

2025

ANNUAL REPORT

FARM MACHINERY CORPORATION LIMITED

"Making Agriculture Productive, Profitable and Prestigious"



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Farm Machinery Corporation Limited (FMCL)

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" Guided by core Bhutanese values like loyalty and integrity, we will create a city that is free of corruption, drugs, and crime - one that offers both the infrastructure and the governance needed for long-term prosperity."

His Majesty The King, 17th December 2024

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EXECUTIVE SUMMARY

The year 2025 marked a defining chapter of growth, resilience, and transformation for Farm Machinery Corporation Limited (FMCL). Guided by its core mandate of making agriculture productive, profitable, and prestigious, FMCL delivered measurable impact across mechanization, agro-processing, commercial farming, and institutional strengthening — reinforcing its strategic role in Bhutan's agricultural transformation and national food security agenda.

• 2025 AT A GLANCE

1,791 MT Produce Aggregated	**7,526** FarmingHouseholds Served	**10,812 Acres** Agricultural Land Covered	**Nu. 289.94M** Total Revenue
Nu. 13.70M Profit After Tax	**Nu. 601.89M** Total Assets	**18** Mega Greenhouses Built	**4** Processing Units Established

■ *OPERATIONAL PERFORMANCE*

FMCL's mechanization programme reached new heights in 2025. The Company provided machinery hiring services to 7,526 farming households, covering 10,811.84 acres of agricultural land — directly addressing critical labour shortages and improving farm productivity across Bhutan. Heavy machinery services further supported 444 households in land development activities spanning 964.24 acres.

A total of 1,791.42 metric tonnes of agricultural produce were aggregated during the year, strengthening FMCL's role as a reliable market linkage partner for Bhutanese farmers and contributing directly to food security and rural income generation.

■ *STRATEGIC INVESTMENTS & INFRASTRUCTURE*

FMCL made substantial investments in 2025 to expand agricultural infrastructure and value- addition capacity. 18 mega greenhouses were constructed to boost protected cultivation, while three rice milling facilities and one flour milling unit were established to enhance agro- processing capabilities, improve market access, and capture value within Bhutan's agricultural supply chain.

Commercial farming operations yielded encouraging results through the production of cereals, fruits, and vegetables — supporting both the Company's aggregation programme and the supply of quality produce to institutional markets.

• INNOVATION & RESEARCH

FMCL continued to champion evidence-based innovation through the second phase of bio- input trials across crop and livestock sectors. The results generated actionable evidence to support product validation, regulatory compliance, and future commercialization — positioning FMCL as a hub for sustainable agricultural innovation in Bhutan.

• FINANCIAL PERFORMANCE

FMCL recorded a strong financial turnaround in 2025, driven by expanded operations and disciplined cost management:

Indicator	*FY 2025*	*FY 2024*
Revenue	***Nu. 289.94 Million***	Nu. 258.02 Million
Profit After Tax	***Nu. 13.70 million***	Nu. 3.17 Million
Total Assets	***Nu. 601.89 Million***	—

Revenue grew by 12.4% year-on-year, while Profit After Tax surged by over 332% — a remarkable improvement underpinned by operational efficiencies, expanded service delivery, and strategic investments under the Government's Economic Stimulus Plan.

• INSTITUTIONAL STRENGTHENING

Institutional capacity was prioritized in 2025. FMCL initiated a comprehensive Organizational Development exercise to align its structures and processes with long-term strategic objectives. Financial management systems were strengthened, and strategic partnerships with government agencies, private sector entities, and development partners were expanded to enhance operational efficiency and market connectivity.

• CHALLENGES & RISK MANAGEMENT

The Company navigated a range of operational challenges during the year, including aging machinery, market constraints, crop depredation, and technical capacity gaps. FMCL is actively addressing these through machinery renewal planning, market diversification strategies, and targeted capacity-building initiatives — demonstrating its commitment to operational resilience and sustainability.

FORWARD



Kuzuzangpo la,

It is with deep gratitude and a profound sense of purpose that I present the Annual Report of Farm Machinery Corporation Limited for the financial year 2025 — my third year serving as Chief Executive Officer of this remarkable institution.

When I assumed this role in March 2023, FMCL stood at an important crossroads. The Company had significant potential, a dedicated workforce, and a vital national mandate — but it needed renewed strategic direction, stronger institutional systems, and a clearer path towards financial sustainability. Three years on, I am proud to say that the transformation we set out to achieve is well and truly underway.

A Journey of Transformation

Over the past three years, FMCL has evolved from an organization primarily focused on machinery hiring into a diversified agricultural enterprise with a broadened mandate, stronger financial foundations, and a growing impact on Bhutan's food system. We have restructured our core business, realigned our strategic priorities, and built the operational and institutional infrastructure needed to deliver on our national mandate with greater efficiency and accountability.

In 2023, we focused on stabilizing operations, integrating the Central Machinery Unit and the Agriculture Machinery Training Centre into the Company's structure, and laying the groundwork for strategic reforms. In 2024, we undertook a comprehensive mandate realignment designating crop aggregation and manufacturing as our primary business functions — and began investing in the people, systems, and partnerships needed to drive sustainable growth. In 2025, those investments bore fruit.

The Achievements of 2025

This past year has been one of the most productive in FMCL's history. We aggregated 1,791.42 metric tonnes of agricultural produce, extended machinery services to 7,526 farming households across 10,811.84 acres, and constructed 18 mega greenhouses alongside three rice milling facilities and a wheat flour processing plant. The launch of our 'Ka Gi Che' wheat flour brand and 22 rice varieties sourced from all twenty Dzongkhags marked important milestones in our journey towards building domestic food value chains and reducing import dependence.

Financially, the Company recorded revenue of Nu. 289.94 million — a growth of 12.4% — and Profit After Tax of Nu. 13.70 million, representing more than a fourfold increase from the prior year. Total assets strengthened to Nu. 601.89 million, underpinned by a rigorous asset verification and financial restatement exercise that has significantly enhanced the reliability of our reporting systems.

People, Governance & Innovation

None of these achievements would have been possible without our 218 dedicated employees, whose commitment and professionalism drive everything we do. I am equally grateful to our Board of Directors for their unwavering strategic guidance, and to our government partners, development organizations, and farming communities for their continued trust and collaboration.

In 2025, we also advanced our Organizational Development exercise with the support of international experts — an investment in our people and institutional systems that will strengthen FMCL's governance and performance well into the future. Our bio-input research trials, now in their second phase, are generating promising evidence that could transform how Bhutanese farmers approach crop nutrition and livestock management.

Looking Forward

As I reflect on three years of progress, I am energized by what lies ahead. The foundation has been built. The systems are in place. The team is stronger, more capable, and more motivated than ever before. In the years to come, FMCL will continue to scale its aggregation programme, expand mechanization services, invest in processing infrastructure, and pursue innovation — always with the farmer at the centre of everything we do.

Our mission — to make agriculture productive, profitable, and prestigious — is not merely a corporate tagline. It is a commitment to the hardworking farming families of Bhutan, and it will continue to guide every decision we make.

I extend my deepest gratitude to the Government of Bhutan, the Board of Directors, our shareholders, development partners, and every member of the FMCL family for making this journey possible.



Mr. Wangda Drukpa
Chief Executive Officer

COMPANY PROFILE

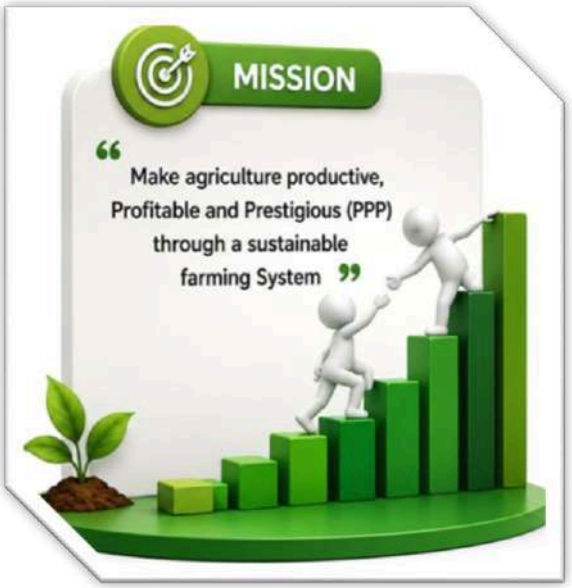
Farm Machinery Corporation Limited (FMCL) is a 100% State-Owned Enterprise established under the Companies Act of the Kingdom of Bhutan 2016. Incorporated on 29 March 2016 and officially launched on 19 August 2016, the Company was created to support the modernization and commercialization of Bhutan's agriculture sector through the provision of mechanization services and related agricultural support activities.

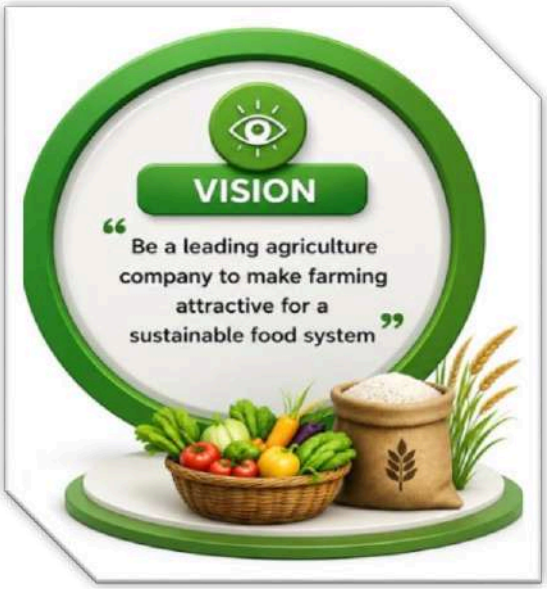
Since its inception, FMCL has played a pivotal role in promoting agricultural mechanization, improving farm productivity, and enhancing access to machinery services for farmers across the country. In June 2017, contract and commercial farming was formally incorporated as an additional mandate to strengthen agricultural production and market linkages.

As part of the Government's institutional restructuring initiative in 2022, the Central Machinery Unit (CMU) and the Agriculture Machinery Training Centre (AMTC) under the Ministry of Agriculture and Livestock were integrated into FMCL, significantly enhancing the Company's operational capacity, technical expertise, and national service delivery network.

In 2024, following a strategic review by the Ministry of Finance, FMCL's mandate was realigned to improve operational efficiency and long-term financial sustainability. Under the revised framework, the aggregation of food crops and the manufacturing of agricultural machinery and spare parts were designated as primary mandates, while machinery hiring services and contract farming continue as complementary mandates supporting the core business.

Today, FMCL serves as a key national institution supporting Bhutan's agricultural transformation through mechanization, crop aggregation, contract farming, and innovation-driven services. The Company currently prioritizes the aggregation of six strategic crops — rice, maize, wheat, quinoa, soybean, and peanut — to strengthen domestic production, improve market access, and contribute to Bhutan's food and nutrition security goals.

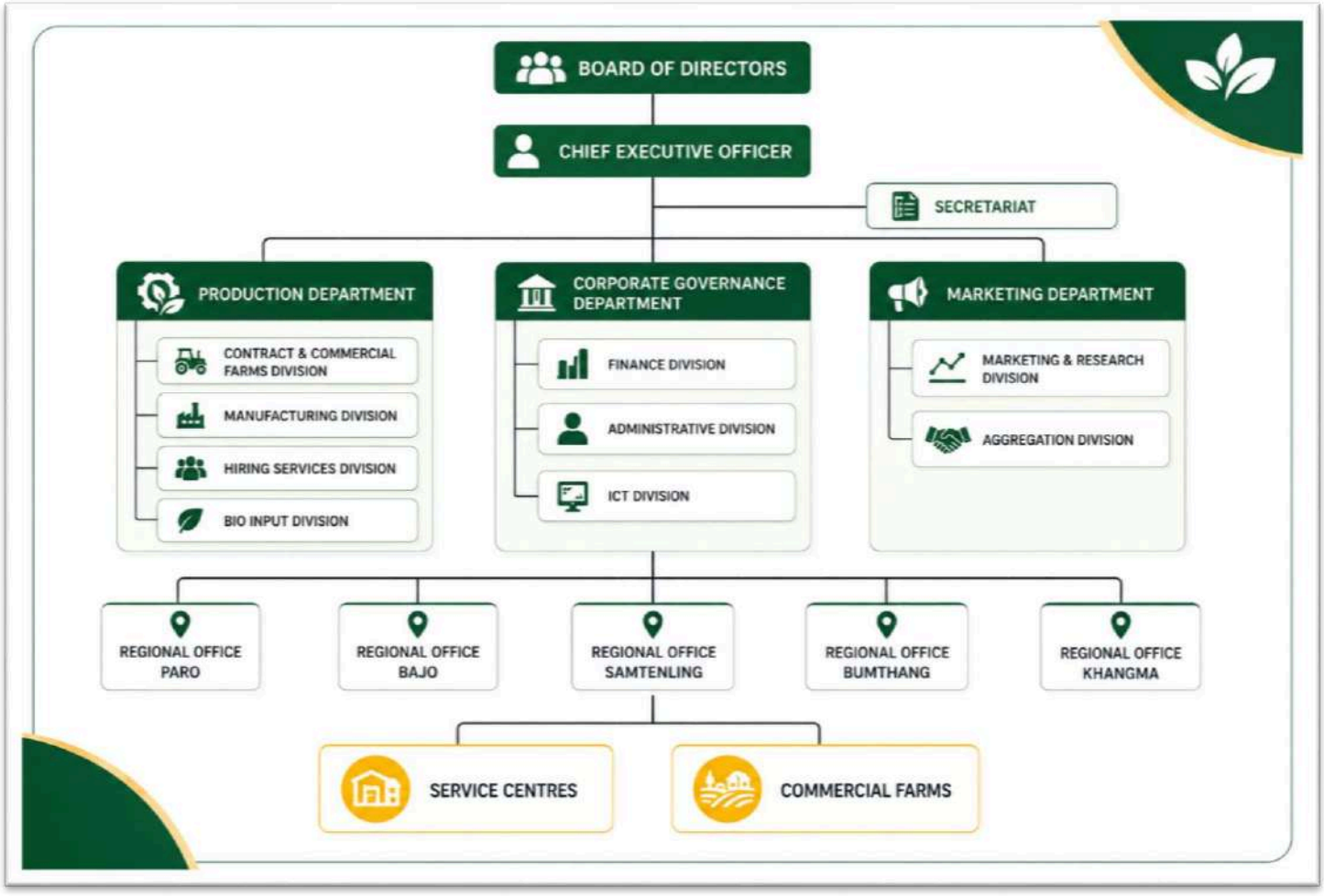





Core Values
1
Customer First:
Design and provide quality products and services in accordance to the needs of the customers.
2
Teamwork:
Inculcate the culture of team work in planning, decision making and in achieving the objectives of the company.
3
Integrity:
All employees of the company are to maintain the highest standards of integrity, and sincere in their action and commitments.
FARM MACHINERY CORPORATION LIMITED
5
Professionalism:
Employees are competent, possess required knowledge, upholding the principle of no job is big or small and maintaining a positive attitude and demeanor at all times.
4
Partnership:
Establish strategic partnerships with allied entities for business expansion, efficient service delivery and sustainable growth of revenue streams.


