sultan Road, Karachi, and/or via video-link, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 3rd Annual General Meeting held on 24th October 2025.
2. To consider and approve the Annual Financial Statements of the Company for the year ended 30 June 2026, together with the Directors' Report and the Auditors' Report thereon, as recommended by the Board of Directors on the recommendation of the Finance and Audit Committee.
3. To appoint the Auditors of the Company for the financial year 2026-27, and to fix their remuneration, as recommended by the Board of Directors on the recommendation of the Finance and Audit Committee.

SPECIAL BUSINESS

4. To consider and approve the revision in the Directors' Meeting Fee, as approved by the Board of Directors at its 29th Meeting.
5. Any Other Business, with the permission of the Chair.

A Statement of Material Facts under Section 134(3) of the Companies Act, 2017, relating to Item 4 of the Special Business above, is annexed to and forms part of this Notice.

BY ORDER OF THE BOARD

Jamil Ahmed
Company Secretary
Karachi
Dated: 5th October 2026

NOTES

1. This Notice is being given not less than twenty-one (21) days before the date fixed for the Meeting, in accordance with Section 132(3) of the Companies Act, 2017.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint another Member as his/her proxy to attend, speak and vote in his/her stead. An instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged at the registered office of the Company not later than forty-eight (48) hours before the time of the Meeting, in accordance with Section 137 of the Companies Act, 2017. A Member shall not be entitled to appoint more than one proxy to attend the Meeting. A proxy form accompanies this Notice.

3. Members wishing to attend the Meeting via video-link are requested to inform the Company Secretary in writing at least seven (7) days before the date of the Meeting, so that the necessary facility may be arranged.
4. The minutes of the 3rd Annual General Meeting, and the working paper relating to the revision in the Directors' Meeting Fee referred to in the Statement of Material Facts, are available for inspection by Members at the registered office of the Company during business hours, from the date of this Notice until the conclusion of the Meeting.
5. Any accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice of the Meeting shall not invalidate the proceedings at the Meeting.



Government of Sindh
Sindh People's Housing for Flood Affectees (SPHF)
Statement of Material Facts



Statement of Material Facts under Section 134(3) of the Companies Act, 2017, annexed to and forming part of the Notice of the 4th Annual General Meeting of the Company to be held on 26th October 2026, setting out all material facts concerning the Special Business to be transacted at the Meeting.

Item 4 — Approval of the Directors' Meeting Fee

The Board of Directors, at its 29th Meeting, reviewed a working paper benchmarking the meeting fee paid by the Company to its Board and Board Committee members against the rates paid by comparable organisations, and noted that no revision had been made to these rates since the Company's incorporation on 19 October 2022. Having deliberated on the matter, the Board approved a revised Board Meeting Fee of Rs. 150,000 and a revised Committee Meeting Fee of Rs. 100,000, with the Chairpersons of the Board and of its Committees entitled to a fee 20% higher than that payable to other Members. This revision is subject to the approval of the Members of the Company at a General Meeting, and Members are accordingly requested to approve the same.

Every Director of the Company is interested in this business to the extent of the meeting fee payable to him or her respectively, as a Member of the Board and/or of a Board Committee. Save as aforesaid, none of the Directors has any other direct or indirect interest in this business. The working paper considered by the Board is available for inspection by Members at the registered office of the Company, as stated in Note 4 to this Notice.



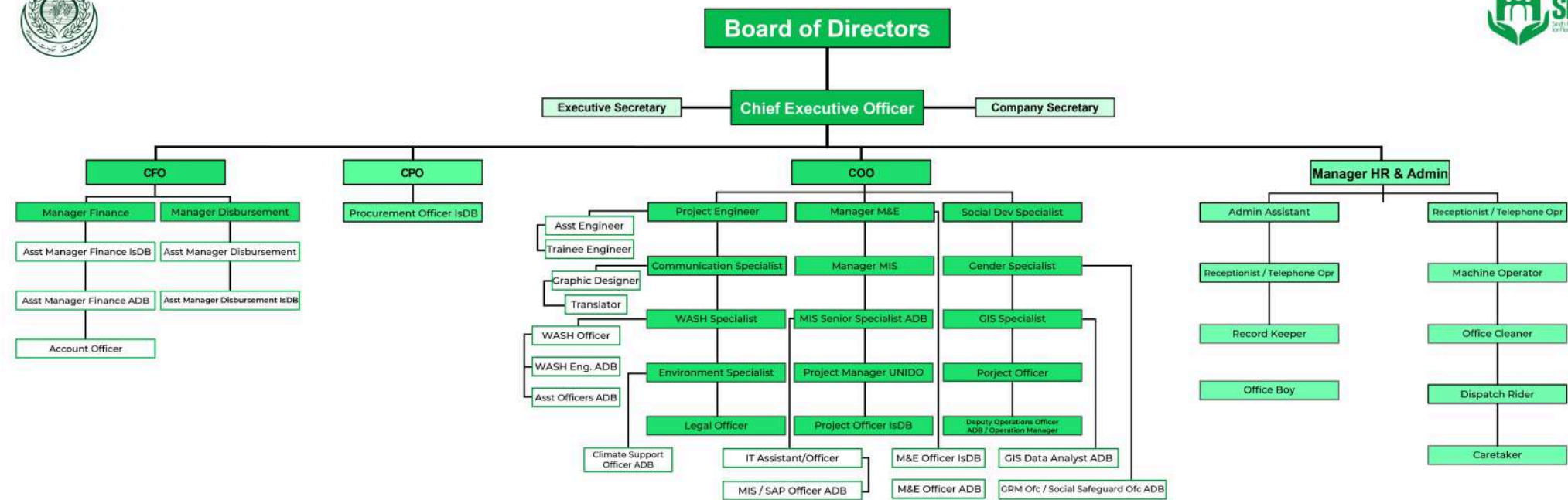
Government of Sindh
Sindh People's Housing for Flood Affectees (SPHF)
Corporate Information



Board of Directors	
Mr. Najam Ahmed Shah	Chairman, SPHF (Chairman, P&DB, Government of Sindh)
Mr. Muhammad Ali Khoso	Member (Additional Chief Secretary, Local Government Department, Government of Sindh)
Ms. Sadiqa Salahuddin	Independent Director
Mr. Asad Ullah Sayeed	Independent Director
Mr. Mudassir Husain Khan	Independent Director
Mr. Abdul Sami Kehar	Independent Director
Mr. Khalid Mehmood Shaikh	Chief Executive Officer, SPHF
Board Committees	
Finance & Audit Committee	Mr. Asad Ullah Sayeed (Chairperson) Ms. Sadiqa Salahuddin (Member) Mr. Mudassir Husain Khan (Member) Mr. Abdul Sami Kehar (Member)
HR Committee	Mr. Mudassir Husain Khan (Chairperson) Mr. Najam Ahmed Shah (Member) Mr. Khalid Mehmood Shaikh (Member)
Technical & Procurement Committee	Mr. Najam Ahmed Shah (Chairperson) Mr. Asad Ullah Sayeed (Member) Ms. Sadiqa Salahuddin (Member)
Nomination Committee	Ms. Sadiqa Salahuddin (Chairperson) Mr. Mudassir Husain Khan (Member) Mr. Muhammad Ali Khoso (Member)
Management and Key Officials	
Chief Executive Officer	Mr. Khalid Mehmood Shaikh
Chief Financial Officer & Company Secretary	Mr. Jamil Ahmed
Chief Operating Officer	Mr. Naveed Ahmed Shaikh
Chief Procurement Officer	Mr. Imtiaz Ahmed
WASH Specialist	Mr. Jhaman Lalchandani
M&E Manager	Mr. Muhammad Shahid Panhwar
Social Development Specialist	Ms. Sana Parveen
Senior Social Development Specialist (STAR WASH)	Mr. Basharat Khan
Finance Manager	Mr. Muhammad Umair
Disbursement Manager	Mr. Adeel Ahmed Khan
MIS Manager	Mr. Sheraz Azeem Khan
Senior MIS Specialist	Mr. Muhammad Tauseef Siddique
Communication Specialist	Ms. Sana Samejo
Project Engineer	Mr. Muhammad Naveed

Environment Specialist	Mr. Syed Jalal Abbas Jaffri
Manager HR & Admin	Mr. Sayed Shueb Ali Shah
Sponsors	
Project Sponsors	World Bank Islamic Development Bank Asian Development Bank Government of Sindh Government of Pakistan United Nations Industrial Development Organization (UNIDO)
Auditors, Advisers and Consultants	
External Auditors	A. F. Ferguson & Co., Chartered Accountants (a member firm of the PwC network)
External Auditor (Islamic Development Bank)	M/s Riaz Ahmed & Co., Chartered Accountants
Internal Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Legal Adviser	Mr. Nasir Latif Khan
Project Implementation and Support Consultants	EY Ford Rhodes
Technological Expertise	TMC (Pvt.) Ltd.
Independent Validator	G3 Engineering Consultants Pvt. Ltd.
Implementing Partners and Bankers	
Implementing Partners	National Rural Support Programme (NRSP) Sindh Rural Support Organization (SRSO) Thardeep Rural Development Programme (TRDP) Health & Nutrition Development Society (HANDS) SAFCO Support Foundation
Bankers	National Bank of Pakistan (NBP) Sindh Bank Limited (SBL) Bank Alfalah Limited (BAFL)
Company Information	
Date of Incorporation	19 October 2022
Legal Status	Public limited company incorporated under Section 42 of the Companies Act, 2017, set up by the Government of Sindh
Line Ministry	Implementation & Coordination (I&C), Services, General Administration and Coordination Department (SGA&CD), Government of Sindh
Registered Office	Bungalow No. 20, Block 7/8, Modern Cooperative Housing Society, Tipu Sultan Road, Karachi
Branch Office	Bungalow No. 67, Phase 1, Defence Officers Housing Society, Hyderabad
Website	www.sphf.gos.pk
Email	info@sphf.gos.pk
Facebook	www.facebook.com/sindhpeopleshousing

Organogram





DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2026

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Directors' Report, together with the audited financial statements, for the financial year ended 30 June 2026. Sindh Peoples Housing for Flood Affecteds (SPHF) was incorporated in Pakistan on 19 October 2022 as a public limited company under Section 42 of the Companies Act, 2017. The Company has been set up by the Government of Sindh ("GoS") to implement the "Sindh Flood Emergency Housing Reconstruction Project (SFEHRP)", with a primary objective of rehabilitating families affected by the 2022 floods in the province of Sindh.

During 2022, a Joint Assessment & Verification (JA&V) Survey for housing was carried out by GoS, comprising representatives from the District Administration, Local Government (UC Secretary), the Provincial Disaster Management Authority (PDMA), the National Disaster Management Authority (NDMA) and Pakistan Army officials. The survey identified approximately 2 million flood-affected houses, of which 1.4 million were categorised as fully damaged and 0.6 million as partially damaged. The total estimated cost of construction and related activities amounts to Rs. 570.2 billion (USD 2.04 billion), including project management and implementation costs.

Project Financing

The International Development Association, part of the World Bank, under an agreement with the Islamic Republic of Pakistan, has provided financing of 389.7 million Special Drawing Rights (SDR), for SFEHRP. Additional financing of 342.5 million SDR for SFEHRP and WASH was signed on 3 April 2025. For this purpose, the Company submits a withdrawal application to the World Bank based on a six-month cash forecast; the approved amount is transferred by the State Bank of Pakistan (SBP) to the Provincial Government of Sindh's non-food account no. 1, earmarked for the Assignment Account maintained with the National Bank of Pakistan (NBP).