MANDATE OF FMCL
1
AGGREGATION
1.1
Aggregation of priority crops
1.2
Commercial and Contract Farming
1.3
Hiring Services (farm & heavy machinery)
1.4
Bio-input
2
MANUFACTURING
(Fabricate farm machinery, implements and spare parts)

ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS



Mrs. Tshering Om
Chairperson
Chief Executive Officer, BDBL



Ms. Louise Mongar
Board Director
ChiefHuman Resource Officer,
RCSC



Dr. Pema Dorji
Board Director
Chief Program Officer
MFPD/MOF



Ms. Dechen Pelden
Board Director
Chief Finance Officer
DHI



Mr. Rinzin Wangchuk
Board Director
Chief Agriculture Officer,
DoA/ MoAL



Mr. Tshering Norbu
Board Director
Managing Director/Founder
NANO Agency



Mr. Wangda Dukpa
Board Member
Chief Executive Officer
FMCL

FMCL MANAGEMENT TEAM



Mr. Wangda Dukpa
CEO



Ms. Pema Lhaden
Company Secretary



Ms. Radha Rai
Internal Audit



Mr. Kelzang Namgay
GM – CGD



Mr. Chogyel Dukpa
Dy. GM – PD



Mr. Dorji Khandu
Offg. Dy. GM – MD



Mr. Lhakpa Dorji
RM-Paro



Mrs. Kinzang Choden
RM-Bajo



Mr. Jurmi Tenzin
RM-Bumthang



Mr. Tashi Wangdi
RM-Samtenling



Mr. Wangchuk
Offg. RM-Khangma

BUSINESS OVERVIEW & OPERATIONAL HIGHLIGHTS

Overview of the Year

The year 2025 marked a significant milestone in the transformation and growth journey of Farm Machinery Corporation Limited. Building on the strategic mandate realignment undertaken in 2024, the Company focused on strengthening operational efficiency, improving financial sustainability, and enhancing its contribution to Bhutan's agricultural development and national food security objectives.

Under the revised mandate framework, crop aggregation and manufacturing of agricultural machinery were established as the Company's primary business functions, while machinery hiring services and contract farming activities continued as complementary mandates. The aggregation programme prioritizes six strategic crops — rice, maize, wheat, quinoa, soybean, and peanut — with the objective of promoting domestic production, strengthening market linkages, and reducing reliance on agricultural imports. Across its core operational areas — mechanization services, crop aggregation, commercial farming, infrastructure development, manufacturing, and market expansion — the Company demonstrated resilience and recorded notable progress despite a challenging operating environment.

Business Performance at a Glance — 2025



Core Business Operations

1. Agricultural Mechanization Services

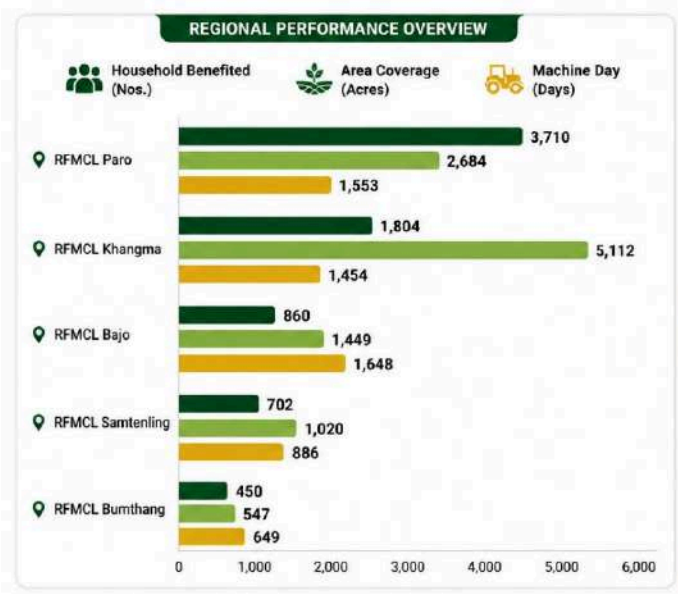


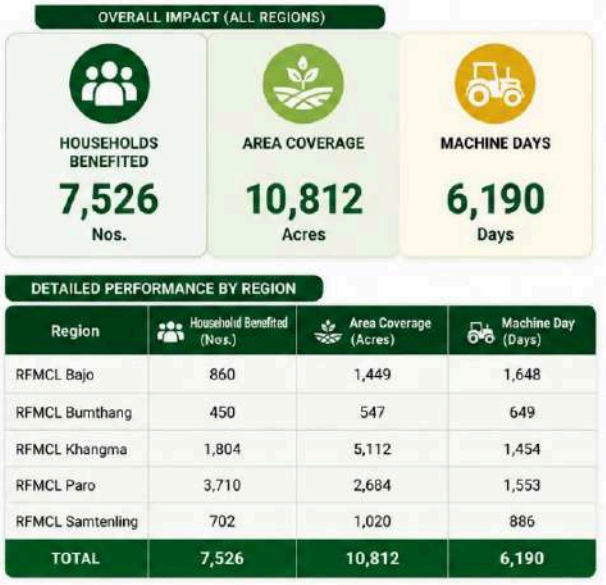
1.1 Farm Machinery Hiring Services

Agricultural mechanization remained one of the Company's principal service areas, playing a critical role in improving farm productivity and addressing chronic labour shortages in Bhutan's agriculture sector. During the year, FMCL provided mechanized farming services to 7,526 households across its five regional offices, covering 10,811.84 acres of agricultural land and generating 6,190 machine operation days.

Among the regions, RFMCL Paro recorded the highest number of beneficiary households with 3,710 households, while RFMCL Khangma achieved the largest area coverage of 5,112.15 acres. In terms of machinery utilization, RFMCL Bajo recorded the highest machine operation days with 1,648 days. The overall achievement reflects the growing demand and effectiveness of farm mechanization services in improving agricultural productivity, reducing labor shortages, and enhancing timely farm operations across the regions.







Region	Household Benefited (Nos.)	Area Coverage (Acres)	Machine Day (Days)
RFMCL Bajo	860	1,449	1,648
RFMCL Bumthang	450	547	649
RFMCL Khangma	1,804	5,112	1,454
RFMCL Paro	3,710	2,684	1,553
RFMCL Samtenling	702	1,020	886
TOTAL	7,526	10,812	6,190

1.2 Heavy Machinery Hiring services

Heavy machinery services further supported 444 households, contributing to land improvement and development activities across 964.24 acres. The sustained and growing demand for mechanization services underscores the increasingly vital role of farm machinery in improving production efficiency, reducing drudgery, and ensuring the timeliness of agricultural operations across the country.



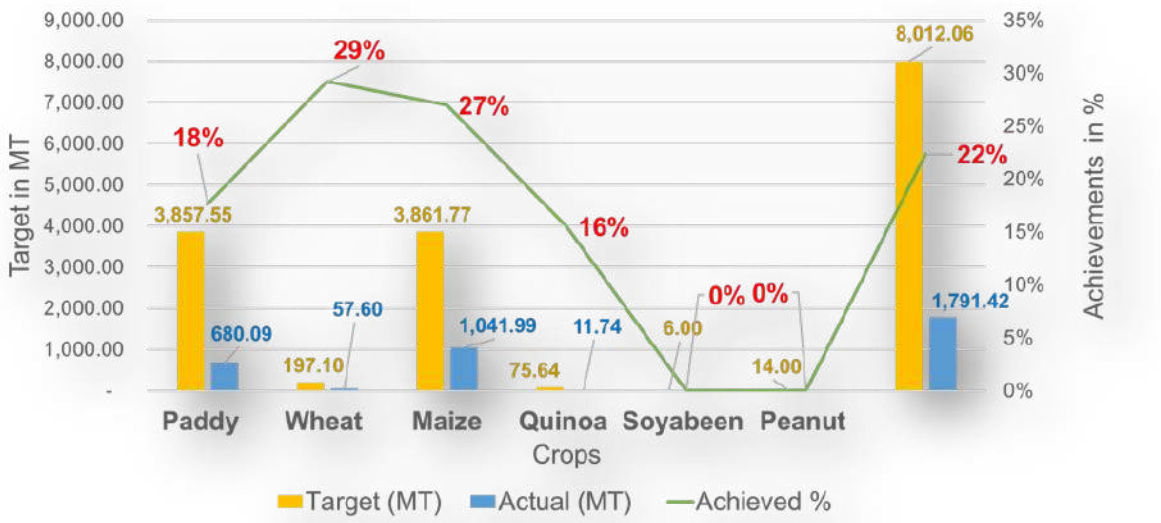
Among the regions, RFMCL Bumthang recorded the highest number of beneficiary households with 193 households and also achieved the largest area coverage of 339.48 acres. Meanwhile, RFMCL Samtenling recorded the highest machinery utilization with 21,142 machine days, indicating extensive deployment of heavy machinery services in the region. The overall performance highlights the importance of heavy vehicles and machinery in improving operational efficiency, reducing manual labor, and enhancing timely execution of agricultural and infrastructure-related activities across the regions.



2. Crop Aggregation & Market Development

Crop aggregation emerged as one of the Company's key growth areas during the year. Under its food crop aggregation mandate, FMCL successfully aggregated 1,791.42 metric tons of agricultural commodities and established six strategic business partnerships to facilitate market access and product commercialization.

Aggregation performance shows a fourtfold increase in absolute volume compared to the previous year. While the 22% achivement against the total target indicate the need for more robust supply chain synchronization, the year-on-year growth trajectory is positive



Significant milestones included the launch of 22 rice varieties sourced from all twenty Dzongkhags and the introduction of the 'Ka Gi Che' wheat flour brand, supporting value addition, domestic product development, and import substitution efforts. The Marketing Department successfully transitioned from a pilot-based operation to a fully market-oriented business model through the implementation of a 'Grow for Market' strategy, enhancing farmer participation and strengthening domestic agricultural value chains.

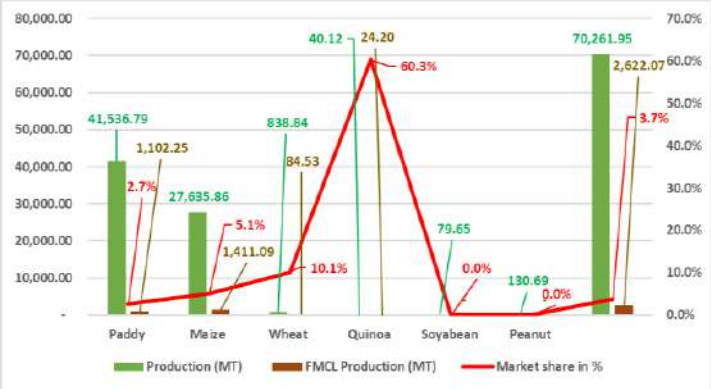




2.1 Market share & strategic Positioning

The Marketing Department is strategically positioning FMCL as a dominant player in the organized agricultural sector.

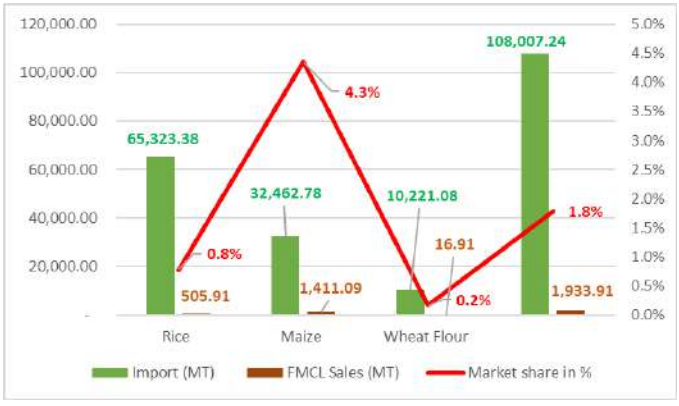
2.1.1 Six priority crop market share in Production



Ref: - INTEGRATED AGRICULTURE AND LIVESTOCK CENSUS OF BHUTAN 2025

- Maize Stronghold: FMCL sales account for 4.3% of the Maize market share compared to total imports.
- Rice Dependency: National Rice imports are massive (65,323.38 MT); FMCL sales currently offset only 0.8% of this volume.
- Wheat Flour Gap: High import reliance continues, with FMCL capturing only 0.2% market share against imports.
- Total Impact: FMCL sales currently substitute 1.8% of the total 108,007.24 MT of priority crop imports.

2.1.2 Market share in Sales vs Import (Import Substitution)



Ref: - PRESS RELEASE: AGRICULTURAL EXPORT & IMPORT IN 2025

- Maize Stronghold: FMCL sales account for 4.3% of the Maize market share compared to total imports.
- Rice Dependency: National Rice imports are massive (65,323.38 MT); FMCL sales currently offset only 0.8% of this volume.
- Wheat Flour Gap: High import reliance continues, with FMCL capturing only 0.2% market share against imports.
- Total Impact: FMCL sales currently substitute 1.8% of the total 108,007.24 MT of priority crop imports.

3. Commercial Farming Operations

In 2025, the commercial farm produced adiverse range of cereals, fruits, and vegetables. Among these, three priority crops under the company's aggregation program, paddy, maize, and wheat, directly contributed to the objectives of theaggregation initiative. Paddy emerged as the highest- produced commodity during the year, followed by tomato. Commodities outside the aggregation priority list were supplied to a range of buyers, including business institutions and private vendors. This approach not only diversified market outlets but also supported the establishment of strong business-to-business linkages, enhancing opportunities for future collaboration and expanding the company's market reach.



4. Infrastructure Development & Capacity Expansion

A major highlight of 2025 was the Company's significant investment in agricultural infrastructure and processing capacity, aimed at strengthening long-term operational efficiency and value-addition capabilities.

- Installation and operationalization of three rice milling plants
- Establishment of a wheat flour processing facility to support the 'Ka Gi Che' brand
- Development of storage and aggregation infrastructure
- Expansion of processing capacity to strengthen Bhutan's domestic food value chains

5. Manufacturing & Technical Services

The Manufacturing Section continued to support the Company's mechanization programme through the fabrication of agricultural implements and machinery spare parts. During the year, 583 units of agricultural components and implements were manufactured, including plough shares, sole pieces, and soil sieving machines. These activities contributed to machinery maintenance, reduced dependence on imported components, and strengthened long-term operational sustainability.

6. Innovation, Research & Development

FMCL continued to promote innovation through the implementation of bio-input research and field validation trials. The Company advanced the second phase of bio-feed and bio-fertilizer trials across crop and livestock sectors in collaboration with government agencies and farming institutions. The trials generated important technical evidence to support future product registration and commercialization through the Department of Agriculture, Department of Livestock, and the Department of National Soil & Service Center.

Bio-feed and Bio-fertilizer Trials

During the reporting period, FMCL successfully conducted one bio-feed trial and three bio- fertilizer trials covering grower piglets, strawberry, cauliflower, and radish. Overall, the results demonstrated the positive impact of FMCL bio-input products on livestock productivity, crop growth, and yield performance.

The bio-feed trial conducted on grower piglets at BLDCL Farm, Yusipang, showed that supplementation with 0.5% bio-feed (T3) achieved the best performance by recording the lowest feed conversion ratio (5.5 kg) and the lowest meat production cost (Nu. 200.5 per kg) compared with the control and other treatment groups. These findings indicate improved feed efficiency and enhanced economic returns through the use of FMCL bio-feed.

Similarly, the bio-fertilizer trials demonstrated encouraging results across different crops. In strawberry, FMCL liquid bio-fertilizer consistently improved vegetative growth, particularly leaf development, while producing yield parameters that ranked second only to conventional NPK fertilizer. In cauliflower, the 16.75% bio-fertilizer concentration recorded the highest curd diameter and curd weight, indicating the optimum application rate for improved yield. Likewise, radish plants treated with FMCL bio-fertilizer exhibited superior plant height, biomass accumulation, root length, root diameter, and root weight compared to untreated plants, confirming its positive effect on overall crop growth and productivity.

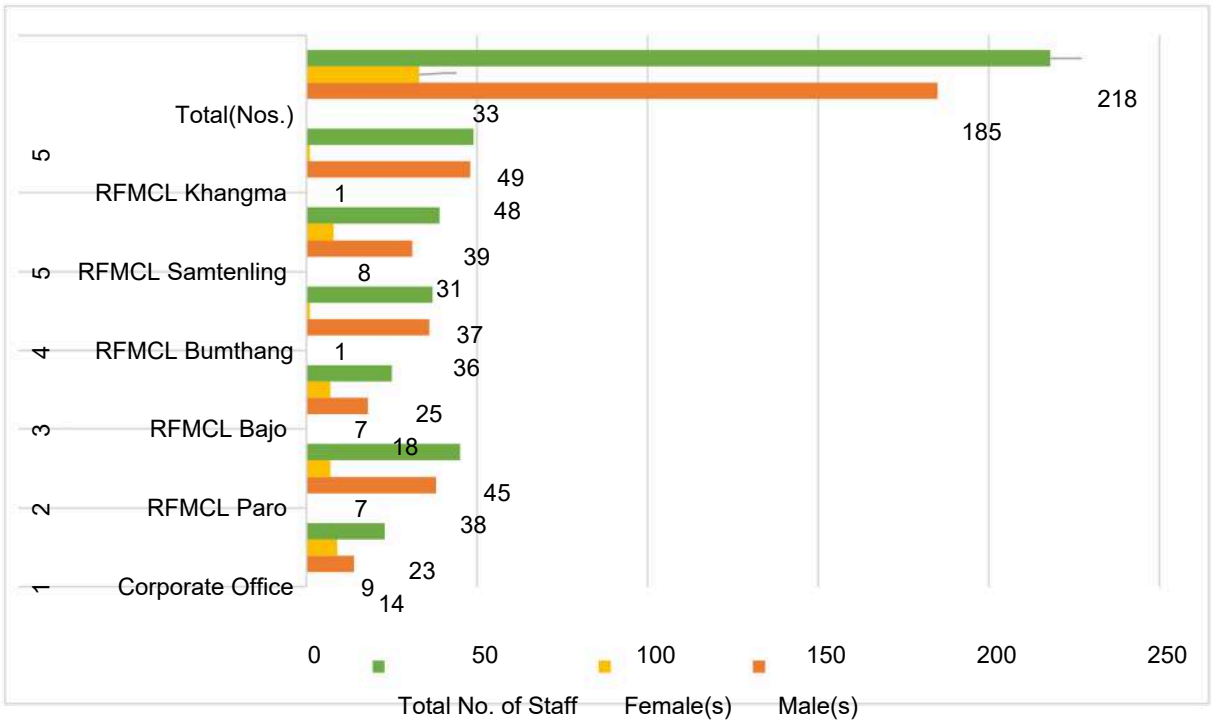
Overall, the trial results demonstrated that FMCL bio-input products have significant potential to improve agricultural productivity, reduce production costs, and promote environmentally sustainable farming practices. The positive findings provide a strong technical foundation for product validation, regulatory approval, and future commercialization.

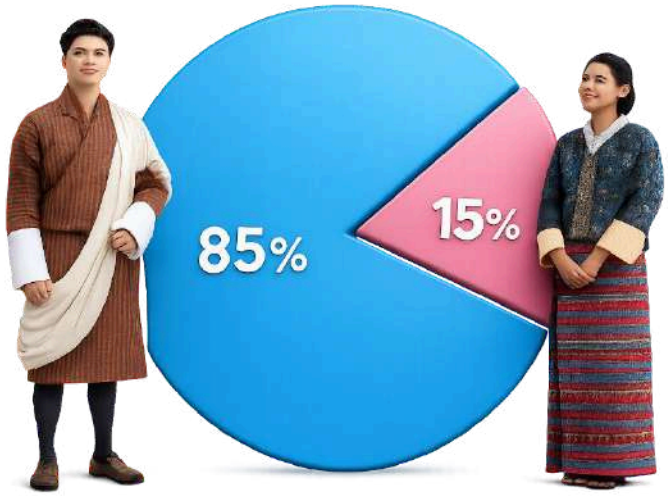
HUMAN RESOURCE MANAGEMENT

Workforce Overview

As at 31 December 2025, FMCL employed a total of 218 staff across one Corporate Headquarters and five Regional Offices. The workforce is organized across three functional levels — Managerial/Professional, Supervisory, and Operational — reflecting the Company's field-intensive, decentralized structure.

Employee Strength by Office





Workforce Composition by Level

Sl. No.	Office / Region	Managerial/ Professional	Supervisory	Operational	Total
1	Corporate Headquarters	12	7	4	23
2	Paro Regional Office	3	21	21	45
3	Bajo Regional Office	4	8	13	25
4	Bumthang Regional Office	3	18	16	37
5	Samtenling Regional Office	4	12	23	39
6	Khangma Regional Office	3	16	30	49
	TOTAL	***29***	***82***	***107***	***218***

Workforce Analysis

The workforce of 218 employees is structured across three distinct levels, each serving a clear functional purpose within the organization.

The Managerial and Professional level comprises 29 staff (13%), including department heads, division heads, section heads, and regional managers. These roles provide strategic direction, planning, and overall management across all offices. The Corporate Headquarters has the highest concentration of managerial staff — 12 of its 23 total employees — reflecting its strategic headquarters function.

The Supervisory level, comprising 82 staff (38%), includes technicians and farm managers who serve as the critical link between management and frontline operations. They oversee day-to-day activities, ensure technical standards are maintained, and coordinate field activities. This tier is strongest in the regional offices, where technical and farm management functions are most active.

The Operational level forms the largest segment at 107 staff (49%), including machinery operators, drivers, farm assistants, and security guards. These frontline employees carry out core service delivery and field operations. Khangma Regional Office has the highest operational headcount (30), followed by Samtenling (23), reflecting the field-intensive nature of regional work.

The regional offices collectively account for 195 of the 218 employees (89%), underscoring the decentralized, field-driven nature of FMCL's operations. Khangma is the largest office with 49 staff, followed by Paro (45) and Samtenling (39).

CORPORATE GOVERNANCE

Governance Framework

Farm Machinery Corporation Limited remains committed to maintaining high standards of corporate governance, accountability, transparency, and ethical business conduct. The Company recognizes that sound governance practices are fundamental to achieving sustainable growth, protecting stakeholder interests, and strengthening organizational resilience.

The Board of Directors continued to provide strategic guidance and oversight in accordance with the Companies Act of the Kingdom of Bhutan, the Corporate Governance Code for State-Owned Enterprises, and all other applicable laws and regulations. The Board regularly reviewed the Company's strategic direction, financial performance, operational risks, and compliance obligations to ensure effective stewardship of the organization.

Board Composition

As at 31 December 2025, the Board of Directors consisted of six Directors, including one Executive Director. All Directors are consulted on significant decisions and are regularly updated on business activities and developments to facilitate the effective discharge of their responsibilities.

Name of Director	*Organization / Position*	*Role on Board*	*Date of Appointment*
Ms. Tshering Om	CEO, BDBL	Chairperson	04 December 2024
Ms. Louise Monger	Chief HRO, GMC	Director	04 December 2024
Ms. Dechen Peldon	CFO, DHI	Director	04 December 2024
Mr. Rinzin Wangchuk	Chief, DoA, MoAL	Director	04 December 2024
Mr. Tshering Norbu	Managing Director, NANO	Director	28 August 2025
Dr. Pema Dorji	Chief Program Officer, DMDF, MoF	Director	20 October 2023

Name of Director	Organization / Position	Role on Board	Date of Appointment
Mr. Wangda Dukpa	Chief Executive Officer, FMCL	Executive Director	01 March 2023

Note: Mr. Garab Dorji, who was appointed as Director on 04 December 2024, resigned from the Board on 28 August 2025. Mr. Tshering Norbu was subsequently appointed to the Board on the same date.

Board & Committee Meetings

The Board convened seven meetings during 2025, including the Annual General Meeting (AGM). The Board Audit Committee (BAC) met seven times during the year, while the Board Human Resource Committee (BHRC) convened two times. The required quorum was duly met at all meetings.

Name of Director	Position	Board Meetings	BAC	BHRC
Ms. Tshering Om	Chairperson	7/7	2/7	—
Ms. Louise Monger	Director	5/7	—	2/2
Ms. Dechen Peldon	Director	6/7	7/7	—
Mr. Rinzin Wangchuk	Director	6/7	5/7	2/2
Mr. Tshering Norbu	Director	2/2	—	—
Dr. Pema Dorji	Director	3/7	5/7	—
Mr. Garab Dorji	Director (Resigned)	4/7	—	2/2
Mr. Wangda Dukpa	Executive Director	7/7	—	2/2

Governance Highlights — 2025

- Seven Board meetings convened, including the Annual General Meeting
- Financial restatement and asset verification exercise successfully completed

- Financial management framework and internal control procedures strengthened Internal Audit recommendations reviewed and implemented
- Corporate policies and procedures reviewed and updated
- Risk management and compliance monitoring enhanced
- Digital governance strengthened through redesigned corporate website launch

FINANCIAL HIGHLIGHTS

Overview of Financial Performance

The year 2025 witnessed a notable improvement in the financial performance of Farm Machinery Corporation Limited, reflecting the positive impact of business restructuring, operational improvements, and strategic investments undertaken during the reporting period. The Company recorded strong growth across all key financial indicators, demonstrating progress towards long-term financial sustainability and operational efficiency.

Revenue

Total revenue increased by 12.4% to Nu. 289.94 million In 2025, from Nu. 258.02 million In the prior year. Revenue growth was primarily driven by the expansion of crop aggregation activities, increased demand for machinery hiring services, and improved operational performance across key business segments.

Profitability

Profit After Tax increased more than fourfold to Nu. 13.70 million in 2025, compared to Nu. 3.17 million In 2024. This significant improvement reflects enhanced operational efficiency, stronger business performance across core service areas, and the positive impact of the mandate realignment undertaken in the prior year.

Total Assets & Balance Sheet

Total assets grew substantially from Nu. 351.89 million In 2024 to Nu. 601.89 million As at 31 December 2025. This increase reflects the outcomes of the comprehensive asset verification and financial restatement exercise — conducted in collaboration with M/s Rinzing Financial Private Limited — which resulted in the reassessment and formal recognition of company assets, significantly strengthening the integrity of the Company's balance sheet.

The Company's financial position was further reinforced through equity support of Nu. 113.39 million Received under the Economic Stimulus Plan (ESP), which contributed towards capital investment, agricultural infrastructure development, and the enhancement of operational capacity.