As of 30 June 2026 **Total Rs. 201.10 billion released**, in (2025 Rs. 125.93 billion) has been received by the SBP from the World Bank and transferred to the GoS non-food account no. 1. Of this, **Rs. 71.02 billion** (2025: Rs. 32.73 billion) was released to the Company during the year, with the remaining balance to be released as required.

In addition to World Bank financing, GoS has agreed to contribute Rs. 86.2 billion for SFEHRP from its annual budget. For the current year, **Rs. 10.64 billion** (2025: Rs. 22.62 billion) was allocated, of which **Rs. 9.52 billion** (2025: Rs. 22.38 billion) was utilised during the year, with the unused balance lapsing. An allocation of Rs. 19 billion has been designated by GoS for FY 2026-27 (2025-26: Rs. 11.25 billion).

PC-1 Financing Components (Amount in PKR Million)

Sr#	PC-1 Components	WB	IsDB	ADB	GoS	GoP	Total
1	Compensation for Fully Damaged Houses	233,480.10	51,612.90	75,742.20	69,684.90	48,309.30	478,829.40
2	Specialised interventions for vulnerable groups (PWD)	750.00	—	600.00	—	—	1,350.00
3	Communal Toilets Facility – Community infrastructure (WASH, solar, drainage)	15,738.30	3,611.70	28,000.00	—	—	47,350.00
4	Goods for Households	—	—	—	504.00	—	504.00

Sr#	PC-1 Components	WB	IsDB	ADB	GoS	GoP	Total
5	Equipment for Villages	—	—	—	33.04	—	33.04
6	Construction of Supportive Infrastructure	—	—	—	7,150.00	—	7,150.00
7	NGOs' Cost (@ 3.5% of Compensation Cost)	9,981.70	—	1,858.41	2,972.66	1,690.70	16,503.47
8	Company Expenses SPHF	1,723.50	142.50	—	638.75	—	2,504.75
9	Consultants Charges	2,401.70	—	—	703.55	—	3,105.25
10	Communication & Visibility, Familiarisation Visits, Workshops and Reviews	150.00	150.00	—	250.00	—	550.00
11	Trainings & Material	—	—	—	200.00	—	200.00
12	Design & Supervision Consultancy for Infrastructure	475.00	202.50	1,723.45	324.05	—	2,725.00
13	SST Tax on Services (SRB)	—	—	—	2,942.30	—	2,942.30
14	Contingencies	1,299.70	280.40	1,732.72	796.75	—	4,109.57
15	Interest Charges During Construction	—	—	2,343.22	—	—	2,343.22
	Total	266,000.00	56,000.00	112,000.00	86,200.00	50,000.00	570,200.00

Major Accomplishments

Beneficiary Compensation — Disbursement Progress

Compensation for fully destroyed houses is paid in four instalments — Rs. 75,000 as mobilisation advance (1st instalment), Rs. 100,000 on completion of the plinth level (2nd instalment), Rs. 100,000 on completion of walls/lintel (3rd instalment), and Rs. 25,000 on completion of the roof (4th instalment). Each stage of completion is certified by the Implementing Partners (IPs) before the corresponding instalment is released. During FY 2025-26, disbursements were made as follows:

S.No	Instalment No.	Instalment Amount (Rs.)	No. of Beneficiaries
1	1st Instalment	75,000	403,874
2	2nd Instalment	100,000	503,087
3	3rd Instalment	100,000	471,282
4	4th Instalment	25,000	369,698

Cumulative disbursements since project inception, as disclosed in Note 10.5.1 to the financial statements, stand at Rs. 367.77 billion across all four instalments.

WASH Programme — Execution Initiated

As reported last year, implementation of the Water, Sanitation & Hygiene (WASH) component had not yet commenced. During FY 2025-26, execution of the WASH programme was initiated, marking the commencement of field-level activities, with payments of Rs. 377.5 million made to Village Organisations for on-ground implementation. The programme continues to be delivered under the contract with EA Consulting (Private) Limited (contract value Rs. 959.24 million), through communal institutions (village organisations) formed for this purpose under tripartite agreements with the Company and Implementation Support Partners.

STAR WASH — New Initiative

During the year, the Provincial Cabinet approved the Company's proposal, in a meeting held on 13 June 2026, authorising preparatory work — including feasibility studies — for the Sindh Transformational Accelerated Rural Water Supply, Sanitation, and Hygiene (STAR WASH) Project, Phase-I, along with a release of Rs. 1 billion. The proposed project aims to provide villages with piped water networks, overhead tanks, decentralised wastewater treatment, and operations & maintenance run by professional utility companies or under public-private partnerships (PPPs). The project's PC-1 is currently under consideration of the Planning Commission, Government of Pakistan. As at 30 June 2026, no funds had yet been released for this purpose, with implementation expected to commence once feasibility work and PC-1 approval are complete.

Reconstruction in Balochistan and Khyber Pakhtunkhwa

Following a 2022 Post-Disaster Needs Assessment survey identifying approximately 284,312 fully damaged houses in Balochistan, the Housing Reconstruction Unit (HRU) was established under the World Bank-funded Integrated Flood Resilience and Adaptation Project (IFRAP). The Provincial Cabinet, in its meeting of 20 May 2025, authorised reconstruction of fully damaged houses in Balochistan (Sohbatpur, Jaffarabad – old jurisdiction Nasirabad) and Khyber Pakhtunkhwa (Dera Ismail Khan), with releases of Rs. 2 billion and Rs. 1 billion respectively as Grant in Aid, funded from Rs. 9 billion received from the Federal Government for “Grants to Sindh for Public Facilitation Projects outside Sindh”. IFRAP subsequently approved an allocation for 4,500 fully damaged houses in Balochistan, at a grant of Rs. 400,000 per household in four instalments.

Instalment	Amount Disbursed (Rs. '000)	No. of Beneficiaries
1st Instalment	469,375	3,755
2nd Instalment	232,700	2,327
3rd Instalment	217,950	1,453
4th Instalment	12,925	517
Total	932,950	8,052

Of the Rs. 2 billion released for Balochistan, Rs. 948.38 million was utilised during the year for reconstruction of the 4,500 approved houses, with completion targeted for March 2027. The Rs. 1 billion allocated for 2,200 fully damaged houses in Khyber Pakhtunkhwa (Dera Ismail Khan) could not be utilised due to non-availability of the beneficiary list from the Government of Khyber Pakhtunkhwa; subsequent to the year end, these funds were surrendered to the Government of Sindh for re-appropriation to other development initiatives.

UNIDO Collaboration — Non-Fired Bricks Pilot

The Company's collaboration with the “Poverty Alleviation and Inclusive Development across Rural Sindh (PAIDAR)” programme — a UNIDO project funded by the European Union — to produce non-fired bricks for house construction continued during the year. Under the Rs. 9.92 million pilot agreement covering construction of 10 model houses, the Company received Rs. 3.97 million during FY 2025-26 (2025: Rs. 5.95 million). The final completion report for the pilot project was submitted to, and approved by, UNIDO on 17 July 2025, and UNIDO is expected to consider further investment to support mass production based on the pilot's results.

UNIDO Collaboration — Climate Resilient Settlement Development Plan (CRSDP)

Under the same PAIDAR programme, the Company continued implementation of the Climate Resilient Settlement Development Plan across five districts (Sujawal, Thatta, Badin, Tharparkar and Larkana), for which it is entitled to receive Rs. 94.60 million for the planning phase and EUR 5 million for the implementation phase (in five instalments of EUR 1 million each). Catholic Relief Services has been engaged, on UNIDO's recommendation, to provide technical and human assistance. During FY 2025-26, the Company received Rs. 33.11 million (2025: Rs. 11.09 million) for the planning phase and Rs. 325.00 million (2025: Rs. 316.70 million) for the implementation phase, of which Rs. 34.92 million (2025: Rs. 33.48 million) was utilised for planning-phase activities.

New Branch Office

During the year, the Company took possession of new branch office premises at Bungalow No. 67, Phase 1, Defence Officers Housing Society, Hyderabad, to strengthen its field presence and support project implementation across the province.

Board of Directors

Changes in Composition During FY 2025-26

Mr. Abdul Sami Kehar (Independent Director) and Mr. Muhammad Ali Khoso (Non-Executive Director, Secretary (G.A.), Services General Administration & Coordination Department, Government of Sindh) were appointed to the Board with effect from 13 August 2025.

Attendance of Board and Committee Meetings

The table below summarises Board and Committee composition for FY 2025-26. Meeting-wise attendance figures are to be finalised from the meeting registers and inserted prior to circulation.

Name of Director	Board Member	Held	Attended	F&A Member	Held	Attended	HRC Member	Held	Attended
Mr. Najam Ahmed Shah, Chairman	✓ (Chairman)	7	7	[•]	[•]	[•]	[•]	[•]	[•]
Mr. Khalid Mehmood Shaikh, CEO	✓	7	7	[•]	[•]	[•]	[•]	[•]	[•]
Mr. Asad Ullah Sayeed	✓	7	7	✓ (Chairman)	5	5	✓	5	5
Ms. Sadiqa Salahuddin	✓	7	7	✓	5	5	✓	5	5
Mr. Mudassir Husain Khan	✓	7	7	✓	5	4	✓ (Chairman)	5	5
Mr. Abdul Sami Kehar (from 13-Aug-25)	✓	7	7	✓	5	4	[•]	[•]	[•]
Mr. Muhammad Ali Khoso (from 13-Aug-25)	✓	7	6	[•]	[•]	[•]	[•]	[•]	[•]

Directors were paid a fee of Rs. 100,000 for attending Board meetings and Rs. 50,000 for attending meetings of Board Sub-Committees during FY 2025-26. During the year, the Board reviewed a working paper benchmarking these rates against comparable organisations and, having noted that no revision had been made since the Company's incorporation on 19 October 2022, approved a revised Board Meeting Fee of Rs. 150,000 and a revised Committee Meeting Fee of Rs. 100,000, with the Chairpersons of the Board and of its Committees entitled to a fee 20% higher than that payable to other Members. This revision is subject to the approval of the Members of the Company at a General Meeting.

Financial Highlights

Four-Year Financial Summary

The table below presents key figures drawn directly from the Company's audited Statement of Financial Position and Statement of Income and Expenditure for each year since incorporation. FY 2022-23 covers a partial period only, from incorporation (19 October 2022) to 30 June 2023.

Particulars (Rs. '000)	2022-23*	2023-24	2024-25	2025-26
Total Income	4,080,630	106,906,010	130,358,503	143,489,507
Total Expenditure	4,080,630	106,906,010	130,358,503	143,489,507
Surplus for the Year	—	—	—	—
Total Assets	555,654	2,358,200	2,379,885	2,521,430
Total Liabilities	555,654	2,358,200	2,379,885	2,521,430

*Partial period: 19 October 2022 to 30 June 2023.

The Company operates on a not-for-profit, grant-funded basis; total income and total expenditure have been equal in every year since incorporation, resulting in a nil surplus throughout. The year-on-year growth in both income/expenditure and total assets reflects the phased scale-up of disbursements as the project has moved from mobilisation into full-scale implementation.