Financial Performance Summary

Financial Indicator	*2025 (Nu. Million)*	*2024 (Nu. Million)*
Total Revenue	***289.94***	258.02
Profit After Tax	***13.70***	3.17
Total Assets	***601.89***	351.89
ESP Equity Support Received	***113.39***	—

Key Financial Achievements

- Revenue growth of 12.4% year-on-year
- Profit After Tax increased by more than fourfold compared to 2024
- Strengthened asset base through comprehensive financial restatement and asset
- verification
- Enhanced capital structure through ESP equity support of Nu. 113.39 million
- Improved financial reporting systems and asset management practices
- Stronger internal controls and governance framework implemented

The financial results achieved during 2025 demonstrate the Company's progress towards financial sustainability and operational efficiency. FMCL remains committed to strengthening its core business operations, improving profitability, and creating long-term value for its shareholders and stakeholders.

DIRECTOR REPORT

Dear Shareholders,

On behalf of the Board of Directors of Farm Machinery Corporation Limited (FMCL), I am pleased to present the Director's Report for the financial year ended 31 December 2025.

The year under review was marked by notable progress in the Company's operational performance, institutional strengthening, and strategic engagement. This report provides an overview of FMCL's key achievements, financial results, governance practices, and human resource developments, as well as the challenges encountered during the reporting period.

1. Company Overview

Established in 2016, FMCL is a state-owned enterprise mandated to promote mechanization and enhance agricultural productivity across Bhutan. The Company continues to pursue its core mandates in aggregation and manufacturing, complemented by the provision of farm and heavy machinery hiring services in support of commercial agriculture and land development initiatives.

Anchored in its vision, "To be a leading agriculture company that makes farming attractive for a sustainable food system," FMCL remains aligned with national priorities to transform the agriculture sector and to make farming Productive, Profitable, and Prestigious (PPP).

2. Operational Highlights

During 2025, the Company registered important operational milestones across its key areas of intervention.

- **Launch of 20 Varieties of Rice**

On 16 February 2025, FMCL launched 20 varieties of rice sourced from all 20 Dzongkhags at Kaja Throm, Thimphu. This initiative underscored the Company's commitment to promoting local produce and improving market access for farmers across the country.

- **Expansion of Aggregation and Machinery Hiring Services**

Aggregation and machinery hiring services continued to constitute the Company's principal operational focus and primary revenue streams. During the year, FMCL aggregated 1,791.42 MT of agricultural produce, representing a significant scale-up in operations. In parallel, the Company supported cultivation and land development activities covering more than 11,633.12 acres.

- **Mega Greenhouse Construction**

In 2025, FMCL undertook the implementation of Mega Greenhouse (MGH) projects and successfully completed 16 units. These included 1 unit at Chimipang, 5 units at Samrang, and 10 units at Pemathang.

- **Strengthening of Aggregation Infrastructure**

To reinforce aggregation and value addition capacity, the Company installed three rice milling machines and established one prefab structure equipped with a flour mill machine. These investments enhanced FMCL's processing capabilities and supported improved service delivery.

- **Organizational and Financial Reforms**

The Company initiated an Organizational Development (OD) exercise through the engagement of international experts to strengthen institutional effectiveness and operational efficiency. In addition, a financial clean-up exercise was undertaken through an independent firm to improve financial management, strengthen reporting systems, and enhance internal controls.

3. Strategic Partnerships

During the year, FMCL entered into a number of strategic partnerships that contributed to strengthening its operations and service delivery.

The Company collaborated with the Department of Agriculture for Mega Greenhouse construction, engaged private partners for cold storage lease arrangements, and worked with independent firms for financial and digital support. In addition, Memoranda of Understanding were signed with the Food Corporation of Bhutan Limited (FCBL), Karma Feeds, and OAP Yarjugang.

These partnerships enhanced FMCL's infrastructure base, strengthened market linkages, and improved overall operational efficiency.

4. Financial Performance

The Company recorded a marked improvement in financial performance during the year, driven primarily by stronger results from crop aggregation and farm machinery hiring services.

The key financial highlights are as follows:

- Revenue: Nu. 289.94 million, compared to Nu. 258.02 million in 2024
- Profit After Tax (PAT): Nu. 13.70 million, compared to Nu. 3.173 million in the previous year
- Equity support under the Economic Stimulus Plan (ESP): Nu. 113.39 million
- Total assets as at year-end: Nu. 601.89 million, compared to Nu. 351.89 million in 2024

The improved financial outcome reflects the Company's continuing efforts to strengthen its core business lines and enhance operational performance.

5. Human Resource

As of 31 December 2025, FMCL employed 218 staff, comprising 185 males and 33 females, deployed across the Corporate Office and regional centres.

The annual attrition rate declined to approximately 5.04%, compared to 11% in the preceding year. This improvement reflects ongoing efforts to strengthen workforce stability and organizational effectiveness. The Company remains committed to investing in its human capital through capacity development, improved workforce planning, and employee engagement initiatives.

The Company was also able to grant a 6.1% PBVI to employees based on performance. This represents a significant milestone in FMCL's history since its establishment in 2016. It is a clear indication of the Company's improving performance and reflects its commitment to recognizing and rewarding employee contributions. The Board views this as an important step in motivating employees to continue discharging their responsibilities with greater dedication, sincerity, and professionalism

6. Key Challenges

Notwithstanding the progress achieved during the year, FMCL continued to face a number of operational and structural challenges, including:

- Aging machinery fleet
- Weak downstream market linkages
- Persistent crop depredation by wild animals
- Limited skills, competencies, and experience

In response, the Company has undertaken proactive measures, including expansion of market reach, strengthening of regional coordination mechanisms, and implementation of the Organizational Development exercise.

7. Corporate Governance

FMCL continues to operate in full compliance with the Companies Act of Bhutan 2016 and all other applicable laws and regulatory requirements.

During the year, the following meetings were convened:

- Board Meetings: Seven, including the Annual General Meeting (AGM)
- Audit Committee Meetings: Seven, to oversee internal controls and financial reporting
- HR Committee Meetings: Two, to deliberate on strategic human resource matters

The Board remained actively engaged in providing strategic direction, oversight, and policy guidance to ensure transparency, accountability, and sound decision-making across the Company

8. Statutory Audit

The statutory audit for the financial year 2025 was conducted by M/s Jigme Audit and Financial Pvt. Limited, Thimphu, from 16 February to 20 March 2026, in accordance with the International Standards on Auditing and the Companies Act of Bhutan 2016.

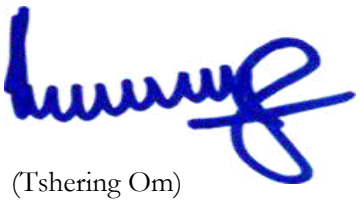
The auditors issued an unqualified opinion, affirming that the financial statements present fairly, in all material respects, the financial position and performance of the Company.

9. Acknowledgement

The Board of Directors places on record its sincere appreciation to:

- Our valued shareholders for their continued trust and support
- The Department of Agriculture, Ministry of Agriculture and Livestock
- The ESP Secretariat Office
- All stakeholders and partners for their collaboration and support
- The Management and staff of FMCL for their dedication and commitment

The Board remains steadfast in its commitment to providing strategic leadership to FMCL and to advancing the Company's role in supporting Bhutan's agricultural transformation and long-term food system sustainability.



(Tshering Om)
Chairperson

AUDITED FINANCAL STATEMENT

FOR BETTER BUSINESS

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JIGMI Audit & Financials
(A Private Limited Company)

AUDIT REPORT ON THE FINANCIAL STATEMENTS OF FARM MACHINERY CORPORATION LIMITED, PARO

PERIOD: 01/01/2025 to 31/12/2025

June 2026

JIGMI Audit & Financials Pvt. Ltd.
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Facebook: JIGMI Audit & Financials

TITLE SHEET

Title:	Audit Report on the financial statements of Farm Machinery Corporation Limited, Paro, for the financial year 2025
AIN:	
Chairman of the Board:	Ms. Tshering Om (Chief Executive Officer, BDBL), CID No. 11005000916 Email: tsheringom@bdb.bt
Head of the Agency	i. Mr. Kelzang Namgay, Officiating Chief Executive Officer *(From 21.03.2026 till date)*, CID No. 11513001731 Email: kelzang.namgay@fmcl.bt ii. Mr. Wangda Dukpa, Chief Executive Officer, (*Till 20 March 2026)* CID No. 10907000982 Email ID: wangda.dukpa@fmcl.bt
Finance Personnel:	Mr. Kelzang Namgay, General Manager, CID No. 11513001731 Email: kelzang.namgay@fmcl.bt
Period Audited:	1 Jan. 2025 – 31 Dec. 2025
Schedule of Audit:	**Planning:** 9 - 15 February 2026 **Actual:** 16 February - 20 March 2026
Composition of Audit Team:	i. Jigmi Rinzin FCCA, Partner; ii. Tenzin Jamtsho Audit Associate; iii. Tshering Tashi, Junior Audit Associate; and iv. Ngawang Samphel, Asst. Audit Associate.
Supervising Officer:	Jigmi Rinzin FCCA, Partner Email: pjrinzin@gmail.com
Engagement Letter:	RAA(SA-40)/COAD/2025/803 dated 3 November 2025
Focal Person:	Tenzin Jamtsho, Audit Associate, CID no 11510004137
Date of Audit Exit Meeting:	15.04.2026

AASBB:	Accounting and Auditing Standards Board of Bhutan
AGM:	Annual General Meeting
AIN:	Audit Identification Number
AMC:	Agriculture Machinery Centre
BAS:	Bhutanese Accounting Standards
BCTA:	Bhutan Construction and Transport Authority
BDBL:	Bhutan Development Bank Limited
BM:	Board Meetings
BoB:	Bank of Bhutan Limited
BoD:	Board of Directors
B/S:	Balance Sheet
CD:	Customs Duty
CEO:	Chief Executive Officer
CID:	Citizenship Identity Card
CMU:	Central Mechanical Unit
CoGS:	Cost of Goods Sold
CWIP:	Capital Work-In-Progress
DBA:	Defined Benefit Assets
DBO:	Defined Benefit Obligation
DGM:	Deputy General Manager
DMDF:	Department of Macro-Fiscal and Development Finance
DoPBP:	Department of Planning, Budgeting and Performance
DPNB:	Druk PNB Bank Limited
DTA:	Department of Treasury & Accounts
ECL:	Expected Credit Loss
EGM:	Extraordinary General Meeting
ESP:	Economic Stimulus Plan
FCBL:	Food Corporation of Bhutan Limited
FCCA:	Fellow Chartered Certified Accountant
FMCL:	Farm Machinery Corporation Limited
GC:	Government Corporations
CGD:	Corporate Governance Division
GM:	General Manager
GPF:	General Provident Fund
HR:	Human Resources
ISA:	International Standards on Auditing
IT:	Information Technology
JAF:	JIGMI Audit & Financials Private Limited
JICA:	Japan International Cooperation Agency
LTC:	Leave Travel Concession
KMP:	Key Management Personnel
MoAF:	Ministry of Agriculture and Forest
MoEA:	Ministry of Economic Affairs
MoICE:	Ministry of Industries, Commerce and Employment
Nu.:	Ngultrum
OCI:	Other Comprehensive Income

OD:	Overdraft
PAT:	Profit After Tax
PBT:	Profit Before tax
PF:	Provident Fund
P&L:	Profit & Loss
POL:	Petroleum, Oil and Lubricants
PPE:	Plant, Property and Equipment
PUC:	Projected Unit Credit
RAA:	Royal Audit Authority
RGoB:	Royal Government of Bhutan
ROC:	Registrar of Companies
RoU:	Right-of-Use
RRCO:	Regional Revenue & Customs Office
RSTA:	Road Safety & Transport Authority
SCI:	Statement of Comprehensive Income
SHFP:	School and Hospital Feeding Program
SoCE:	Statement of Changes in Equity
TDS:	Tax Deducted at Source
UNDP:	United Nations Development Program

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JIGMI Audit & Financials
(A Private Limited Company)
FOR BETTER BUSINESS

Independent Auditor's Report on the Financial Statements for the year ended 31 December 2025

To The Shareholders of Farm Machinery Corporation Limited, Paro

Opinion

We have audited the financials statements of Farm Machinery Corporation Limited (FMCL- the company), which comprises the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended as at 31 December 2025, and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our report, we solicit your attention to the following matters:

1. During the year, the Company had identified prior-period errors in the accounting for Property, Plant and Equipment (PPE), including misstatements in the measurement of capital expenditures and accumulated depreciation. These errors have been corrected retrospectively in accordance with *BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors*, resulting in restatement of comparative information and the presentation of a third statement of financial position as at 1 January 2024 (*Refer* ***Note 25(2)*** *for details);*

2. The Company had identified that fruit trees used in commercial farming were not recognized in prior periods and related costs were expensed as incurred. The management has rectified this error in accordance with *BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors* with reference to the requirements of *BAS-41: Agriculture* and *BAS-16: Property, Plant and Equipment* (*Refer* ***Note 25(3)*** *for details);*

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3. During the reporting period, the Company undertook a comprehensive financial review and clean-up exercise involving an external financial consultant. As a result, several prior period adjustments were identified and corrected which resulted into reduction of Retained Earnings for the reporting period by Nu.30,389,639.06 *(Refer Note 25(4) for details)*; and

4. The Company's Capital Reserve for the reporting year increased by Nu.96,653,285.87 as under:

   - An amount of Nu.65,780,510.45 represents the transfer of assets from Food Corporation of Bhutan Limited (FCBL) to FMCL as part of an equity restructuring exercise, in accordance with directives issued by the Ministry. This transaction has been recognized as a capital contribution and credited to capital reserve; and

   - The Company had not recognized the inventories transferred from Central Mechanical Units (CMU) in prior years despite meeting the recognition criteria under *BAS-2: Inventories*. As disclosed, due to the absence of reliable historical records, the Company was not able to determine the period-specific effects of this error. Therefore, the Company had corrected the error prospectively as of 31 December 2025 in accordance with paragraphs 43-45 of *BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors,* resulting in the recognition of inventories amounting to Nu.30,872,775.42 with a corresponding adjustment under Capital Reserves (*Refer Note 25(5) for details)*.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

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

The other information comprises the information included in the Director's Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this audit report.

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

JIGMI Audit & Financials Pvt Ltd. Thimphu

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS 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 these 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.

Those charged with governance 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 audit 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 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 audit in accordance with ISAs, we have exercised professional judgment and maintained professional skepticism throughout the audit. Our additional responsibilities are:

i. To identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and to 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 omission, misrepresentations, or the override of internal control;

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ii. To 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 entity's internal control;

iii. To evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

iv. To 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 entity'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; and

v. To 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 management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on us independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as ***Appendix*** with statements on the matters specified therein to the extent applicable.

Further, as required under Section 265 of the Companies Act of Bhutan 2016, we report that:

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applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB).

11. The Basis of Valuation of Stock is adequate, and no deviation from the preceding financial year has been observed.

12. *The Company has availed OD Loan from BDBL and the year-end OD outstanding was Nu.11,183,919 (PY: Nu.18,210,824.74).* The company has not taken secured/unsecured loans from companies, firms or other parties during the year under our review.

13. The company has not granted any loans to the other parties, which are ultra-vires to the Articles of Incorporation and other relevant Acts and regulations, except advances granted to suppliers of raw materials in the normal course of business and to the officers/ employees of the Company.

14. Advances granted to officers/staff are generally in accordance with the provisions of the service rules, and no excessive/frequent advances are granted, and accumulation of large advances against any individual is avoided.

15. The Company has generally established a reasonably adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules/regulations and systems and procedures.

16. There is a reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the company and nature of its business, on issue of stores and allocation of Materials and labors to Jobs.

17. There is an adequate system of competitive bidding, commensurate with the size of the Company and the nature of its business, for the purchase of goods and services including stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods and services.

18. The procurement and sales division have their own procedures to follow. No such involvement of directors is been recorded nor found any other party/parties related to the director(s) or with company or firms in which the director(s) are directly or indirectly interested have been made at prices, which are unreasonable having regard to the prevailing market prices for such goods or services or at prices at which the transactions for similar goods or services have been made with other parties are recorded.

19. The company has not entered transactions wherein the directors are directly or indirectly interested are prejudicial to the interest of the other shareholders and the company.

20. No personal expenses have been debited from the Statement of Comprehensive Income.

JIGMI Audit & Financials Pvt. Ltd. Thimphu

Appendix

MINIMUM AUDIT EXAMINITION AND REPORTING REQUIREMENTS

As required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

1. The Company has maintained proper records of fixed assets in the Fixed Assets Register (FAR) manually in Excel showing full particulars including quantitative details of the fixed assets. The fixed assets register is available from the asset custodian for recording existing as well as new procured assets. As explained, the custodians usually updated the register maintained in the system for both procurement and location of assets.

2. Fixed assets are physically verified by the respective custodian of assets semiannually and verification statement submitted to the management, which in our opinion is reasonable having regard to the size of the Company and nature of assets.

3. The fixed assets of the company have not been revalued during the year.

4. The Company has conducted physical verification of the inventories twice in 2025. Thus, considering the size and frequency of the moment of inventories, the verification conducted twice a year is adequate.

5. The inventories records are adequately maintained by the Company. The method of valuation of inventory for the company is adequate and commensurate with the size and nature of the business.

6. The procedures of physical verification of stock followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.

7. During the physical verification of the store's inventories done by the audit team formed by the management, no such major discrepancy having a material impact on the financial statements was noticed. As per the prevailing practice, adjustments of such discrepancies if any have been adjusted in the books of accounts.

8. There is a reasonable system of recording receipts, issues and consumption of materials of stores and allocating materials consumed to the respective jobs, commensurate with the size and nature of its business.

9. The quantitative reconciliation is carried out at the end of the accounting year in respect of all major items of inventories, i.e., finished goods, and raw materials.

10. In our opinion the method of valuation of stock is fair and proper in line with the

JIGMI Audit & Financials Pvt. Ltd. Thimphu

34. The Company does not have a system of standard costing, but operational variances are analysed at periodic intervals against budgeted norms.

35. Details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Chief Executive Officer or to any of their relatives by the Company, directly or indirectly, are disclosed under **Note 25(13)** to the Accounts.

36. Generally, the directives of the Board issued have been complied with.

37. We are given to understand by the management that the officials of the Company are refrained from transmitting any sensitive information which is not publicly available, unauthorized to their relatives/friends/associates or close persons which will directly or indirectly benefit them. We have, however, relied on the management assertion on the same and cannot independently verify the same.

38. The company maintains proper records for inter unit transactions/services and arrangement for services made with other agencies engaged in similar activities.

39. Proper agreements are executed, and the terms and conditions of lease are reasonable, and the same are applied if machinery and equipment are acquired on lease or leased out to others.

Computerized Accounting Environment

i. The Company works in a computerized accounting environment using "Tally software, Tally Prime". In our opinion, organizational and system development controls and other internal controls appear to be generally adequate relative to the size and nature of computer installation.

ii. The Company appears to have taken adequate measures, and the backup of the separate data drive is being kept in the custody of the IT Manager.

iii. The Company is yet to introduce a system of backup facilities and disaster recovery measures including keeping files in different and remote locations.

iv. The operational control of the Company requires further improvement to ensure correctness and validity of input data and output information.

v. According to the information and explanations given to us, measures to prevent unauthorized access to the computer installation and files are adequate.

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21. The Company, in general, has an adequate system of ascertaining and identifying unserviceable or damaged inventories and losses, if any, on the sale of the same, which needs to be duly accounted for/charged in these accounts.

22. The company is maintaining reasonable records for production of finished goods and by-products, and they have maintained adequate physical safeguards to prevent unauthorized or irregular movement of goods from the company.

23. The management is maintaining reasonable records for sales and disposal of realizable by-products and scraps which are applicable.

24. The Company has generally been regular in depositing rates and taxes, provident fund and other statutory dues with the appropriate authorities. In our opinion, the provision for Corporate Tax is adequate and necessary adjustments have been made to compute amount of tax required under the Rules on the Income Tax Act of the Kingdom of Bhutan - 2001.

25. The company has a reasonable system of allocating man hours utilized to the respective jobs, commensurate with the size and nature of its business.

26. There is a reasonable system of price fixation considering the cost of production and market conditions. However, it needs to be further strengthened to incorporate all Fixed Production Overhead.

27. The Company does not allow credit to parties.

28. Since the Company is not earning revenue through commission agents, appointment of commission agent is not applicable.

29. The Company, in general, has a system of following up with debtors and other parties for recovery of outstanding dues. It was stated to us that debtors and other parties which are few are being monitored for payment without doing the age-wise analysis of outstanding claim. As explained to us, age-wise analysis of the debtors is regularly carried out and follow-up actions undertaken.

30. The management of liquid resources, particularly cash/bank etc. are, in general, reasonably adequate considering the present suitability.

31. The business activities carried out by the Company are lawful and intra-vires to its Articles of Incorporation.

32. We are given to understand that capital investment decisions are made with prior approval of the Board and investments in new projects are made only after ascertaining the technical and economic feasibility of such new projects.

33. The present system of budgeting, in our opinion, is generally reasonable.

JIGMI Audit & Financials Pvt. Ltd. Thimphu

FINANCIAL STATEMENTS

GENERAL

i. Going Concern

Based on our audit was conducted on the Financial Statements as at 31 December 2025 and according to the information and explanations given to us, in our opinion the Company is a *Going Concern*. In addition, we have also not identified any material uncertainty that would have bearing on the Going Concern for the foreseeable future.

i. Ratio Analysis

Financial Ratio Analysis in respect of the company are presented in Annexure I of this Report.

ii. Compliance with the Companies Act of Bhutan

The Company has complied with the applicable laws, rules & regulations, systems, procedures and practices as per the requirements of the Companies Act of Bhutan, 2016.

iii. Adherence to Laws, Rules and Regulations

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the Financial Statement as produced to us by the management. Accordingly, we have considered the compliance of provisions of the said Companies Act, its Articles of Incorporation and applicable BAS.

For JIGMI Audit & Financials Private Limited

JIGMI Audit & Financials Pvt. Ltd. JAF Thimphu

Jigmi Rinzin FCCA
(*Membership No.*0283308)
Partner
Date: 29 June 2026

FARM MACHINERY CORPORATION LIMITED
Statement of Comprehensive Income for the year ended 31 December 2025
(Amounts in Ngultrum)

Particulars	Notes	31-Dec-25	31-Dec-24 *(Restated)*	1-Jan-24 *(Restated)*
Income				
Revenue	15	268,149,810	83,542,442	118,646,740
Less: Cost of Goods Sold (CoGS)	16	138,464,931	96,497,827	96,497,826
Gross Profit		**129,684,879**	**(12,955,386)**	**22,148,914**
Other Income	17	21,787,309	174,483,433	139,379,143
Total Income		**151,472,188**	**161,528,047**	**161,528,057**
Expenses				
Employees Cost	18	98,202,924	96,346,520	96,346,520
Admin and General Charges	19	5,791,924	33,625,996	33,625,996
Repairs & Maintenance	20	5,533,370	3,914,882	3,914,882
Other Expenses	21	1,497,399	-	-
Finance Cost	22	1,072,130	764,149	764,149
Depreciation & amortization	2	19,058,853	21,706,963	24,280,039
Total Expenses		**131,156,600**	**156,358,510**	**158,931,586**
Profit/(Loss) before Tax		**20,315,589**	**5,169,537**	**2,596,471**
Less: Provision for Taxation				
- Current Tax	23	(6,560,906)	(479,660)	(479,660)
- Deferred Tax	10	(49,973)	(1,516,725)	(1,516,725)
Profit/(Loss) after Taxation		**13,704,709**	**3,173,152**	**600,086**
OTHER COMPREHENSIVE INCOME				
a) Item that will not be recycled to P&L A/c				
- Loss on remeasurement of DBO	24	(161,815)	(787,338)	(787,338)
- 30% Tax on *Other Comprehensive Income*				
b) Item that will be recycled to Profit & Loss account		-	-	-
Total Comprehensive Income for the year		**13,542,894**	**2,385,814**	**(187,252)**

For JIGMI Audit & Financials Pvt. Ltd.

Jigmi Rinzin FCCA
(Membership No. 0285)
Partner
Date: 29. June 2026

For Farm Machinery Corporation Ltd.

Kelzang Namgay
Offtg. Chief Executive Officer

Tshering Om
Chairperson

FARM MACHINERY CORPORATION LIMITED
Statement of Financial Position as at 31 December 2025
(Amounts in Ngultrum)

Particulars	Notes	31-Dec-25	31-Dec-24 *(Restated)*	1-Jan-24 *(Restated)*
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	2(i)	233,679,134	94,107,650	115,736,059
Intangible Assets	2(ii)	235,639	314,202	392,767
CWIP	2(iii)	5,148,381	24,704,234	-
Total Non-Current Assets		**239,063,154**	**119,126,087**	**116,128,827**
Current Assets				
Cash & Cash Equivalents	3	80,109,363	65,348,504	184,287,792
Sundry Debtors	4	56,344,915	20,747,882	18,287,256
Loans & Advances	5	9,595,712	2,954,618	417,743
Inventories	6	216,778,937	143,716,304	3,882,951
Total Current Assets		**362,828,928**	**232,767,309**	**206,875,742**
TOTAL ASSETS		**601,892,082**	**351,893,396**	**323,004,569**
EQUITY & LIABILITIES				
Equity				
Share Capital	7	358,162,000	224,770,000	90,422,000
Capital Reserves		256,805,381	160,152,095	192,881,172
Retained Earning		(147,905,804)	(131,220,874)	(143,628,927)
Total Equity		**467,061,577**	**253,701,221**	**139,674,245**
Non- Current Liabilities				
Deferred Grant	8	-	13,932,916	42,815,597
Defined Benefit Obligation	9	10,085,321	7,630,639	11,145,996
Deferred Tax Liabilities (Net)	10	3,778,435	3,728,461	2,211,736
Long term borrowings	11	11,183,919	18,210,825	-
Total Non-Current Liabilities		**25,047,675**	**43,502,841**	**56,173,329**
Current Liabilities				
Defined Benefit Obligation	12	4,893,928	6,341,291	898,550
Provisions	13	6,053,969	1,957,609	22,023,024
Other Current Liabilities	14	98,834,933	46,390,433	104,235,421
Total Current Liabilities		**109,782,830**	**54,689,333**	**127,156,995**
Total Liabilities		**134,830,505**	**98,192,175**	**183,330,324**
TOTAL EQUITY & LIABILITIES		**601,892,082**	**351,893,396**	**323,004,569**

For JIGMI Audit & Financials Pvt. Ltd.

Jigmi Rinzin FCCA
(Membership No. 0285)
Partner

Date: 29. June 2026

For Farm Machinery Corporation Ltd.

Kelzang Namgay
Offtg. Chief Executive Officer

Tshering Om
Chairperson

FARM MACHINERY CORPORATION LIMITED
Statement of Cash Flow for the year ended 31 December 2025

Particulars	2025	2024 (Nu.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) for the year (PAT)	**20,315,589**	**5,169,537**
Adjustments for:		
Depreciation	19,058,853	21,706,963
Loss on Disposal of Fixed Assets	-	20,115,256
Interest Income	-	(1,097,698)
Deferred Grant Income	-	(6,067,085)
Deferred Grant	-	13,932,916
Operating Profit before changes in Working Capital	**39,374,441**	**53,759,889**
Adjustments for:		
Increase/Decrease in Sundry Debtors	(35,597,033)	(2,460,626)
Increase/Decrease in Inventories	(73,062,632)	40,571,488
Increase/Decrease in Loans & Advances	6,641,094	928,333
Increase/Decrease in Non-Current Liabilities	(11,428,261)	(37,667,055)
increase/decrease in current liabilities	48,066,591	(72,467,661)
Net Cash Flow generated from operations	**(65,380,242)**	**(71,095,521)**
Net Cash Flow from Operating Activities (A)	**(26,005,801)**	**(17,335,632)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(79,523,061)	
Expenditure on Capital Work-in-Progress	(19,555,853)	(24,704,234)
Net Cash Flow from Investing Activities (B)	**(99,078,914)**	**(37,563,363)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital	133,392,000	134,348,000
Repayment of Long-Term Borrowings	(7,026,906)	18,210,825
Net Cash Flow from Financing Activities (C)	**126,365,094**	**152,558,825**
Net Increase/(Decrease) in Cash & Cash Equivalents	**14,760,860**	**64,930,761**
Cash & Cash Equivalent at the beginning of the year	**65,348,504**	**417,742**
Cash & Cash Equivalent at the end of the year	**80,109,363**	**65,348,504**

For JIGMI Audit & Financials Pvt. Ltd.