Related Party Transactions

Related parties comprise associated undertakings with common directors and government entities. A summary of transactions during the year, as disclosed in Note 14 to the financial statements, is set out below:

Related Party	Relationship	Services Received 2026	Payments Made 2026
Sindh Rural Support Organization	Government entity	2,774,591	1,528,649
Sindh Insurance Limited	Government entity	2,188	2,265
GoS Information Department	Government entity	1,614	1,614
Pakistan Mortgage Refinance Co.	Key management relationship	—	—

Sindh Rural Support Organization (SRSO) is the Company's primary Implementation Partner; the amounts above exclude implementation support costs of Rs. 884.04 million owed to SRSO within Accounts and Other Payables at year end. These transactions have been approved by the Board of Directors on the recommendation of the Finance and Audit Committee.

Emphasis of Matter — Auditors' Report

The Company's external auditors, A. F. Ferguson & Co., Chartered Accountants, have included the following Emphasis of Matter paragraph in their audit report on the financial statements for the year ended 30 June 2026:

Emphasis of Matter

We draw attention to Note 10.5 to the financial statements, which describes the matter relating to non-utilisation of amounts disbursed to flood affectees for the construction of houses. Our opinion is not modified in respect of this matter.

A number of beneficiaries who received their first instalment during 2023, 2024 and 2025, accumulating to Rs. 86,985.3 million, have not yet completed construction of their houses and remain at various stages of the prescribed construction plan. These include disbursements of Rs. 9,357.08 million where even the first milestone — certification of the plinth — has not yet been achieved.

Management continues to follow up with the relevant beneficiaries to facilitate completion of their houses and expects the amounts already disbursed to be utilised for their intended purpose. Given the prolonged period for which these amounts remain unutilised and the resulting uncertainty over timely completion, the auditors have considered this matter fundamental to users' understanding of the financial statements.

The Board and management take this matter seriously and continue to strengthen beneficiary follow-up and monitoring mechanisms, including physical verification exercises and coordination with Implementing Partners, to accelerate utilisation of disbursed funds and completion of construction.

Corporate Governance

Good corporate governance plays a vital role in maintaining integrity and transparency. The Board of Directors recognises the need to implement appropriate systems, supported by sound policies, procedures and ethical practices, and has established a robust system of internal controls to this end.

Directors' Statement of Compliance

The Directors are pleased to state that:

- The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period of such non-compliance, and the reasons therefor.
- The financial statements, prepared by management, present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparing the financial statements, and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The appointment of the Chairman and other Board members, and the terms of their appointment and remuneration, are in the best interest of the Company and consistent with best practice. No director other than the Chief Executive Officer is paid salary or remuneration.
- The remuneration of the Company's executive management is disclosed in the notes to the financial statements.
- Related party transactions have been adequately disclosed in the financial statements.
- Information regarding outstanding taxes and levies, as required by the Corporate Governance Rules, is disclosed in the notes to the financial statements.
- There are no significant doubts regarding the Company's ability to continue as a going concern until completion of its objectives.

Governance and Management

The Board of Directors continued to provide effective oversight and guidance throughout the year. The Company adheres to high standards of governance, with policies and procedures in place to ensure transparency, accountability and ethical conduct. The senior management team played a central role in implementing the strategic objectives set by the Board.

Outlook for the Future

Looking ahead, the Company will continue to pursue initiatives aligned with its mission and objectives, including the rollout of the STAR WASH programme and continued acceleration of the WASH component. Negotiations with other Development Financial Institutions are at an advanced stage and are expected to support the reconstruction of further flood-damaged houses.

Appointment of External Auditors

On the recommendation of the Finance and Audit Committee, at its 17th Meeting held on 23 September 2026, the Board of Directors has approved the re-appointment of **M/s A. F. Ferguson & Co., Chartered Accountants** (a member firm of the PwC network), as External Auditors of the Company for the financial year 2026-27. The firm has conveyed its consent to continue, at a revised annual audit fee summarised below:

	FY 2025-26 (Rs.)	FY 2026-27 (Rs.)
Annual Audit Fee (inclusive of out-of-pocket expenses)	7,700,000	8,470,000
Increase	—	10%

The revised fee reflects a 10% increase over the existing annual fee of Rs. 7,700,000 (inclusive of out-of-pocket expenses).

Financial Statements

The audited financial statements of the Company, comprising the Statement of Financial Position, Statement of Income and Expenditure, Statement of Changes in Net Assets, Statement of Cash Flows and the notes forming part thereof, are attached herewith for your perusal.

Acknowledgments

We extend our heartfelt gratitude to our donors, partners, volunteers and employees for their unwavering support during the year. Their commitment has been pivotal to achieving the Company's objectives.

In conclusion, we express our appreciation for the continued trust and confidence placed in Sindh Peoples Housing for Flood Affectees (SPHF). As we navigate the challenges and opportunities ahead, we look forward to the continued support of the World Bank, the Economic Affairs Division of the Government of Pakistan, and the Government of Sindh.

Sincerely,


Najam Ahmed Shah
Chairman, Board of Directors, SPHF

INDEPENDENT AUDITOR'S REPORT**To the members of Sindh Peoples Housing for Flood Affectedes****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Sindh Peoples Housing for Flood Affectedes (the Company), which comprise the statement of financial position as at June 30, 2026, and the statement of income and expenditure, the statement of changes in net assets, the statement of cash flows for the year ended June 30, 2026, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Emphasis of Matter

We draw attention to Note 10.5 to the financial statements, which describes the matter relating to non utilisation of amount disbursed to flood affectedes for the construction of houses. Our opinion is not modified in respect of this matter.

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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of income and expenditure, the statement of changes in net assets 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 Syed Muhammad Hasnain.



A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 5, 2026

UDIN: AR202610073rsg7oP8tY

**SINDH PEOPLES HOUSING FOR
FLOOD AFFECTEES**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2026**

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2026

	Note	2026 (Rupees in '000)	2025
NON-CURRENT ASSETS			
Property and equipment	4	79,250	82,558
Intangible assets	5	24,189	46,171
		<u>103,439</u>	<u>128,729</u>
CURRENT ASSETS			
Funding receivable	10	1,765,425	1,899,465
Deposits, prepayments and others	6	20,823	32,398
Bank balances	7	631,743	319,293
		<u>2,417,991</u>	<u>2,251,156</u>
TOTAL ASSETS		<u><u>2,521,430</u></u>	<u><u>2,379,885</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred grant			
Grants related to assets	8	103,438	128,729
Employee benefit obligations	9	55,356	33,616
		<u>158,794</u>	<u>162,345</u>
CURRENT LIABILITIES			
Unutilised funding	10	-	-
Accounts and other payables	11	2,362,636	2,217,540
		<u>2,362,636</u>	<u>2,217,540</u>
TOTAL LIABILITIES		<u><u>2,521,430</u></u>	<u><u>2,379,885</u></u>
NET ASSETS		<u><u>-</u></u>	<u><u>-</u></u>
REPRESENTED BY:			
FUND			
General Fund		<u><u>-</u></u>	<u><u>-</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

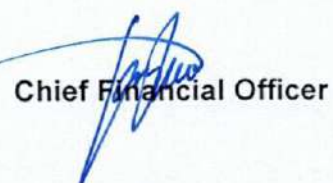
STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 (Rupees in '000)	2025
INCOME			
Funding activities	12	143,435,293	130,358,503
Other income	12	54,214	-
		<u>143,489,507</u>	<u>130,358,503</u>
OPERATING EXPENDITURE			
Cost of project	12	(142,791,033)	(129,855,958)
General and administrative expenses	12	(698,474)	(502,545)
		<u>(143,489,507)</u>	<u>(130,358,503)</u>
Surplus for the year		-	-
Other comprehensive income / (loss):			
<i>Items that will not be reclassified to income or expenditure</i>			
Remeasurement loss on defined benefit plans	9.5	(662)	-
Funding activities		662	
Total comprehensive income / (loss) for the year		<u><u>-</u></u>	<u><u>-</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2026

	(Rupees in '000)
Balance as at June 30, 2024	-
Surplus for the year	-
Remeasurement loss on defined benefit plans	-
Funding receivable	-
Balance as at June 30, 2025	-
Surplus for the year	-
Remeasurement loss on defined benefit plans	(662)
Funding receivable	662
Balance as at June 30, 2026	-

The annexed notes 1 to 18 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 (Rupees in '000)	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		-	-
Adjustments for non cash charges and other items:			
Depreciation	12	44,874	22,817
Gain on disposal of property and equipment	12	(87)	-
Amortisation	12	25,297	20,687
Provision for employee benefit obligations	9.4	26,607	23,220
Cash flow before working capital changes		96,691	66,724
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets:			
Deposits, prepayments and others		11,575	(17,775)
Funding receivable		134,702	(71,119)
		146,277	(88,894)
Increase in current liabilities:			
Accounts and other payables		145,096	32,724
Unutilised funding		-	-
		145,096	32,724
Payments to employee benefit obligations		(5,528)	-
Cash generated from operations		382,536	10,554
Grant related to assets amortized during the year		(25,291)	(34,259)
Net cash generated / (used) in operations		357,245	(23,705)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(41,652)	(8,095)
Proceeds from disposal of property and equipment		172	-
Purchase of intangible assets		(3,315)	(1,150)
Net cash used in investing activities		(44,795)	(9,245)
Net increase / (decrease) in cash and cash equivalents		312,450	(32,950)
Cash and cash equivalents at beginning of the year		319,293	352,243
Cash and cash equivalents at end of the year	7	631,743	319,293

The annexed notes 1 to 18 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1** Sindh Peoples Housing for Flood Affectees was incorporated in Pakistan on October 19, 2022 as a public limited company under section 42 of the Companies Act, 2017. The Company has been set up by the Government of Sindh ("GoS") to implement the "Sindh Flood Emergency Housing Reconstruction Project (SFEHRP)" with a primary objective of rehabilitation of families affected by floods in 2022 in the province of Sindh.
- 1.2** During the year 2022, Joint Assessment & Verification (JA&V) Survey for housing was carried out by GoS comprising of representatives from the District Administration, Local Government (UC Secretary), Provincial Disaster Management Authority (PDMA), National Disaster Management Authority (NDMA) and Pakistan Army officials. As per survey, there were approximately 2 million houses affected by floods. Out of which, 1.4 million houses were categorised as fully damaged while 0.6 million houses were categorised as partially damaged. The total estimated cost of construction and other related activities amounts to Rs. 570.2 billion (USD 2.04 billion) including project management and implementation costs.
- 1.3** The International Development Association, a part of the World Bank, under an agreement with the Islamic Republic of Pakistan has provided financing to SFEHRP of USD 500 million equivalent to 389.7 million Special Drawing Rights (SDR). The closing date for the financing period is June 30, 2027 and the repayment of principal amount by the Government of Pakistan (GoP) shall commence from May 1, 2028. Further, International Development Association has entered into an agreement for additional financing under an agreement with the Islamic Republic of Pakistan of USD 450 million equivalent to 342.5 million SFEHRP and WASH Special Drawing Rights (SDR) on April 3, 2025. The closing date for the additional financing period is June 30, 2028 and the repayment of principal amount by GoP shall commence from April 15, 2030. For this purpose, based on six months forecast, the Company submits a drawdown application to the World Bank which is specified in the USD and its PKR equivalent. The approved drawdown in USD is transferred to the State Bank of Pakistan (SBP), which retains the foreign currency and transfers equivalent amount in PKR to the Provincial Government of Sindh non-food account no. 1, which is earmarked for the Assignment Account maintained for the project with National Bank of Pakistan (NBP).
- As of June 30, 2026, USD 718.66 million equivalent to Rs. 201.10 billion (2025: USD 451.1 million equivalent to Rs. 125.93 billion) has been received by the SBP from World Bank and transferred to GoS non-food account no. 1. Out of this amount, Rs. 71.02 billion (2025: Rs. 32.73 billion) has been released to the Company during the year and the remaining balance will be released whenever required.
- 1.4** In addition to the financing provided by World Bank, GoS has agreed to provide Rs. 86.2 billion (2025: Rs. 86.2 billion) for SFEHRP. This funding will be sourced from GoS's annual budget. For the current year, Rs. 10.64 billion (2025: Rs. 22.62 billion) has been allocated for SFEHRP. Out of which, Rs. 9.52 billion (2025: Rs. 8.18 billion) has been utilised during the year, while the unused balance has lapsed. Additionally an allocation of Rs. 19 billion has been designated by GoS for the year 2026-2027 (2025-2026: Rs. 11.25 billion).