Jigmi Rinzin FCCA
(Membership No. 0285)
Partner

Date: 29 June 2026

For Farm Machinery Corporation Ltd.

Kelzang Namgay
Offtg. Chief Executive Officer

Tshering Om
Chairperson

FARM MACHINERY CORPORATION LIMITED
Statement of Changes in Equity for the year ended 31 December 2025
(Amounts in Ngultrum)

Particulars	Share Capital	Capital Reserve	Retained Earning	Total Equity
Balance *(Restated)* as at 01.01. 24	**90,422,000**	**192,881,172**	**(143,628,928)**	**139,674,244**
Net Profit/(Loss) for the year	-	-	3,173,152	**3,173,152**
Other Comprehensive Income	-	-	(787,338)	**(787,338)**
Current Year Adjustment	-	-	2,766,114	**2,766,114**
Prior year Adjustment	-	-	7,256,126	**7,256,126**
Capital Reserve	134,348,000	(32,729,077)	-	**101,618,923**
Balance *(Restated) as* at 31.12.24	**224,770,000**	**160,152,095**	**(131,220,874)**	**253,701,221**
Net Profit/(Loss) for the year	-	-	13,704,709	**13,704,709**
Other Comprehensive Income	-	-	161,815	**161,815**
Current Year Adjustments	-	-	(30,551,454)	**(30,551,454)**
Capital Reserve	-	96,653,286	-	**96,653,286**
Additional Share Capital	133,392,000	-	-	**133,392,000**
Balance as at 31.12.25	**358,162,000**	**256,805,381**	**(147,905,804)**	**467,061,577**

For JIGMI Audit & Financials Pvt. Ltd.

Jigmi Rinzin FCCA
(Membership No. 0285)
Partner

Date: 29. June 2026

For Farm Machinery Corporation Ltd.

Kelzang Namgay
Offtg. Chief Executive Officer

Tshering Om
Chairperson

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1. Reporting entity

Farm Machinery Corporation Limited (FMCL) was established on March 29, 2016, as a 100% state owned enterprise under the Company Act of Bhutan to address key agricultural challenges such as labor shortages, human-wildlife conflict, and rural-urban migration that threaten food security. With significant potential for farm mechanization—only partially realized so far—FMCL was envisioned as a transitional institution to promote commercial farming, rural employment, and private sector involvement in agriculture, particularly mechanization services.

The company was incorporated with an authorized capital of Nu.500 million and has received various equity injections, including Nu.134.348 million in 2025 to support aggregation activities.

The financial statements of the Company for the year ended 31 December 2025 were authorized for issue in accordance with the resolution of the Board of Directors dated ……. 2026.

1.2. Disclosure of Significant Accounting Policies - Basis of Preparation

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the accrual, historical cost and going concern conventions.

The preparation of financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

i. Fixed assets: critical judgments are expected period of use, condition of the asset, technological advances, regulation, and residual values.

ii. Actuarial valuation of employee benefits: expected uptake of the gratuities and the discount rate used in the valuation. The functional currency of preparation is in Bhutanese Ngultrum.

1.3 Application of Bhutanese Accounting Standards

The Financial Statements have been prepared in line with Bhutanese Accounting Standards. The summarized impact of the introduction of BAS is:

i. The company has presented Statements of Comprehensive Income and Changes in Equity as required by BAS 1. These statements show information that was previously disclosed in the schedules to the financial statements. Generally, the disclosure norms adopted by the company are as per function which is in confirmation with group accounting policies.

JIGMI Audit & Financials Pvt. Ltd. JAF Thimphu

ii. Depreciation has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per BAS 16.

iii. Employee retirement benefits are valued on an actuarial basis which reflects the estimated liability at balance sheet date.

1.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors.

1.5 Foreign currency translation

i. Foreign currency transactions that are completed within the accounting period are translated into Bhutan Ngultrum using the exchange rates prevailing at the date of settlement. Monetary assets and liabilities in foreign currencies at balance sheet date are translated at the rates of exchange ruling at balance sheet date.

ii. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Income.

1.6 Property, Plant and Equipment (PPE)

All PPEs are stated at historical cost less depreciation and impairment, if any. Costs includes purchase price, taxes and duties, labour cost, direct financing costs, direct overheads for self- constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost. Subsequent costs are included in the assets carrying amount of assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated: Depreciation on other Assets has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per BAS 16. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other Income" or "Other expenses" as the case may be, in the income statement.

Accounting Policy followed for useful life:

Sl. No.	Items	Life
1	Vehicle & Vessels	15
2	Computer & Peripherals	5

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3	Office Equipment	5
4	Furniture & Fixtures	10
5	Plant & Machinery	10

1.7 Intangible assets

i. Costs associated with maintaining the computer software programmer are recognized as an expense incurred; and

ii. The Company does not recognize the internally generated technical knowhow and hence recognition criteria and amortization policy is not defined by the entity.

1.8 Receivables and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "loans to customers", "trade and other receivables" and "cash & cash equivalents" in the Statement of Financial Position ***(Notes 3, 4, and 5)***.

1.9 Inventories

Inventories are stated at cost or net realizable value whichever is lower. Costs are determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

1.10 Trade and other receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

1.11 Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.12 Trade and other payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payments are due within one year or less

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(or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

1.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in Other Comprehensive Income, and in this case, the tax is also recognized in other comprehensive income. The current income tax charge is calculated based on the tax laws enacted at the balance sheet date in Bhutan. Management periodically evaluates computations made in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions wherever appropriate based on amounts expected to be paid to the tax authorities. Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized.

1.15 Employee benefits

i. Retirement Benefits

Defined Contribution Scheme
Employees belong to a defined contribution benefit plan managed by a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined Benefit Scheme
The company makes retirement payments based on the final salary and years of service. The gratuity is accrued based on actuarial valuation. Changes in service and interest are charged to the Profit and Loss Account. Changes to actuarial valuation are charged to the Statement of Comprehensive Income.

ii. Other Benefits

Other benefits such as leave encashment and bonus are accrued.

Define Benefits Obligations
The Company operates a defined benefit gratuity plan for its employees following the provisions of the Labour and Employment Act and internal HR policy (SRR 2022). The gratuity of liability is determined based on the actuarial valuation carried out by an independent actuary using the Projected Unit Credit (PUC) Method, as mandated by *IAS 19: Employee Benefits.*

JIGMI Audit & Financials Pvt. Ltd. Thimphu

1.16 Revenue Recognition

Revenue is measured at the amount entity expects to be entitled in exchange for transferring promised goods or services to a customer, and represents amounts receivable for goods supplied, stated net of discounts, returns, taxes, and royalties collected on behalf of the government. The Company recognizes revenue when the entity satisfies a performance obligation identified in the contract by transferring promised goods or services to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. An asset is assumed to be transferred to a customer when (or as) the customer obtains control of that asset. The incremental cost incurred by the company for obtaining a contract with the customer is recognized as an asset if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods to which the asset relates.

1.17 Interest Income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount; the estimated future cash flow being discounted at the original effective interest rate of the instrument. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

1.18 Comparative Information

Where necessary certain comparative information has been reclassified to provide a more appropriate basis for comparison, and comparative information has been updated to comply with the introduction of Bhutanese Accounting Standards.



NOTE 2(i): PROPERTY, PLANT AND EQUIPMENT

(All in Ngultrum)

Particular	Useful Life	GROSS BLOCK VALUE (Nu.)			DEPRECIATION (Nu.)			NET BLOCK VALUE (Nu.)	
		1-Jan-2025	Addition	31-Dec.-2025	1-Jan-2025	Depreciation	31-Dec-2025	31-Dec-2025	31-Dec-2024
Computer & Peripherals	5	4,999,796	647,080	5,646,875	4,384,115	375,084	4,759,199	887,676	615,681
Furniture	10	4,065,605	285,480	4,351,085	3,395,396	226,452	3,621,848	729,237	670,209
Land & Building	30	22,510,598	85,162,500	107,673,097	915,161	796,329	1,711,490	105,961,607	21,595,437
Office Equipment	5	2,336,017	203,076	2,539,093	2,252,500	77,112	2,329,613	209,481	83,517
Plant & Equipment	10	186,346,516	72,253,637	258,600,153	136,323,002	13,744,284	150,067,286	108,532,868	50,023,515
Vehicle	15	49,503,315	-	49,503,315	33,174,485	3,226,395	36,400,880	13,102,435	16,328,830
Workshop Tools & Equipment	5	6,509,419	-	6,509,420	6,291,226	58,365	6,349,591	159,828	218,193
Semi-Permanent Shed (Greenhouse)	3	16,051,323	-	16,051,323	16,051,305	-	16,051,305	19	19
Bearer Plant		5,712,336	-	5,712,346	1,140,085	476,278	1,616,363	4,095,983	4,572,251
Total of 2(i)		**298,034,925**	**158,551,783**	**456,586,708**	**203,927,275**	**18,980,299**	**222,907,574**	**233,679,134**	**94,107,650**

NOTE 2(ii): INTANGIBLE ASSETS

Particular	Useful Life	GROSS BLOCK VALUE (Nu.)			DEPRECIATION (Nu.)			NET BLOCK VALUE (Nu.)	
		1-Jan-2025	Addition	31-Dec.-2025	1-Jan-2025	Depreciation	31-Dec-2025	31-Dec-2025	31-Dec-2024
Inventory Management System	10	218,165	-	218,165	130,898	21,816	152,715	65,450	87,266
Tally ERP-9 System	10	177,131	-	177,131	106,278	17,713	123,991	53,139	70,853
Website	10	81,670	-	81,670	49,002	8,167	57,169	24,501	32,668
HR & Admin Data Base	10	308,568	-	308,568	185,141	30,857	215,998	92,549	123,416
Total of 2(ii)		**785,533**	**-**	**785,533**	**471,319**	**78,553**	**549,873**	**235,639**	**314,202**
GRAND TOTAL: 2(i)+2(ii)		**298,820,459**	**158,551,783.00**	**457,372,241**	**204,398,594**	**19,058,853**	**223,457,447**	**233,914,794**	**94,421,864**

JIGMI Audit & Financials Pvt. Ltd. Thimphu

NOTE 2(iii): WORK-IN-PROGRESS (AGGREGATION INITIATIVES)

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Aggregation- Equipment and Vehicles	-	892,225	-
Aggregation-Capacity Development and Training	-	157,126	-
Aggregation Role	-	19,346,141	-
Aggregation- Warehouse and Processing Unit and Facilities	-	4,308,742	-
Biological Asset - Apple	193,576	-	-
Biological Asset - Arecanut	85,349	-	-
Biological Asset - Avocado	1,321,123	-	-
Biological Asset - Banana	11,080	-	-
Biological Asset - Chilli	145,034	-	-
Biological Asset - Citrus	1,465,196	-	-
Biological Asset -Dragon Fruits	805,212	-	-
Biological Asset - Litchi	91,539	-	-
Biological Asset – Mango	618,071	-	-
Biological Asset – Peach	28.697	-	-
Biological Asset – Pears	151,840	-	-
Biological Asset - Persimmon	126,353	-	-
Biological Asset – Plum	13,972	-	-
Biological Asset - Walnut	23,389	-	-
Biological Asset - Wheat	67,949	-	-
Total	**5,148,381**	**24,704,234**	**-**

NOTE 3: CASH AND CASH EQUIVALENTS

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Cash in Hand	-	21,181	22,166
Balances with Banks:			
Bajo, CD-200933530.	194,066	-	186,966
BOB CD-200137006 (Revenue A/c)	3,962,847	(553)	999,852
BOB CD-200137017(Operational A/c)	31,651	5,589,692	(1,140,157)
BOB CD-200307387 (SBA A/c)	7,559,390	124,789	427
BOB CD -202321243 SHFP	10,635,249	40,150	-
Bumthang, CD-200657037	315,890	504,781	-
Gratuity Account 100902120	559,992	51,097,084	-
Khangma, CD-200922971	1,071,887	1,708,891	41,415
Paro, CD-200930506	1,327,695	5,062,334	302,756
DPNB-550010083428	53,532,056	899,862	4,317
Samtenling, CD-200728623	918,640	300,292	-
Total	**80,109,363**	**65,348,504**	**417,743**

NOTE 4: SUNDRY DEBTORS

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Trade Receivables *(Unsecured, considered good)*	56,344,915	17,535,270	14,861,391
TDS Receivable from RRCO	-	3,212,612	3,425,866
Total	**56,344,915**	**20,747,882**	**18,287,256**

JIGMI Audit & Financials Pvt. Ltd. JAF Thimphu

NOTE 5: LOANS AND ADVANCES

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Advance to Suppliers	9,595,712	2,782,721	1,255,030
Advance to Staff members	-	171,898	2,627,921
Total	**9,595,712**	**2,954,618**	**3,882,951**

NOTE 6: INVENTORIES

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Inventories-Accessories, Machinery, tools etc.	117,405,643	124,636,287	180,354,371
Inventory Farm Produce	-	-	1,162,640
POL Inventory	-	548,972	579,229
Raw Materials Inventory	37,918,189	1,074,313	2,191,552
Aggregation Stock	23,731,105	17,456,733	-
Finish Products	37,546,622	37,546,622	-
Raw Materials	71,600	71,600	-
Lubricants Inventory	105,778	105,778	-
Total	**216,778,937**	**181,440,304**	**184,287,792**

NOTE 7: SHARE CAPITAL

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Authorised			
1,000,000 Equity shares of Nu 100 each	100,000,000	100,000,000	100,000,000
Issued, Subscribed and Paid -up			
683,220 Equity shares of Nu 100 each fully paid	224,770,000	90,422,000	90,422,000
Issued 200,000 shares of 100 each	133,392,000	134,348,000	-
Total	**358,162,000**	**224,770,000**	**90,422,000**
a. Reconciliation of the number of Equity Shares outstanding			
At the beginning of the year	2,247,700	904,220	904,220
Shares allotted during the year	1,333,920	1,343,480	-
No of shares outstanding as on 31.12.2024	**3,581,620**	**2,247,700**	**904,220**

b. Terms/Rights attached to Equity Shares

The Company has only one class of ordinary shares ('Equity Shares') having a par value of Nu.100 each. Each holder of ordinary shares ('Equity Shareholders') is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

c. Shares held by Entities in the aggregate shares in the Company

Shareholders	31-Dec-25		
	No. of Shares	Percentage	Shares Worth (Nu.)
Ministry of Finance, RGoB	3,581,620	100%	358,162,000

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NOTE 8: DEFERRED GRANT

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Grant from AMC	-	-	14,446,545
Grant from MoEA (present MoICE)	-	-	105
Grant from MoAF (present MoENR)	-	-	215,094
Grant from JICA	-	-	7,071,481
Grant from SHFP Project	-	-	15,651,908
Grant from UNDP	-	-	5,430,464
Grant from MoAF (MoENR) for Aggregation	-	13,932,916	-
Total	**-**	**13,932,916**	**42,815,597**

NOTE 9: DEFINED BENEFIT OBLIGATION (NON-CURRENT)

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Provision for Travel Allowance	78,566	410,855	240,035
Provision for Carriage Charges	9,129,244	161,878	93,955
Provision for Gratuity	1,877,429	5,206,124	5,671,963
Provision for Leave Encashment.	(1,481,060)	1,447,360	4,900,008
Provision for Leave Transfer Grant	481,144	404,422	240,035
Total	**10,085,323**	**7,630,639**	**11,145,996**

NOTE 10: DEFERRED TAX ASSETS /LIABILITIES

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Balance as on 31.12.2023	(3,728,461)	(2,211,736)	(2,205,217)
Charge to SCI	(49,974)	(1,516,725)	(6,520)
Total	**(3,778,435)**	**(3,728,461)**	**(2,211,736)**

COMPUTATION OF DEFERRED TAX FOR THE YEAR ENDED 31.12.2025

Particulars	Carrying Amount	Tax Base	Taxable(-)/Deductible Temporary difference
Fixed Assets	233,914,794	205,485,638	(28,429,157)
DBO -Travel Allowance	663,062	186,625	476,437
DBO - Carriage Charges	261,573	151,724	109,849
DBO - Gratuity	9,195,604	-	9,195,604
DBO - Leave Encashment	4,196,178	3,178,916	1,017,262
DBO - Transfer Grants	662,829	207,529	455,300
	248,894,041	209,210,432	**(17,174,705)**
Closing Balance as of 31.12.2025 (Deferred Tax 22%)			**(3,778,435)**
Opening Balance Deferred Tax as 01.01.2025			**(3,728,461)**
Adjustment Deferred Tax 31.12.2025			**(49,974)**

NOTE 11: LONG TERM BORROWINGS

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Bank OD A/c 403800058101	11,183,919	18,210,825	-
Total	**11,183,919**	**18,210,825**	-

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NOTE 12: DEFINED BENEFIT OBLIGATION (CURRENT)

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Travel Allowance	183,009	179,739	180,373
Carriage Charges	66,360	68,651	118,837
Gratuity	2,318,749	2,122,885	91,988
Leave Encashment.	2,143,890	3,783,845	326,979
Transfer grant	181,918	186,172	180,373
Total	**4,893,926**	**6,341,291**	**898,550**

NOTE 13: PROVISIONS

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Provisions for Tax	221,795	947,587	947,587
Provision for Dead Stock	-	-	20,329,359
Provisions for Bad Debt (ECL)	5,832,174	1,010,023	746,078
Total	**6,053,969**	**1,957,609**	**22,023,024**

NOTE 14: OTHER CURRENT LIABILITIES

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Trade Payables	66,334,933	6,390,433	104,235,421
Other Payables	32,500,000	40,000,000	-
Total	**98,834,933**	**46,390,433**	**104,235,421**

NOTE 15: REVENUE

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Revenue from Aggregation	93,853,702	6,651,769	-
Revenue From Heavy Machineries	45,607,971	35,738,898	25,116,982
Revenue from Farm Machineries	28,061,135	24,655,724	24,859,898
Revenue From Heavy Vehicles	4,211,854	4,554,758	1,866,429
Revenue from Production & Manufacturing	92,053,757	7,416,270	3,333,446
Revenue from Commercial Farms	4,361,392	4,525,023	5,832,541
Total	**268,149,810**	**83,542,442**	**61,009,296**

NOTE 16: COST OF GOOD SOLD (CoGS)

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Operating Cost			
Aggregation Expenses	73,436,056	6,067,085	-
Heavy Machinery Hiring Expenses	23,965,212	19,614,536	3,105,264
Farm Machinery Hiring Expenses	15,412,790	17,219,014	15,290,435
Heavy Vehicle Hiring Expenses	2,400,798	2,633,758	849,078
Manufacturing & Production Expenses	54,515,903	6,610,159	7,574,551
Commercial farm Expenses	4,072,805	3,781,789	6,166,820
Less: **Change in Inventory**			
Inventories- accessories, machineries, tools, etc.	(7,230,644)	(55,718,084)	32,714,636

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POL inventory	(548,972)	(613,668)	(262,055)
Raw Materials Inventory	36,843,876	(1,117,240)	(1,829,135)
Aggregation stock	6,274,373	17,456,733	(358,054)
POL Inventory		(579,229)	-
Total	**138,464,931**	**96,497,829**	**16,642,151**

NOTE 17: OTHER INCOME

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Revenue from Interest on Deposit	2,490,283	1,097,698	-
Revenue from POL stock	38,302	237,358	2,269,242
Revenue from Rental	1,238,407	1,181,133	-
Revenue from Repair and Maintenance	1,240,585	5,396,530	-
Revenue from Sales of Machineries	5,881,427	13,408,331	9,947,693
Revenue from Sales of Spare Parts	9,254,683	15,988,534	24,748,867
Revenue from Sales of Scraps	743,742	4,823,165	16,328,047
Revenue from Training Services	106,999	678,682	235,962
Revenue From Others	792,881	4,171,812	7,426,272
Salary Arrears from MoF	-	19,806,000	-
Grant Income	-	6,067,085	15,729,988
Gain on Distinguishment of Debt	-	49,625,553	-
Gain on Reversal of Provisions	-	52,001,552	-
Total	**21,787,309**	**174,483,433**	**76,686,072**

NOTE 18: EMPLOYEE COST

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Pay & Allowances	79,643,074	84,364,906	70,585,932
Provident Fund from Employer	6,331,578	6,361,674	5,538,959
Traveling Expenses	6,949,861	5,600,428	9,801,772
Defined Benefit Obligation	4,893,926	-	74,040
Training in Country	384,483	19,512	180,373
Total	**98,202,922**	**96,346,520**	118,837

NOTE 19: ADMINISTRATIVE EXPENSES AND GENERAL EXPENSES

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Advertisement Expenses	23,007	10,505	49,210
Allowance-Audit Expenses	365,145	322,653	235,000
Allowance-Board Expenses	617,415	257,242	341,677
Rental Charges	87,278	96,000	236,327
Hospitality & Entertainment Expenses	232,977	235,857	227,952
Legal Expenses	22,840	-	-
Meeting Expenses	619,699	648,541	1,050,806
Office supplies, printing and publication Expense	373,178	379,403	447,611
Transportation Expenses	225,613	480,452	512,605
Postage and Telegram Expenses	300	500	1,577
Professional Service Expenses	583,906	45,000	30,000

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Royalty, Taxes, Renewal and Bank Charges	523,048	204,502	266,237
Uniforms, Extension Kits & Linens Expenses	356,390	390,840	1,450
Electricity, Water & Sewerage Charges	669,422	476,167	442,859
Telephone Charges	122,750	-	-
Internet Charges	963,452	1,014,850	900,179
Bad Debt Expenses	5,505	8,860,540	1,021,573
Loss on disposal of Fixed Assets	-	20,115,256	-
General tools and equipment	-	87,690	38,056
Total	**24,850,777**	**57,906,035**	**5,803,118**

NOTE 20: REPAIR AND MAINTENANCE

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Maintenance of Property-Buildings	285,579	145,641	563,066
Maintenance of Property-Computers	72,060	7,300	14,600
Maintenance of Property-Equipment	199,688	885,386	345,341
Maintenance of Property-Vehicles	4,915,023	2,870,205	3,915,418
Maintenance of Property-Water Supply & Sewerage	61,019	6,349	76,806
Total	**5,533,370**	**3,914,882**	**4,915,231**

NOTE 21: OTHER EXPENDITURE

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Bio-input Expenditures	52,185	-	-
Installation and Testing of Machines Cost	25,358	-	-
Purchase of Machineries	1,419,856	-	1,497,895
Total	**1,497,399**	**-**	**1,497,895**

NOTE 22: FINANCE COST

Particulars	31-Dec-25 (Nu.)	31-Dec-24 *Restated* (Nu.)	1-Jan-24 *Restated* (Nu.)
Interest Charged on ODF	1,072,130	764,149	-
Total	**1,072,130**	**764,149**	**-**

NOTE 23: COMPUTATION OF INCOME TAX FOR THE YEAR ENDED 31.12.2025

Particulars	31-Dec-25	31-Dec-24
Net Profit/(Loss) as per Statement of Comprehensive Income	**20,315,591**	**2,596,462**
Add: Inadmissible Expenses		
Depreciation as per BAS	19,058,853	24,280,039
Provision for Gratuity, Transfer, Travel & Carriage Charges	4,893,926	6,341,291
Bad Debts Expenses	5,505	8,860,540
Hospitality & Entertainment Expenses	232,977	235,857
Bonus	-	-
Advertisement & Business Promotion	23,007	10,505
Total (A)	**44,529,858**	**42,324,694**
Less: Admissible Expenses		
Depreciation as per Income Tax	18,679,394	39,912,136
Travel Allowance	186,625	487,967

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Carriage Charges	151,724	167,426
Gratuity	-	440,705
Leave Encashment.	3,178,916	2,343,454
Leave Transfer grant	207,529	325,520
Hospitality & entertainment expenses (*2% of Assessed Net profit or Amount paid whichever is lower*)	232,977	235,857
Advertisement & Business Promotion (*5% of Assessed Gross Income or Amount paid whichever is lower*)	23,007	10,505
Total (B)	**22,660,173**	**43,923,570**
TOTAL TAXABLE INCOME (A- B)	**21,869,686**	**(1,598,876)**
Provision for Current Tax (30%)	**6,560,906**	**(479,663)**
Less: TDS Receivable Amount Balance	**1,744,260**	
Net CIT Payable Amount as of 31.12.2025	**4,816,646**	

NOTE 24: LOSS ON REMEASUREMENT OF DEFINE BENEFIT OBLIGATION

Particulars	Other Comprehensive Income
Travel Allowance	76,084.01
Carriage Charges	116,408.97
Gratuity	(452,154.77)
Leave Encashment.	-
Leave Transfer grant	97,846.80
Actuarial Gain/Loss	**(161,814.99)**

NOTE 25: ADDITIONAL DISCLOSURES

1. Change in Tax Rate

Deferred tax assets and liabilities as at 31 December 2025 have been measured using the substantively enacted corporate income tax rate of 22%, which is effective from 1 January 2026, as approved by the Parliament of Bhutan and notified by the Department of Revenue and Customs. This measurement is in accordance with Paragraph 47 of *BAS-12: Income Taxes*, which requires deferred tax to be measured using tax rates enacted or substantively enacted at the reporting date and expected to apply when the related temporary differences reverse. The impact arising from the remeasurement of deferred tax balances due to the change in tax rate has been recognised in the Statement of Profit or Loss for the year, in accordance with paragraph 58 of *BAS-12: Income Taxes*.

2. Prior Period Error – Property, Plant and Equipment

During the year ended 31 December 2025, management identified errors in the accounting for Property, Plant and Equipment (PPE) relating to prior periods. Certain capital expenditures were incorrectly measured and accumulated depreciation was misstated. As a result, both the gross carrying amount of PPE and accumulated depreciation were materially misstated.

In accordance with BAS-8: *Accounting Policies, Changes in Accounting Estimates and Errors*, the error has been corrected retrospectively. Comparative information has been restated and a third statement of financial position as at 1 January 2024 has been presented.

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A. PPE Reconciliation

(All in Ngultrum)

Particulars	Gross Carrying Amount	Accumulated Depreciation	Net Carrying Amount
Balance at 1 Jan 2024 *(previously reported)*	264,174,410	(78,246,532)	185,927,878
Prior period error adjustment	34,646,049	(104,445,100)	(69,799,051)
Restated balance at 1 Jan 2024	**298,820,459**	**(182,691,632)**	**116,128,827**
Depreciation for year	-	(21,706,963)	
Balance at 31 Dec 2024 *(restated)*	**298,820,459**	**(204,398,595)**	**94,421,864**

B. Impact on Profit for the year ended 31 December 2024

(All in Ngultrum)

Particulars	Adjustment (Nu.)
Increase/(Decrease) in depreciation expense	(2,573,076)
Net impact on profit for 2024	(2,573,076)

3. Prior Period Error adjustment for Biological Assets

During the year ended 31 December 2025, management identified that fruit trees used in commercial farming had not been recognised in prior periods in accordance with *BAS-16: Property, Plant and Equipment* and *BAS-41: Agriculture*. Related costs had been expensed as incurred.

The omission constitutes a prior period error under *BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors*.

i. Bearer Plants *(Accounted under BAS 16)*

Trees that have reached maturity and are capable of bearing fruit are classified as bearer plants and measured at cost less accumulated depreciation:

- Cost recognised: Nu.5,712,335.85
- Accumulated depreciation (prior years): Nu.682,811.11
- Depreciation for 2025: Nu.476,278.24

Bearer plants are depreciated over their useful lives from the date they are capable of operating as intended.

ii. Growing Trees *(Accounted under BAS 41)*

Trees that have not yet reached maturity are classified as biological assets:

- Carrying amount recognised: Nu.4,935,398.36

These are measured in accordance with *BAS-41: Agriculture*.