- 1.5 The second revision of PC-1 of the project has been approved by the Executive Committee of the National Economic Council (ECNEC) of Government of Pakistan on April 16, 2025 on the recommendation of Ministry of Planning, Development and Special Initiatives titled "Flood Response Emergency Housing Project". With this revision, the project's gestation period has been extended from 44 months, originally in first revision set to conclude in June 2026, to 68 months, now expected to end in June 2028. Furthermore, the scope of the project for fully damaged houses has been increased from 860,204 to 1,317,888 and construction of household toilets has been increased from 54,750 to 84,750. Furthermore PKR 50,000 each has also been allocated against specialised provision for vulnerable groups - Person with disability for 15,000 units.

Additionally a separate PC-1 of the project through financing from Asian Development Bank has also been approved by the Executive Committee of the National Economic Council (ECNEC) of Government of Pakistan on October 11, 2024 on the recommendation of Ministry of Planning, Development and Special Initiatives titled "Flood Response Emergency Housing Project (Phase-II) ADB/GOS Financing". With this PC-1, additional construction of 278,210 and 100,000 fully damaged houses and household toilets respectively has been included. Furthermore PKR 50,000 each has also been allocated against specialised provision for vulnerable groups - Person with disability for 12,000 units.

As per the PC-1s an amount of Rs. 47.35 billion (2025: Rs. 47.35 billion) has been allocated for the Water, Sanitation & Hygiene (WASH) project which aims to create awareness and shape behaviour of school-going children around health and hygiene, to provide clean water to schools, and to help in construction of latrines in flood affected areas of the province of Sindh. As at June 30, 2026, the Company has facilitated the formation of 50 communal institutions (village organisations) who will be directly involved in providing safe drinking water, private sanitation facilities, and small-scale sewerage networks, through funding provided by the Company and a tripartite agreement shall be signed between the Company, Implementation support partners and communal institutions defining roles and responsibilities of each party. The Company has signed an agreement with EA Consulting (Private) Limited with contract price of Rs. 959.24 million for implementation, consultation and supervision of the project.

According to the above discussed PC-1s, the total project cost is now Rs. 570.2 billion, which includes the following financial commitments:

- The World Bank has committed USD 950 million, equivalent to Rs. 266 billion (using an exchange rate of Rs. 280 / USD for reporting purposes).
- The Islamic Development Bank (IsDB) under agreements with the Islamic Republic of Pakistan has pledged Euro 188.70 million, which converts to Rs. 56 billion (using an exchange rate of Rs. 297.8 / Euro for reporting purposes). This includes Euro 165.10 million for installment sales and Euro 23.60 million as Qarz-e-Hasna. The Government of Pakistan (GoP) will begin repaying the principal amount starting December 31, 2027.
- The Government of Pakistan (GoP) has agreed to contribute Rs. 50 billion.

- The Government of Sindh (GoS) has also committed Rs. 75 billion and 11.2 billion in Phase I & II respectively.
- The Asian Development Bank has committed USD 400 million, equivalent to Rs. 112 billion (using an exchange rate of Rs. 280 / USD for reporting purposes). The Government of Pakistan (GoP) will begin repaying the principal amount starting January 15, 2035.

Under the previous revised PC-1 approved by ECNEC on June 29, 2024, the revised project cost was PKR 296 billion, comprising Rs. 140 billion from the World Bank, Rs. 50 billion from GoS, Rs. 56 billion from Islamic Development Bank, and Rs. 50 billion from GoP. The project cost is subject to further revisions and approval due to the dynamic nature of the project that are expected to be done at provincial level.

- 1.6 The funds received by the Company from the GoS either through their own budget or through World Bank financing are disbursed onwards to the flood affectees as grant after following verification process. For households classified as fully damaged, a grant of Rs. 300,000 per household is being provided in four installments.
- 1.7 The Provincial Cabinet approved the Company's proposal in a meeting held on July 11, 2024, authorising the removal of payment provisions for partially damaged houses and permitting the reallocation of these funds to the reconstruction of fully damaged houses.
- 1.8 During the year 2022, a Post-Disaster Needs Assessment (PDNA) Survey for housing was carried out by Government of Balochistan comprising of District Administration, Local Government (UC Secretary), Provincial Disaster Management Authority (PDMA), National Disaster Management Authority (NDMA) and Pakistan Army officials with a primary objective of rehabilitating of families affected by floods in 2022 in the province of Balochistan. In response, the Housing Reconstruction Unit (HRU) was established in Balochistan funded by World Bank, under the Integrated Flood Resilience and Adaptation Project (IFRAP). As per survey, there were approximately 284,312 fully damaged houses affected by floods.

The Provincial Cabinet in a meeting held on May 20, 2025, authorised the reconstruction of fully damaged houses in Balochistan (Sohbatpur and Jaffarabad districts - old jurisdiction Nasirabad) and Khyber Pakhtunkhwa (Dera Ismail Khan district), respectively, along with a release of Rs. 2 billion and Rs. 1 billion as Grant in Aid (Non-Development account) respectively. These funds have been allocated from the funds amounting to Rs. 9 billion received from Federal Government on account of "Grants to Sindh for Public Facilitation Projects outside Sindh".

Subsequently, IFRAP approved the Company's proposal for an allocation of 4,500 fully damaged houses in Balochistan. The funds received by the Company are disbursed onwards to the flood affectees as grant after following verification process. For households classified as fully damaged, a grant of Rs. 400,000 per household is being provided in four installments.

Out of the total release of Rs. 3 billion, 2 billion has been allocated for reconstruction of 4,500 fully damaged houses in Balochistan with completion targeted for March 2027. Out of which, Rs. 948.38 million has been utilised during the year, while the unused balance has lapsed.

The remaining amount of Rs. 1 billion earmarked for reconstruction of 2,200 fully damaged houses in Khyber Pakhtunkhwa (Dera Ismail Khan district) could not be utilized due to non-availability of the list of flood affectees beneficiaries from the Government of Khyber Pakhtunkhwa. Subsequent to the year end, these funds have been surrendered to the Government of Sindh to be re-appropriated for other development initiatives.

- 1.9 The Company has also collaborated with the "Poverty Alleviation and Inclusive Development across Rural Sindh (PAIDAR) programme, a project of United Nations Industrial Development Organization (UNIDO) funded by the European Union, to produce non-fired bricks for the construction of houses. For this purpose, in 2024 the Company signed an agreement with UNIDO for Rs. 9.92 million to conduct a pilot project involving construction of 10 model houses using non-fired bricks. During the year, the Company received Rs. 3.97 million (2025: Rs. 5.95 million) from UNIDO in respect of this agreement. Based on the results of this pilot project, UNIDO is anticipated to make additional investments in the project to support mass production. The final completion report of the pilot project to UNIDO was approved on July 17, 2025.

Further, the Company has collaborated under the same programme for Climate resilient settlement development plan (CRSDP) in 5 districts (Sujawal, Thatta, Badin, Tharparkar and Larkana), aimed at the construction of resilient social infrastructure. For this purpose, the Company shall receive Rs. 94.60 million under an agreement with UNIDO under planning phase and EURO 5 million for implementation phase of this project respectively. As per UNIDO's recommendation, Catholic Relief Service has been contracted for providing technical and human assistance services for this project. During the year, the Company received Rs. 33.11 million (2025: Rs. 11.09 million) for planning phase and Rs. 325.00 million (2025: Rs. 316.70 million) for implementation phase respectively. Out of these funds, Rs. 34.92 million (2025: 33.48 million) has been utilized for the planning phase.

- 1.10 During the year, the Provincial Cabinet approved the Company's proposal in a meeting held on June 13, 2026, authorising the preparatory work including feasibility studies of the Sindh Transformational Accelerated Rural Water Supply, Sanitation, and Hygiene (STAR WASH) Project Phase-I, along with a release of Rs. 1 billion. The proposed project aims to provide villages with piped water networks, overhead tanks, decentralised wastewater treatment, and O&M run by professional utility companies or under public-private partnerships (PPPs). As at June 30, 2026, no funds have been released for this purpose.
- 1.11 In January 2024, the Company launched an online portal on its website to facilitate additional funding for the project from the general public. However, no funds were received through the portal till June 30, 2026.
- 1.12 The Company is actively pursuing to arrange the funds from other multilateral financial institutions in order to meet the overall cost of this housing reconstruction project.
- 1.13 The geographical locations and addresses of the Company's business units are as under:
- The registered office of the Company is located at Bungalow no. 20, Block 7/8 Modern Cooperative Housing Society, Karachi.
 - The branch office of the Company is located at Bungalow no. 67, Phase 1, Defense Officers Housing Society, Hyderabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies in the notes below.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that may have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

2.5 Changes in accounting standards, interpretations and pronouncements

- (a) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's accounting period which began on July 1, 2025. However, these do not have any significant impact on the Company's financial reporting.

- (b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following standards or amendments are effective for the accounting periods beginning on or after July 1, 2026 and have not been early adopted by the Company.

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i) **IFRS 18 'Presentation and Disclosure in Financial Statements' (IFRS 18)**
(effective January 1, 2027):

A new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss is being introduced. The key new concepts introduced in IFRS 18 relate to:

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

The Company's management is currently in the process of assessing the full impacts of this new standard and is expecting to complete the assessment in due course.

Other than above, there are standards and certain amendments to accounting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning July 1, 2026. Such standards and amendments are not expected to have any significant impact on the Company's financial reporting and, therefore, have not been presented in these financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below:

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Depreciation on operating assets is charged using the straight line method over their useful life at the rates specified in respective notes in these financial statements. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month immediately preceding the disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The Company accounts for impairment, where indications exist, by reducing its carrying value to the estimated recoverable amount.

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Maintenance and normal repairs are charged to statement of income and expenditure as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of property and equipment are recognised in the statement of income and expenditure.

3.2 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as intangible assets. Direct costs include the purchase cost of the intangible asset, implementation cost and related overhead costs.

Intangible assets are amortised using the straight-line method over a period of three years or license period, whichever is shorter.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Capital work-in-progress is stated at cost accumulated to the balance sheet date less impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of an asset. Transfers are made to relevant asset category as and when asset is available for intended use.

3.3 Deposits, prepayments and others

These are recognised at fair value of consideration given. These assets are written off when there is no reasonable expectation of recovery. Fair value of these deposits is not considered to be materially different from cost.

3.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, bank balances comprise balances with banks in current accounts.

3.5 Accounts and other payables

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

3.6 Financial instruments

3.6.1 Initial measurement

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

3.6.2 Classification of financial assets

The Company classifies its financial assets into the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

3.6.3 Subsequent measurement of financial assets

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method and impairment are recognised in the income and expenditure account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of income and expenditure.
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Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of income and expenditure unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of income and expenditure.
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Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of income and expenditure.
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Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income and impairment, if any, are recognised in the statement of income and expenditure.
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3.6.4 Classification of financial liabilities

The Company classifies its financial liabilities in the following

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

3.6.5 Subsequent measurement of financial liabilities

Financial liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost

Financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.6.6 Derecognition

(i) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

3.6.7 Impairment of financial asset

Expected credit losses (ECLs) are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. For all other financial assets, expected credit losses are measured at an amount equal to 12 months' ECLs i.e. ECLs that result from default events that are possible within 12 months after the reporting date.

3.6.8 Offsetting of Financial assets and Financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties.

3.7 Grant

Grants are recorded on receipt basis at their fair value where there is reasonable assurance that all attaching conditions will be complied with, whereas funds required to settle expenses already incurred by the Company are accrued.

3.7.1 Where the grant received relates to an asset, it is recorded as deferred grant and charged to income in equal amounts over the expected useful life of the related asset through depreciation, amortisation and / or disposal.

3.7.2 All grants received are classified as restricted grants.

3.8 Unutilised funding

When the grant relates to an expense item, it is recognised as income over the periods in which the entity recognises the related costs as expenses for which the grant is intended to compensate. Unspent grants at the end of the year are disclosed separately in the statement of financial position as unutilised funding.

3.9 Expenses

All expenses are recognised in the statement of income and expenditure on accrual basis.

3.10 Taxation

As per Section 100C of the Income Tax Ordinance 2001, (the Ordinance), the income of the Company is eligible for a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable. Management intends to continuously comply with the provisions to avail the tax credit and accordingly no provision for tax has been recognised.

3.11 Staff retirement benefits

The Company operates an unapproved unfunded gratuity scheme (defined benefit plan) for all its contractual employees, at the rate of one gross salary for every completed year of service and proportionate share in case he leaves or retires in the middle of the year of service.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in income and expenditure.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

	Note	2026	2025				
		(Rupees in '000)					
4. PROPERTY AND EQUIPMENT							
Operating fixed assets	4.1	<u>79,250</u>	<u>82,558</u>				
4.1 Operating fixed assets							
		Lease hold improvements	Office equipment	Computer and peripherals	Furniture and fixtures	Vehicles	Total
		----- Rupees in '000 -----					
Net carrying amount for the year ended June 30, 2026							
Opening net book value		655	18,460	15,100	11,334	37,009	82,558
Additions (at cost)		-	8,347	24,548	8,258	499	41,652
Disposal		-	-	(86)	-	-	(86)
Depreciation charge		(434)	(6,820)	(17,182)	(5,412)	(15,026)	(44,874)
Net book value		<u>221</u>	<u>19,987</u>	<u>22,380</u>	<u>14,180</u>	<u>22,482</u>	<u>79,250</u>
Gross carrying amount as at June 30, 2026							
Cost		1,239	34,966	52,232	26,633	60,104	175,174
Accumulated depreciation		(1,018)	(14,979)	(29,852)	(12,453)	(37,622)	(95,924)
Net book value		<u>221</u>	<u>19,987</u>	<u>22,380</u>	<u>14,180</u>	<u>22,482</u>	<u>79,250</u>
Useful life (in years)		4	5	3	5	5	
		Lease hold improvements	Office equipment	Computer and peripherals	Furniture and fixtures	Vehicles	Total
		----- Rupees in '000 -----					
Net carrying amount for the year ended June 30, 2025							
Opening net book value		873	19,229	18,950	13,017	45,211	97,280
Additions (at cost)		-	3,294	2,815	1,073	913	8,095
Disposal		-	-	-	-	-	-
Depreciation charge		(218)	(4,063)	(6,665)	(2,756)	(9,115)	(22,817)
Net book value		<u>655</u>	<u>18,460</u>	<u>15,100</u>	<u>11,334</u>	<u>37,009</u>	<u>82,558</u>
Gross carrying amount as at June 30, 2025							
Cost		1,239	26,619	28,032	18,375	59,605	133,870
Accumulated depreciation		(584)	(8,159)	(12,932)	(7,041)	(22,596)	(51,312)
Net book value		<u>655</u>	<u>18,460</u>	<u>15,100</u>	<u>11,334</u>	<u>37,009</u>	<u>82,558</u>
Useful life (in years)		4	5	3	5	5	

4.1.1 Depreciation for the year has been charged to general and administrative expenses.

	Note	2026 (Rupees in '000)	2025
5. INTANGIBLE ASSETS			
Operating intangible assets	5.1	24,189	46,171
Capital work in progress (CWIP)	5.2	-	-
		<u>24,189</u>	<u>46,171</u>
5.1 Operating intangible assets			
Net carrying amount as at year ended June 30			
Opening net book value at start of the year		46,171	21,248
Additions during the year		3,315	1,151
Transfers from the Capital work in progress (CWIP)		-	44,460
Amortisation during the year		(25,297)	(20,688)
Closing net book value at end of the year		<u>24,189</u>	<u>46,171</u>
Gross carrying amount as at year ended June 30			
Cost		77,106	73,791
Accumulated amortisation		(52,917)	(27,620)
Net book value		<u>24,189</u>	<u>46,171</u>
Rate of amortisation		33.33%	33.33%
5.1.1	Intangible assets comprise of computer software and licenses.		
5.1.2	Amortisation for the year has been charged to general and administrative expenses.		
		2026	2025
		(Rupees in '000)	
5.2 Capital work in progress (CWIP)			
Opening balance at start of the year		-	44,460
Additions during the year		-	-
Transfers to the operating intangible assets		-	(44,460)
Closing balance at end of the year		<u>-</u>	<u>-</u>

	Note	2026 (Rupees in '000)	2025
6. DEPOSITS, PREPAYMENTS AND OTHERS			
Prepayments		4,355	22,803
Rental deposits		10,200	5,400
Advance to employees		6,189	4,116
Others		79	79
		<u>20,823</u>	<u>32,398</u>

7. BANK BALANCES

Cash at bank

- Current account for GoS	7.1	1,194	24,510
- Current accounts for UNIDO & Public donations	7.2	330,940	294,783
- Savings account for UNIDO & Public donations	7.3	299,609	-
- Asaan Assignment accounts	7.4	-	-
- Revolving Fund Assignment accounts	7.5	-	-
		<u>631,743</u>	<u>319,293</u>

7.1 This represents the unutilised amount of funds provided by the Government of Sindh (GoS) to start the project / the Company. This amount has been kept in a current account with Sindh Bank Limited which is a related party of the Company through Government ownership.

7.2 This represents the unutilised amount of funds donated by the United Nations Industrial Development Organization (UNIDO) to build houses for flood affectees with non-fired bricks and climate resilient development plan for five districts (Sujawal, Thatta, Badin, Tharparkar and Larkana) under a project called Poverty Alleviation and Inclusive Development Across Rural Sindh (PAIDAR) and funds donated by general public. These amounts have been kept in current and savings account with Bank Alfalah Limited and National Bank of Pakistan respectively.

7.3 At June 30, 2026 the profit rates on savings accounts ranged between 8% to 10% per annum (2025: nil).

7.4 The Asaan Assignment account has been opened in National Bank of Pakistan (NBP) to receive the budget allocation of GoS (Phase I, II & Balochistan) and GoP for the project. The amount is available in the account on the requirement basis.

7.5 The NBP is the designated bank for handling all transactions of Revolving Fund Assignment (RFA) accounts. The funds received for the Company / the project by SBP from World Bank, Asian Development Bank and Islamic Development Bank are transferred to the Company in this account on utilisation basis.

7.6 Bank balances comprise funds received from donors and government agencies for specified project purposes and are not available for general operational use.

8. GRANTS RELATED TO ASSETS

		2026			
		Government of Sindh	Government of Sindh - through World Bank financing	Donation - UNIDO	Total
Note		Rupees in '000			
At the beginning of year		41,266	87,463	-	128,729
Grants received during the year for:					
Property and equipment	4	1,180	39,189	1,283	41,652
Intangible assets	5	23	3,292	-	3,315
		42,469	129,944	1,283	173,696
Utilised during the year through:					
Depreciation for the year	4	(19,284)	(25,418)	(172)	(44,874)
Gain on disposal of property and equipment		(87)	-	-	(87)
Amortisation of intangible assets for the year	5	(45)	(25,252)	-	(25,297)
		(19,416)	(50,670)	(172)	(70,258)
		23,053	79,274	1,111	103,438
		2025			
		Government of Sindh	Government of Sindh - through World Bank financing	Donation - UNIDO	Total
Note		Rupees in '000			
At the beginning of year		52,360	110,628	-	162,988
Grants received during the year for:					
Property and equipment	4	154	7,941	-	8,095
Intangible assets	5	-	1,151	-	1,151
		52,514	119,720	-	172,234
Utilised during the year through:					
Depreciation for the year	4	(11,205)	(11,612)	-	(22,817)
Gain on disposal of property and equipment		-	-	-	-
Amortisation of intangible assets for the year	5	(43)	(20,645)	-	(20,688)
		(11,248)	(32,257)	-	(43,505)
		41,266	87,463	-	128,729

9. EMPLOYEE BENEFIT OBLIGATIONS

9.1 Defined benefit plan

As stated in note 3.11, the Company operates unfunded gratuity scheme for all eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation of the Plan as at June 30, 2026 was carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuation are as follows:

	2026 (Rupees in '000)	2025
9.2 Defined benefit plan		
Statement of financial position reconciliation as at June 30		
Present value of defined benefit obligation - note 9.3	<u>55,356</u>	<u>33,616</u>
9.3 Movement in the present value of defined benefit obligation		
Balance at beginning of the year	33,616	10,396
Benefits paid by the plan	(5,529)	-
Current service cost	22,886	23,220
Interest cost	3,721	-
Remeasurement loss	662	-
Balance at end of the year	<u>55,356</u>	<u>33,616</u>
9.4 Expense recognised in the statement of profit or loss		
Current service cost	22,886	23,220
Interest cost on defined benefit obligation	3,721	-
Expense recognised in profit or loss account	<u>26,607</u>	<u>23,220</u>
9.5 Remeasurement loss recognised in other comprehensive income		
Remeasurement loss on present value of defined benefit obligation	<u>662</u>	<u>-</u>

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		2026	2025
9.6	Actuarial Assumptions		
	Discount rate as at 30 June	11.75%	11.75%
	Future salary increases	15.00%	15.00%
	Mortality rate	SLIC 2001-2005	SLIC 2001-2005

9.7 The defined benefit plans expose the Company to the actuarial risks such as:

Withdrawal and mortality risks - Withdrawal risk is the risk of higher or lower withdrawal experience than assumed. Mortality risk is the risk that the actual mortality experience is different. Both risks depend on the beneficiaries' service / age distribution and the benefit.

Investment risk - The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Salary increase risk - The risk arises when the actual salary increases are higher than expectations and impacts the liability accordingly.

Medical cost escalation risk - The risk that the cost of post-retirement medical benefits could be higher than what we assumed.

Longevity risk - The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

9.8 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at June 30, 2026	1%	900	(927)
Future salary increases	1%	(893)	883

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position of the Company.

9.9 Maturity analysis

Expected maturity analysis of retirement benefit plans.

	Less than a year	Between 1-2 years	Between 2-5 years	Total
	(Rupees in thousand)			
Retirement benefit plans				
At 30 June 2026	<u>-</u>	<u>55,356</u>	<u>-</u>	<u>55,356</u>
At 30 June 2025	<u>5,530</u>	<u>-</u>	<u>28,086</u>	<u>33,616</u>

9.10 The Company has conducted actuarial valuation for first time for the year ended June 30, 2026. Actuarial valuation for the prior year was not conducted. However, there were no material differences in the reported amounts.

	Note	2026 (Rupees in '000)	2025
10. (FUNDING RECEIVABLE) / UNUTILISED FUNDING			
Against deposits, prepayments and others	10.1	20,823	32,398
Cash grant from Government of Sindh		1,194	24,510
Grant through UNIDO and Public donations		630,549	294,783
Accounts and other payables	10.2 & 10.3	(2,417,991)	(2,251,156)
		<u>(1,765,425)</u>	<u>(1,899,465)</u>

10.1 This represents payment made out of grant amount and will be charged off once utilised.

10.2 This represents revenue expenditure / capital expenditure incurred but not yet paid by the Company as at June 30, 2026 and will be funded from the grant.

10.3 The expenditures incurred have been allocated between GoS financing through World Bank and GoS on the basis of their payment account.

10.4 As at June 30, 2026, NBP has withheld funds amounting to Rs. 898.93 million (2025: Rs. 1,948.23 million). The withholding is a result of payment transactions facing processing challenges due to inaccuracies in the data submitted to the bank.

(FUNDING RECEIVABLE) / UNUTILISED FUNDING

2026

	Covered under PC-1s					Other than PC-1				
	Government of Sindh	Government of Sindh - through World Bank financing	Islamic Development Bank- Installment Sales financing	Islamic Development Bank- Qarza-e-Hasna financing	Government of Sindh - through Asian Development Bank financing	Government of Pakistan	Total of PC-1s	Donation - UNIDO	Donation - Specific - note 12.1	Grand Total
----- Rupees in '000 -----										
Balance at the beginning of the year	29,989	(2,224,237)	-	-	-	-	(2,194,248)	294,783	-	(1,899,465)
Funding received during the year										
Cash	-	-	-	-	-	-	-	-	-	-
Allocation used	13,286,458	71,024,610	13,906,700	766,002	20,026,647	24,124,208	143,134,625	362,343	47,736	410,079
	13,286,458	71,024,610	13,906,700	766,002	20,026,647	24,124,208	143,134,625	362,343	47,736	143,134,625
Funding utilised during the year										
Capital expenditure	(1,203)	(42,481)	-	-	-	-	(43,684)	(1,283)	-	(44,967)
Revenue expenditure	(13,303,771)	(71,165,339)	(13,906,700)	(766,002)	(20,026,647)	(24,124,208)	(143,292,667)	(25,294)	(47,736)	(143,365,697)
	(13,304,974)	(71,207,820)	(13,906,700)	(766,002)	(20,026,647)	(24,124,208)	(143,336,351)	(26,577)	(47,736)	(143,410,664)
Balance at the end of the year	11,473	(2,407,447)	-	-	-	-	(2,395,974)	530,549	-	(1,765,425)

Rupees in '000

2025

	Covered under PC-1s					Other than PC-1				
	Government of Sindh	Government of Sindh - through World Bank financing	Islamic Development Bank- Installment Sales financing	Islamic Development Bank- Qarza-e-Hasna financing	Government of Sindh - through Asian Development Bank financing	Government of Pakistan	Total of PC-1s	Donation - UNIDO	Donation - Specific - note 12.1	Grand Total
Rupees in '000										
Balance at the beginning of the year	341,169	(2,175,216)	-	-	-	-	(1,834,047)	4,451	1,250	(1,828,346)
Funding received during the year										
Cash	-	-	-	-	-	-	-	327,814	-	327,814
Allocation used	22,404,428	32,726,557	27,432,075	1,237,088	30,642,159	15,499,975	129,942,282	-	-	129,942,282
	22,404,428	32,726,557	27,432,075	1,237,088	30,642,159	15,499,975	129,942,282	327,814	-	130,270,096
Funding utilised during the year										
Capital expenditure	(154)	(8,943)	-	-	-	-	(9,097)	-	-	(9,097)
Revenue expenditure	(22,715,454)	(32,766,635)	(27,432,075)	(1,237,088)	(30,642,159)	(15,499,975)	(130,293,386)	(37,482)	(1,250)	(130,332,118)
	(22,715,608)	(32,775,578)	(27,432,075)	(1,237,088)	(30,642,159)	(15,499,975)	(130,302,483)	(37,482)	(1,250)	(130,341,215)
Balance at the end of the year	29,989	(2,224,237)	-	-	-	-	(2,194,248)	294,783	-	(1,899,465)

Rupees in '000

10.5 Details of yearly disbursements to beneficiaries

10.5.1 Installment wise

Year	2026							
	1st		2nd		3rd		4th	
	Installment		Installment		Installment		Installment	
	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000
2022-23	27,064	2,029,800	1,252	125,200	-	-	-	-
2023-24	531,680	39,876,000	348,015	34,801,500	244,988	24,498,800	108,606	2,715,150
2024-25	595,070	44,630,250	402,603	40,260,300	349,652	34,965,200	276,095	6,902,375
2025-26	403,874	30,290,550	503,087	50,308,700	471,282	47,128,200	369,698	9,242,450
Total Disbursements	1,557,688	116,826,600	1,254,957	125,495,700	1,065,922	106,592,200	754,399	18,859,975
								367,774,475

Year	2025							
	1st		2nd		3rd		4th	
	Installment		Installment		Installment		Installment	
	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000
2022-23	27,064	2,029,800	1,252	125,200	-	-	-	-
2023-24	531,680	39,876,000	348,015	34,801,500	244,988	24,498,800	108,606	2,715,150
2024-25	595,070	44,630,250	402,603	40,260,300	349,652	34,965,200	276,095	6,902,375
Total Disbursements	1,153,814	86,536,050	1,254,957	75,187,000	1,065,922	59,464,000	754,399	9,617,525
								230,804,575

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10.5.2 Stage wise

2026

Year	Plinth not Certified		Lintel not Certified		Roof not Certified		Completed House	
	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000	Number	Rupees in '000
2022-23	1,751	131,325	1,112	194,600	2,832	778,800	21,369	6,410,700
2023-24	36,687	2,751,525	24,602	4,305,350	74,305	20,433,875	396,086	118,825,800
2024-25	86,323	6,474,225	64,603	11,305,525	147,673	40,610,075	296,471	88,941,300
2025-26	177,970	13,347,750	98,718	17,275,650	86,713	23,846,075	40,473	12,141,900
	<u>302,731</u>	<u>22,704,825</u>	<u>189,035</u>	<u>33,081,125</u>	<u>311,523</u>	<u>85,668,825</u>	<u>754,399</u>	<u>226,319,700</u>
Total Disbursements								<u>367,774,475</u>

2025

Year	Plinth not Certified		Lintel not Certified		Roof not Certified		Completed House	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2022-23	2,613	195,975	1,290	225,750	3,750	1,031,250	19,411	5,823,300
2023-24	60,227	4,517,025	37,829	6,620,075	106,405	29,261,375	327,219	98,165,700
2024-25	339,104	25,432,800	118,111	20,669,425	99,784	27,440,600	38,071	11,421,300
	<u>401,944</u>	<u>30,145,800</u>	<u>157,230</u>	<u>27,515,250</u>	<u>209,939</u>	<u>57,733,225</u>	<u>384,701</u>	<u>115,410,300</u>
Total Disbursements								<u>230,804,575</u>

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10.6 Disbursement Amount (Balochistan)

Year	1st Installment - note 10.9 & 10.10	2nd Installment	3rd Installment	4th Installment	Total
----- Rupees in '000 -----					
2025-26	<u>469,375</u>	<u>232,700</u>	<u>217,950</u>	<u>12,925</u>	<u>932,950</u>

Number of Beneficiaries (Balochistan)

Year	1st Installment - note 10.9 & 10.10	2nd Installment	3rd Installment	4th Installment	Total
2025-26	<u>3,755</u>	<u>2,327</u>	<u>1,453</u>	<u>517</u>	<u>8,052</u>

10.7 As at June 30, 2026, 1 beneficiary has not withdrawn their first installment due to bank related/other issues, amounting to Rs. 0.13 million

10.10 As at June 30, 2026, 499 beneficiaries have withdrawn their first installment, amounting to Rs. 62.38 million but have not yet utilized the funds for house construction as intended.

	Note	2026 (Rupees in '000)	2025
11. ACCOUNTS AND OTHER PAYABLES			
Creditors		12,091	73,565
Accrued liabilities	11.1	2,349,741	2,127,557
Others		804	16,418
		<u>2,362,636</u>	<u>2,217,540</u>

11.1 This includes accrual pertaining to Implementation support costs through partner organisations amounting to Rs. 2,290.26 million (2025: Rs. 2,043.44 million). Out of which, Rs. 884.04 million (2025: Rs. 946.91 million) pertains to Sindh Rural Support Organization (SRSO), a related party of the Company.

12. SURPLUS FOR THE YEAR

2026

	Government of Sindh	Government of Sindh - through World Bank financing	Islamic Development Bank - Installment Sales financing	Islamic Development Bank - Qarza-e-Hasna financing	Government of Sindh - through Asian Development Bank financing	Government of Pakistan	Donation - UNIDO	Donation - Specific - note 12.1	Grand Total
Rupees in '000									
FUNDING ACTIVITIES									
Revenue expenditure	13,303,771	71,165,339	13,906,700	766,002	20,026,647	24,124,208	25,294	47,736	143,365,697
Grants related to assets	19,416	50,670	-	-	-	-	172	-	70,258
Other comprehensive (loss)	-	(662)	-	-	-	-	-	-	(662)
	13,323,187	71,215,347	13,906,700	766,002	20,026,647	24,124,208	25,466	47,736	143,435,293
OTHER INCOME									
Profit on savings account	-	-	-	-	-	-	8,927	-	8,927
Recovery from implementation partners - note 12.2	-	45,200	-	-	-	-	-	-	45,200
Gain on disposal of property and equipment	87	-	-	-	-	-	-	-	87
	87	45,200	-	-	-	-	8,927	-	54,214
COST OF PROJECT									
Payments to beneficiaries - first installment	(3,626,500)	(27,133,425)	-	-	-	-	-	-	(30,759,925)
Payments to beneficiaries - second installment	(3,779,400)	(24,421,000)	(4,777,700)	(234,700)	(6,778,800)	(10,549,800)	-	-	(50,541,400)
Payments to beneficiaries - third installment	(3,336,850)	(15,448,000)	(7,329,000)	(397,800)	(10,085,200)	(10,749,300)	-	-	(47,346,150)
Payments to beneficiaries - fourth installment	(684,900)	(2,237,875)	(1,800,000)	(83,550)	(2,662,925)	(1,786,125)	-	-	(9,255,375)
Implementation support costs through partner organisations	(1,733,208)	(1,045,146)	-	-	-	(1,038,983)	-	-	(3,817,337)
Execution partner charges	-	(78,916)	-	-	-	-	-	-	(78,916)
Environmental consultant charges	-	-	-	-	-	-	-	-	-
Independent technical verification charges	-	(42,722)	-	-	-	-	-	-	(42,722)
Drone Monitoring technology charges	(15,784)	(9,304)	-	-	-	-	-	-	(25,088)
Grievance redress management charges	-	(15,769)	-	-	-	-	-	-	(15,769)
Mason training & capacity building charges	-	-	-	-	-	-	-	-	-
Payments to village organisations - WASH	-	-	-	-	-	-	-	-	-
WASH MIS charges	-	(77,385)	-	-	(377,546)	-	-	-	(377,546)
WASH consultant charges	(18,325)	-	-	-	-	-	-	-	(18,325)
Media and Communication Support consultant charges	(1,073)	(28,254)	-	-	(122,176)	-	-	-	(140,501)
Resilient Model Town consultant charges	-	-	-	-	-	-	-	-	-
Monitoring and Evaluation consultant charges	-	(44,074)	-	-	-	-	-	-	(44,074)
Climate Resilient Settlement Development Programme charges	-	(217,155)	-	-	-	-	(22,363)	-	(239,518)
	(13,196,040)	(70,799,025)	(13,906,700)	(716,050)	(20,026,647)	(24,124,208)	(22,363)	-	(142,791,033)

2026

Government of Sindh	Government of Sindh - through World Bank financing	Islamic Development Bank - Installment Sales financing	Islamic Development Bank - Qarza-e-Hasna financing	Government of Sindh - through Asian Development Bank financing	Government of Pakistan	Donation - UNIDO	Donation - Specific - note 12.1	Grand Total
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Rupees in '000

GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and other benefits	(55,916)	(253,949)	(3,906)	-	-	(11,832)	-	(325,603)
Depreciation	(19,284)	(25,418)	-	-	-	(172)	-	(44,874)
Amortisation	(45)	(25,252)	-	-	-	-	-	(25,297)
Rent	(944)	(19,382)	-	-	-	-	-	(20,326)
Travelling and conveyance	(24,063)	(14,678)	(15,378)	-	-	-	(12,376)	(66,495)
Events and Conferences	(6,717)	(24,333)	(30,668)	-	-	-	(34,945)	(96,663)
Legal and professional charges	(1,680)	(575)	-	-	-	-	-	(2,255)
Meeting fee	(6,200)	-	-	-	-	-	-	(6,200)
Auditors' remuneration - note 12.3	-	(7,700)	-	-	-	-	-	(7,700)
Printing and stationery	(616)	(8,027)	-	-	-	-	-	(8,643)
Insurance	-	(3,654)	-	-	-	-	-	(3,654)
Utilities	(1,498)	(3,617)	-	-	-	-	-	(5,115)
Security	-	(3,364)	-	-	-	-	-	(3,364)
Repair and maintenance	(310)	(2,580)	-	-	-	-	-	(2,890)
Internal audit fee	-	(12,089)	-	-	-	-	-	(12,089)
Entertainment	(4,006)	(4,755)	-	-	-	-	(415)	(9,176)
Telecommunication	(1,425)	(2,516)	-	-	-	-	-	(3,941)
IT expense	(126)	(46,117)	-	-	-	-	-	(46,243)
Training expense	-	-	-	-	-	-	-	-
Office supplies	(4,404)	(3,516)	-	-	-	(26)	-	(7,946)
	(127,234)	(461,522)	(49,952)	-	-	(12,030)	(47,736)	(698,474)

SURPLUS FOR THE YEAR

2025

Government of Sindh	Government of Sindh - through World Bank financing	Islamic Development Bank - Installment Sales financing	Islamic Development Bank - Qarza-e-Hasna financing	Government of Sindh - through Asian Development Bank financing	Government of Pakistan	Donation - UNIDO	Donation - Specific - note 12.1	Grand Total
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Rupees in '000

8,495,132	32,766,635	27,432,075	1,237,088	44,845,361	15,499,975	37,482	1,250	130,314,998
11,248	32,257	-	-	-	-	-	-	43,505
	-	-	-	-	-	-	-	-
8,506,380	32,798,892	27,432,075	1,237,088	44,845,361	15,499,975	37,482	1,250	130,358,503

FUNDING ACTIVITIES

Revenue expenditure								
Grants related to assets								
Other comprehensive (loss)								

OTHER INCOME

Profit on savings account								
Recovery from implementation partners - note 12.2								
Gain on disposal of property and equipment								

2025

	Government of Sindh	Government of Sindh - through World Bank financing	Islamic Development Bank Installment Sales financing	Islamic Development Bank- Qarza-e-Hasna financing	Government of Sindh - through Asian Development Bank financing	Government of Pakistan	Donation - UNIDO	Donation - Specific - note 12.1	Grand Total
Rupees in '000									
COST OF PROJECT									
Payments to beneficiaries - first installment	(91,200)	-	(12,303,225)	(600,000)	(19,558,500)	(12,077,325)	-	-	(44,630,250)
Payments to beneficiaries - second installment	(2,279,600)	(10,254,600)	(9,490,300)	(441,400)	(14,979,600)	(2,814,800)	-	-	(40,260,300)
Payments to beneficiaries - third installment	(4,018,300)	(15,426,800)	(5,314,800)	(179,900)	(9,420,300)	(604,100)	-	(1,000)	(34,965,200)
Payments to beneficiaries - fourth installment	(1,343,775)	(4,403,950)	(323,750)	(7,750)	(819,150)	(3,750)	-	(250)	(6,902,375)
Implementation support costs through partner organisations	(726,831)	(2,066,183)	-	-	(24,679)	-	(4,135)	-	(2,821,828)
Execution partner charges	-	(54,675)	-	-	-	-	-	-	(54,675)
Environmental consultant charges	-	(156)	-	-	-	-	-	-	(156)
Independent technical verification charges	(3,508)	(39,231)	-	-	-	-	-	-	(42,739)
Drone Monitoring technology charges	-	(15,657)	-	-	-	-	(3,164)	-	(18,821)
Grievance redress management charges	-	(15,331)	-	-	-	-	-	-	(15,331)
Mason training & capacity building charges	-	(7,804)	-	-	-	-	-	-	(7,804)
WASH consultant charges	-	-	-	-	(43,132)	-	-	-	(43,132)
Media and Communication Support consultant charges	-	(49,260)	-	-	-	-	-	-	(49,260)
Resilient Model Town consultant charges	-	(6,037)	-	-	-	-	-	-	(6,037)
Monitoring and Evaluation consultant charges	-	(7,871)	-	-	-	-	-	-	(7,871)
Climate Resilient Settlement Development Programme charges	(8,463,214)	(32,347,555)	(27,432,075)	(1,229,050)	(44,845,361)	(15,499,975)	(30,179)	(1,250)	(129,855,958)
GENERAL AND ADMINISTRATIVE EXPENSES									
Salaries and other benefits	(2,847)	(264,912)	-	(1,763)	-	-	-	-	(269,522)
Depreciation	(11,205)	(11,612)	-	-	-	-	-	-	(22,817)
Amortisation	(42)	(20,645)	-	-	-	-	-	-	(20,687)
Rent	-	(13,065)	-	-	-	-	-	-	(13,065)
Travelling and conveyance	(3,802)	(39,535)	-	(6,275)	-	-	-	-	(49,612)
Events and Conferences	(210)	(8,898)	-	-	-	-	-	-	(9,108)
Legal and professional charges	(2,172)	-	-	-	-	-	-	-	(2,172)
Meeting fee	(4,250)	-	-	-	-	-	-	-	(4,250)
Auditors' remuneration - note 12.3	(6,600)	-	-	-	-	-	-	-	(6,600)
Printing and stationary	(170)	(7,034)	-	-	-	-	-	-	(7,204)
Insurance	(1,231)	(592)	-	-	-	-	-	-	(1,823)
Utilities	(137)	(4,570)	-	-	-	-	-	-	(4,707)
Security	-	(2,273)	-	-	-	-	-	-	(2,273)
Repair and maintenance	(442)	(4,268)	-	-	-	-	-	-	(4,710)
Internal audit fee	(7,486)	-	-	-	-	-	-	-	(7,486)
Entertainment	(1,885)	(3,797)	-	-	-	-	-	-	(5,682)
Telecommunication	(125)	(1,379)	-	-	-	-	-	-	(1,504)
IT expense	-	(63,139)	-	-	-	-	-	-	(63,139)
Training expense	(31)	(81)	-	-	-	-	-	-	(112)
Office supplies	(531)	(5,537)	-	-	-	-	(4)	-	(6,072)
SURPLUS FOR THE YEAR	(43,166)	(451,337)	-	(8,038)	-	-	(4)	-	(502,545)

12.1 This represents Grant in aid received for hosting of Asia Pacific Shelter & Settlements Conference (APSSF) 2026.

12.2 This represents amount recovered from implementation partners on account of over disbursed installments to 297 beneficiaries where another household member was availing the benefit.

	2026 (Rupees in '000)	2025
12.3 Auditors' remuneration		
Audit fee	7,000	6,000
Out of pocket expense	700	600
	<u>7,700</u>	<u>6,600</u>

13. FINANCIAL RISK MANAGEMENT

13.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as managing financial risk to minimise volatility.

13.1.1 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	----- Rupees in '000 -----						
2026							
FINANCIAL ASSETS							
At amortised cost							
Deposits	-	-	-	10,200	-	10,200	10,200
Bank balances	299,609	-	299,609	332,134	-	332,134	631,743
Funding receivable	-	-	-	1,765,425	-	1,765,425	1,765,425
	<u>299,609</u>	<u>-</u>	<u>299,609</u>	<u>2,107,759</u>	<u>-</u>	<u>2,107,759</u>	<u>2,407,368</u>
FINANCIAL LIABILITIES							
At amortised cost							
Accounts and other payables	-	-	-	2,362,636	-	2,362,636	2,362,636
Unutilised funding	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362,636</u>	<u>-</u>	<u>2,362,636</u>	<u>2,362,636</u>
2025							
FINANCIAL ASSETS							
At amortised cost							
Deposits	-	-	-	5,400	-	5,400	5,400
Bank balances	-	-	-	319,293	-	319,293	319,293
Funding receivable	-	-	-	1,899,465	-	1,899,465	1,899,465
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,224,158</u>	<u>-</u>	<u>2,224,158</u>	<u>2,224,158</u>
FINANCIAL LIABILITIES							
At amortised cost							
Accounts and other payables	-	-	-	2,251,156	-	2,251,156	2,251,156
Unutilised funding	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,251,156</u>	<u>-</u>	<u>2,251,156</u>	<u>2,251,156</u>

13.2 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions based on currencies other than Pakistani Rupees. As at reporting date, the Company is not exposed to currency risk.

13.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at reporting date, the Company is not materially exposed to interest rate risk.

13.4 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments 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 instrument traded in the market. As at reporting date, the Company is not exposed to other price risk.

13.5 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of total financial assets of Rs. 2,407.37 million (2025: Rs. 2,224.16 million), the financial assets which are subject to credit risk mainly comprise of bank balances amounting to Rs. 631.74 million (2025: Rs. 319.29 million).

The bank balances represent low concentration risk as these are only placed with banks having strong credit ratings. Following are the credit ratings of banks with which balances are held.

	Rating		Rating agency	2026 (Rupees in '000)	2025
	Short term	Long term			
National Bank of Pakistan	A1+	AAA	PACRA	299,609	-
Sindh Bank Limited	A1+	AA	VIS	1,194	24,510
Bank Alfalah Limited	A1+	AAA	PACRA	330,940	294,783

13.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Company's reputation.

The following are the contractual maturities of the non interest bearing financial liabilities:

	2026		
	Carrying amount	One to two years	Two to five years
	(Rupees in '000')		
Financial liabilities			
Accounts and other payables	<u>2,362,636</u>	<u>2,362,636</u>	<u>-</u>

	2025		
	Carrying amount	One to two years	Two to five years
	(Rupees in '000')		
Financial liabilities			
Accounts and other payables	<u>2,251,156</u>	<u>2,251,156</u>	<u>-</u>

14. RELATED PARTY TRANSACTIONS

Related parties include associated undertakings having common directors and government entities. Details of transactions with related parties are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2026	2025
			(Rupees in '000)	
Sindh Rural Support Organization	Government entity	- Services received	<u>2,774,591</u>	<u>2,277,454</u>
		- Payments made	<u>1,528,649</u>	<u>1,086,070</u>
Government of Sindh Information Department	Government entity	- Services received	<u>1,614</u>	<u>2,018</u>
		- Payments made	<u>1,614</u>	<u>2,018</u>
Sindh Insurance Limited	Government entity	- Services received	<u>2,188</u>	<u>1,823</u>
		- Payments made	<u>2,265</u>	<u>2,455</u>
Pakistan Mortgage Refinance Company	Related party by virtue of key management personnel relationship	- Services received	<u>-</u>	<u>575</u>
		- Payments made	<u>-</u>	<u>575</u>

15. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration of Chief Executive, Directors and Executives are as follows:

	Chief Executive		Directors		Executives	
	2026	2025	2026	2025	2026	2025
	----- Rupees in '000 -----					
Managerial remuneration	38,141	32,781	-	-	174,429	125,763
Bonus	-	5,913	-	-	1,086	19,886
Other perquisites and benefits	8,037	3,964	-	-	45,769	33,241
Directors' meeting fee	900	700	5,300	3,550	-	-
Total	47,078	43,358	5,300	3,550	221,284	178,890
Number of person(s) (including those who worked part of the year)	1	1	6	5	43	27

- 15.1 The Chief Executive and Chief Operating Officer are also provided with Company maintained cars in accordance with the terms of employment.

16. NUMBER OF EMPLOYEES	2026	2025
Number of employees including contractual employees at June 30	52	48
Average number of employees including contractual employees during the year	50	42

17. CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified, wherever considered necessary for the purpose of better and fair presentation, however, no significant rearrangement/reclassification has been made.

18. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company on 23 SEP 2026

Chief Executive Officer

Director

Chief Financial Officer

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sindh Peoples Housing for Flood Affectees

Review Report on the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Sindh Peoples Housing for Flood Affectees (the Company) for the year ended June 30, 2026.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2026.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 5, 2026

UDIN: CR202610073TWjhp7dUf

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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SCHEDULE I

[See paragraph 2(1)]

**Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of Company: Sindh Peoples Housing for Flood Affectees (SPHF)

Name of the line ministry: Implementation & Coordination (I&C), Services, General Administration and Coordination Department (SGA&CD), Government of Sindh

For the year ended: June 30, 2026

- I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector Company is managed in compliance with the best practices of public sector governance.
- II. The Company has complied with the provisions of the Rules in the following manner:

S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A																				
			Tick the relevant box																						
1	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																						
2	The Board has at least one-third of its total members as independent directors. At present the Board includes: <table><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr><tr><td rowspan="5">Independent Directors</td><td>Najam Ahmed Shah</td><td>20-Mar-24</td></tr><tr><td>Sadiqa Salahuddin</td><td>19-Oct-22</td></tr><tr><td>Asadullah Sayeed</td><td>19-Oct-22</td></tr><tr><td>Mudassir Husain</td><td>19-Oct-22</td></tr><tr><td>Abdul Sami Kehar</td><td>13-Aug-25</td></tr><tr><td>Executive Director</td><td>Khalid Mehmood</td><td>19-Oct-22</td></tr><tr><td>Non-Executive Director</td><td>Muhammad Ali Khoso</td><td>13-Aug-25</td></tr></table>	Category	Names	Date of appointment	Independent Directors	Najam Ahmed Shah	20-Mar-24	Sadiqa Salahuddin	19-Oct-22	Asadullah Sayeed	19-Oct-22	Mudassir Husain	19-Oct-22	Abdul Sami Kehar	13-Aug-25	Executive Director	Khalid Mehmood	19-Oct-22	Non-Executive Director	Muhammad Ali Khoso	13-Aug-25	3(2)	✓		
Category	Names	Date of appointment																							
Independent Directors	Najam Ahmed Shah	20-Mar-24																							
	Sadiqa Salahuddin	19-Oct-22																							
	Asadullah Sayeed	19-Oct-22																							
	Mudassir Husain	19-Oct-22																							
	Abdul Sami Kehar	13-Aug-25																							
Executive Director	Khalid Mehmood	19-Oct-22																							
Non-Executive Director	Muhammad Ali Khoso	13-Aug-25																							

S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A
			Tick the relevant box		
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓		
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓		
5	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓		
6	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓		
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)			✓
8	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. (Address of website is www.sphf.gos.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓		
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b)(ii)	✓		
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5) (b)(vi)	✓		

S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A
			Tick the relevant box		
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5) (c)(ii)	✓		
13	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5) (c)(iii)	✓		
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)	✓		
15	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓		
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			✓
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)			✓
18	(a) The Board has met at least four times during the year.	6(1)	✓		
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓		
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓		
19	The Government has undertaken annual performance evaluation of members of the Board including the chairman and the chief executive.	8(1)		✓	
20	The Board has monitored and assessed the performance of senior management on an annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓		
21	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		

S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A															
			Tick the relevant box																	
22	(a) The Board has approved the Statement of income and expenditure (formerly profit and loss account) and the Statement of Financial Position (formerly balance sheet), as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the Company's website.	10	✓		✓															
23	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11	✓																	
24	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written terms of referencedefining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated toall the Board members. (d) The committees were chaired by the following non-executive directors: <table border="1"><thead><tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr></thead><tbody><tr><td>Audit Committee</td><td>Four</td><td>Asad Ullah Sayeed</td></tr><tr><td>Human Resources Committee</td><td>Three</td><td>Mudassir Husain Khan</td></tr><tr><td>Procurement Committee</td><td>Three</td><td>Najam Ahmed Shah</td></tr><tr><td>Nomination Committee</td><td>Three</td><td>Sadiqa Salahuddin</td></tr></tbody></table>	Committee	Number of Members	Name of Chair	Audit Committee	Four	Asad Ullah Sayeed	Human Resources Committee	Three	Mudassir Husain Khan	Procurement Committee	Three	Najam Ahmed Shah	Nomination Committee	Three	Sadiqa Salahuddin	12	✓ ✓ ✓ ✓		
Committee	Number of Members	Name of Chair																		
Audit Committee	Four	Asad Ullah Sayeed																		
Human Resources Committee	Three	Mudassir Husain Khan																		
Procurement Committee	Three	Najam Ahmed Shah																		
Nomination Committee	Three	Sadiqa Salahuddin																		
25	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																	
26	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓																	
27	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																	

S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A														
			Tick the relevant box																
28	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓																
29	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✓																
30	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.	19	✓																
	(b) The annual report of the Company contains criteria and details of remuneration of each director.		✓																
31	The financial statements of the Company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓																
32	The Board has formed an audit committee with defined and written terms of reference, and having the following members:	21 (1)	✓																
	<table><tr><th>Name</th><th>Category</th><th>Audit Committee</th></tr><tr><td>Asad Ullah Sayeed</td><td>Independent Director</td><td>Chairman</td></tr><tr><td>Mudassir Husain Khan</td><td>Independent Director</td><td>Member</td></tr><tr><td>Sadiqa Salahuddin</td><td>Independent Director</td><td>Member</td></tr><tr><td>Abdul Sami Kehar</td><td>Independent Director</td><td>Member</td></tr></table>	Name	Category	Audit Committee	Asad Ullah Sayeed	Independent Director	Chairman	Mudassir Husain Khan	Independent Director	Member	Sadiqa Salahuddin	Independent Director	Member	Abdul Sami Kehar	Independent Director	Member			
	Name	Category	Audit Committee																
	Asad Ullah Sayeed	Independent Director	Chairman																
	Mudassir Husain Khan	Independent Director	Member																
	Sadiqa Salahuddin	Independent Director	Member																
Abdul Sami Kehar	Independent Director	Member																	
	The chief executive and chairman of the Board are not members of the audit committee.	21(2)	✓																
33	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.	21(3)	✓																
	(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.		✓																
	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of the chief financial officer and the external auditors.		✓																

S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A
			Tick the relevant box		
34	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.	22	✓		
	(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.		✓		
	(c) The internal audit reports have been provided to the external auditors for their review.		✓		
35	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		
36	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓		

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SCHEDULE II

See Paragraph 2(3)

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with, except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1	8 (1)	The performance evaluation of members of the Board including the chairman and the chief executive has not been undertaken by the Government yet.	The evaluation of performance of the Board members is pending with the Sindh Government. It is expected to be completed in FY 2026-27.

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Signatures: _____
CEO & Chairman / Independent Director



Government of Sindh
Sindh People's Housing for Flood Affectees (SPHF)
Form of Proxy



4th Annual General Meeting

to be held on Monday, 26th October 2026 at 1:00 p.m.

I/We, _____ son/daughter/wife of

_____ resident of

_____ being a Member of Sindh Peoples

Housing for Flood Affectees (SPHF), holding Member Registration No. _____ and CNIC No.

_____, hereby appoint

_____ of

_____ CNIC No. _____, who is

also a Member of the Company, as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 4th Annual General Meeting of the Company to be held on Monday, 26th October 2026 at 1:00 p.m. at the Meeting Room of SPHF Office, Bungalow No. 20, Block 7/8, Modern Cooperative Housing Society, Tipu Sultan Road, Karachi, and/or via video-link, and at any adjournment thereof.

Signed this _____ day of _____ 2026.

Signature of Member: _____

Affix

Revenue Stamp

(sign across the stamp)

Witness 1

Signature: _____

Name: _____

Address: _____

CNIC No.: _____

Witness 2

Signature: _____

Name: _____

Address: _____

CNIC No.: _____

Notes

1. This Form of Proxy, duly completed and signed, must be lodged at the registered office of the Company at Bungalow No. 20, Block 7/8, Modern Cooperative Housing Society, Tipu Sultan Road, Karachi, not later than forty-eight (48) hours before the time of the Meeting, that is, by 1:00 p.m. on Saturday, 24th October 2026, in accordance with Section 137 of the Companies Act, 2017.
2. A proxy must be a Member of the Company. A Member may not appoint more than one proxy to attend the Meeting.
3. Copies of the CNICs of the Member, the proxy and the two witnesses should be attached to this Form.
4. Where the Member is a body corporate or the Government, this Form must be accompanied by a certified copy of the resolution, power of attorney or other authority under which it is signed.