Equity Impact

The net adjustment arising from the recognition of bearer plants and biological assets has been recognised against retained earnings as correction of a prior period error along with PPE adjustment in accordance with BAS 8.

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4. Reclassification of Comparative Information

Certain comparative figures for the year ended 31 December 2024 have been regrouped and reclassified, where necessary, to conform to the presentation adopted in the current year. In particular, certain operating expenses that were previously presented under indirect expenses have been reclassified to cost of goods sold (CoGS) as direct expenses, following a detailed review of their nature and function. This reclassification was made to provide more relevant and reliable information and to better reflect the functional classification of expenses in accordance with *BAS-1: Presentation of Financial Statements*. The reclassification had no impact on total profit, total comprehensive income, equity, or cash flows for the year ended 31 December 2024 and 2025 unless stated for restatement.

Impact on Retained Earnings

Retained earnings represent the cumulative net results of the Company and include adjustments arising from prior period errors and financial clean-up exercises, in accordance with applicable provisions of Bhutan Accounting Standards. During the current financial year, the Company undertook a comprehensive financial review and clean-up exercise. As a result, several prior period adjustments were identified and corrected. In accordance with BAS requirements for prior period errors, these adjustments have been recognized directly in retained earnings, as under:

Particulars	Reductions (Nu.)	Additions (Nu.)
Biological Assets	-	4,935,398.36
Aggregation Role	19,346,140.71	-
2 % TDS Receivable	-	45,924.36
Cost of Goods Sold	17,935,485.08	-
Liabilities of Expenses	4,153,919.13	-
Gyalsung Infra Receivable	884,244.44	-
Commercial Farm – Wheat	-	71,600.00
BOB CD-200137017 (Operational A/c)	273,001.72	1,084,508.44
Tan Tshering - Finished Product	-	6,673,846.62
M/s Mitsubishi Mahindra Agriculture Machineries	889,132.75	119,192.00
Actuarial Gain/Loss on DBO	-	161,814.99
Total	**43,481,923.83**	**13,092,284.77**
Net Retained Earning Adjustment		**30,389,639.06**

5. Changes in Capital Reserve

Capital reserve represents amounts recognized in equity that are not distributable as dividends and arise from capital transactions. During the year, the following amounts were recognized under capital reserve:

5.1 Transfer of Assets from FCBL to FMCL

An amount of Nu.65,780,510.45 represents the transfer of assets from FCBL to FMCL as part of an equity restructuring exercise, in accordance with directives issued by the Ministry. The assets transferred from FCBL comprised Integrated Cold Storage, Warehouse, and Office. This transaction has been recognized as a capital contribution and credited to capital reserve.

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5.2 Off Balance sheet Inventory Recorded

During the year ended 31 December 2025, management identified inventories transferred from Central Mechanical Units (CMUs) in prior years that had not been recognised in the Company's financial statements. The inventories were under the control of the Company in prior periods and met the definition and recognition criteria of assets in accordance with the Conceptual Framework and *BAS-2: Inventories*. However, they were maintained off balance sheet as they were considered slow-moving and were not recorded in the accounting records. Accordingly, management determined that the omission constituted a prior period error in accordance with *BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors*. The Company was unable to determine the period-specific effects of the error or the amounts relating to prior periods due to the absence of reliable historical records. Therefore, in accordance with para 43–45 of *BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors*, the error has been corrected prospectively at 31 December 2025.

An amount of Nu.30,872,775.42 has been recognised as inventories as at 31 December 2025, with a corresponding adjustment to Capital Reserve, as shown below:

Inventories	Balance as of 31 Dec 2025 (Nu.)
Bumthang CMU Stock	25,695,146.58
Khangma CMU Stock	622,190.08
Samtenling CMU Stock	4,555,438.76
Total	**30,872,775.42**

These corrections did not impact profit or loss for the year ended 31 December 2025.

6. Notes on Accounts

i. The Company received an equity infusion amounting to Nu.133,392,000 from the Ministry of Finance during the year.

ii. The Company generated revenue of Nu.268,149,810.46 from mandated activities. The total operating expenditure incurred was Nu.173,803,563.97. After accounting for inventories and overhead costs, the net profit stands at Nu.20,315,588.50.

iii. The Company's inventory comprises the following components:

   a. Accessories, machinery, tools, and related items: Nu.117,405,643.05;
   b. Raw materials inventory: Nu.37,918,188.99; and
   c. Aggregation stock: Nu.23,731,105.35

iv. During the year, fixed assets with a total carrying amount of Nu.5,712,335.85 were recognized under Tangible assets as Bearer Plants (Fruit trees) as per BAS and the company's financial restructuring and operational streamlining efforts. The Company also recognized the addition of fixed assets worth Nu.61,898,487.38, which are mostly the capital investment for Aggregation initiatives.

v. Over the past financial years, FMCL had some unresolved accounting issues that needed some adjustments. With the approval of the Board and in compliance with applicable accounting standards, the financial cleanup has been taken place and has been adjusted during the current

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financial year. These adjustments have been accounted for in accordance with the relevant accounting treatment under applicable financial reporting frameworks.

vi. Due to the non-availability of cost, price, and year of purchase and other specific details, each item of other assets has been valued at Nu.1.

vii. As per *BAS-2: Inventories*, the management has measured the inventories at cost or net realizable value, whichever is lower.

7. Actuarial Valuations on Employee Benefits

In accordance with *BAS-19: Employee Benefits*, the Company provides post-employment benefits under a defined benefit plan for its eligible employees. The defined benefit obligation is determined based on an actuarial valuation performed using the projected unit credit method. The valuation considers factors such as discount rate, salary escalation, employee turnover, and retirement age. Movement in the Defined Benefit Obligation is as follows:

A. Carriage Charges as on 31 December 2025

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	261,575.19	230,528.65
Net defined benefit asset/(liability)	**(261,575.19)**	**(230,528.65)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	66,361.57	68,650.52
(b) Other comprehensive income	116,408.97	116,513.45

BASIS OF VALUATION

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57 | 60 | 63 years*
• *Retirement age for contract employees depends on their contract term*	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	1 year for resignation and none for rest
Service definition	Total service rounded to nearest integer (excluding probation period of six months)
Benefit formula	Distance × Rate per km as per RSTA (present BCTA)
Grade	**Entitlement**
M3 and above	Two trucks up to Nu. 55,000
P1 to S1	One truck up to Nu. 27,000
S2 and below	One DCM up to Nu. 15,000

MEMBERSHIP DATA

		% Change	31-Dec-2025	31-Dec-2024
Members considered for valuation		-0.91%	218	220
Average age (years)		2.75%	35.45	34.5
Monthly salary (Nu.)	Average	2.54%	16,315.0	15,910.11
	Total	1.61%	3,556,671	3,500,225
Past service (years)	Average	22.22%	4.82	3.94
	Total	21.11%	1,050	867

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Increase in cost of transportation	5.00%	5.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	261,575.19	230,528.65
Funded status - surplus/ (deficit)	(261,575.19)	(230,528.65)
Net defined benefit asset/(liability)	**(261,575.19)**	**(230,528.65)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognized in profit or loss	66,361.57	68,650.52
Expense recognized in other comprehensive income	116,408.97	116,513.45
Defined benefit cost	**182,770.54**	**185,163.97**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	53,988.24	58,324.29
Interest on DBO	12,373.33	10,326.23
Expenses recognized in profit or loss	**66,361.57**	**68,650.52**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	116,408.97	116,513.45
Expenses recognized as OCI	**116,408.97**	**116,513.45**

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	230,528.65	212,791.14

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Add: Current service cost	53,988.24	58,324.29
Add: Interest cost	12,373.33	10,326.23
Less: Benefits paid by the employer	(151,724)	(167,426.46)
Actuarial (gain) or losses due to experience adjustment	116,408.97	116,513.45
DBO at the end of period	**261,575.19**	**230,528.65**

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

	31-Dec-2025	31-Dec-2024
Current liability	99,730.75	101,914.94
Non-current liability	161,844.44	128,613.71
Net Liability	**261,575.19**	**230,528.65**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

	31-Dec-2025	31-Dec-2024
Current liability	99,730.75	101,914.94
Non-current liability	161,844.44	128,613.71
Net Liability	**261,575.19**	**230,528.65**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	*Nu.*
31 December 2026	107,709.21
31 December 2027	104,676.16
31 December 2028	104,480.76
31 December 2029	104,304.85
31 December, 2030	104,150.06
December 2031 to December 2035	559,066.5
December 2036 to December 2045	1,308,088.19

ESTIMATED TERM OF LIABILITY (IN YEARS): 10.76
SENSITIVITY ANALYSE

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	249,859.01	(11,716.18)	-4.48%
	Base rate	261,575.19	-	0.00%
	- 0.5%	274,244.45	12,669.26	4.84%
Increase in cost of transportation	+ 0.5%	275,262.34	13,687.15	5.23%
	Base rate	261,575.19	-	0.00%
	- 0.5%	248,835.07	(12,740.12)	-4.87%
Mortality rate	+ 10%	261,721.79	146.6	0.06%
	Base rate	261,575.19	-	0.00%
	- 10%	261,428.76	(146.43)	-0.06%
Employee turnover rate	+ 0.5%	265,441.03	3,865.84	1.48%
	Base rate	261,575.19	-	0.00%
	- 0.5%	257,501.2	(4,073.99)	-1.56%

B. Earned Leave as on 31 December 2025

STATEMENT OF FINANCIAL POSITION

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Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	4,196,178.25	5,231,204.41
Net defined benefit asset/(liability)	**(4,196,178.25)**	**(5,231,204.41)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	2,143,889.91	3,783,844.74

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57 | 60 | 63 years*
• *Retirement age for contract employees depends on their contract term*	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x earned leave / 30
Benefit floor	None
Benefit ceiling	90 days

MEMBERSHIP DATA

		% Change	31-Dec-2025	31-Dec-2024
Members considered for valuation		-0.91%	218	220
Average age (years)		2.75%	35.45	34.5
Monthly salary (Nu.)	Average	2.54%	16,315.0	15,910.11
	Total	1.61%	3,556,671	3,500,225
Accrued leave (days)	Average	-20.86%	43.4	54.84
	Total	-21.58%	9,461.32	12,065.6

ACTUARIAL ASSUMPTIONS
FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

DETAILED FNANCIAL EXHIBITS
LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	4,196,178.25	5,231,204.41

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Funded status - surplus/ (deficit)	(4,196,178.25)	(5,231,204.41)
Net defined benefit asset/(liability)	**(4,196,178.25)**	**(5,231,204.41)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Service Cost	(1,035,026.16)	4,216.92
Net interest on net defined liability (asset)	291,339.71	266,973.89
Immediate recognition of gains/losses – Other long term employee benefits	2,887,576.36	3,512,653.93
Define Benefit Cost	**2,143,889.91**	**3,783,844.74**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	(1,035,026.16)	4,216.92
Interest on DBO	291,339.71	266,973.89
Immediate recognition of gains/losses - Other long term employee benefits	2,887,576.36	3,512,653.93
Expenses recognized in profit or loss	**2,143,889.91**	**3,783,844.74**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	2,887,576.36	3,512,653.93
Immediate recognition of gains/losses – Other long term employee benefits	2,887,576.36	3,512,653.93

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	5,231,204.41	5,226,987.49
Add: Current service cost	(1,035,026.16)	4,216.92
Add: Interest cost	291,339.71	266,973.89
Less: Benefits paid by the employer	(3,178,916.07)	(3,779,627.82)
Actuarial (gain) or losses due to experience adjustment	2,887,576.36	3,512,653.93
DBO at the end of period	**4,196,178.25**	**5,231,204.41**

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2025	31-Dec-2024
Current liability	410,608.21	548,813.38
Non-current liability	3,785,570.04	4,682,391.03
Net Liability	**4,196,178.25**	**5,231,204.41**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	*Nu.*
31 December 2026	443,456.86
31 December 2027	273,801.77
31 December 2028	275,904.79
31 December 2029	278,070.32
31 December 2030	280,301.78

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December 2031 to December 2035	1,655,461.44
December 2036 to December 2045	3,658,637.01

SENSITIVITY ANALYSIS

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	3,995,690.0	(200,488.25)	-4.78%
	Base rate	4,196,178.25	-	0.00%
	- 0.5%	4,414,378.11	218,199.86	5.20%
Salary growth rate	+ 0.5%	4,429,040.63	232,862.38	5.55%
	Base rate	4,196,178.25	-	0.00%
	- 0.5%	3,980,670.52	(215,507.73)	-5.14%
Mortality rate	+ 10%	4,197,535.41	1,357.16	0.03%
	Base rate	4,196,178.25	-	0.00%
	- 10%	4,194,826.62	(1,351.63)	-0.03%
Employee turnover rate	+ 0.5%	4,241,559.86	45,381.61	1.08%
	Base rate	4,196,178.25	-	0.00%
	- 0.5%	4,148,194.08	(47,984.17)	-1.14%

C. Gratuity as on 31 December 2025

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	9,195,603.8	7,329,009.16
Net defined benefit asset/(liability)	**(9,195,603.8)**	**(7,329,009.16)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	2,318,749.41	2,122,885.09
(b) Other comprehensive income	(452,154.77)	(117,122.23)

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57|60|63 years*
• *Retirement age for contract employees depend on their contract term*	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	10 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x service years
Benefit floor	None
Benefit ceiling	None

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MEMBERSHIP DATA

		% Change	31-Dec-2025	31-Dec-2024
Members considered for valuation		-0.91%	218	220
Average age (years)		2.75%	35.45	34.5
Monthly salary (Nu.)	Average	2.54%	16,315.0	15,910.11
	Total	1.61%	3,556,671	3,500,225
Past service (years)	Average	22.22%	4.82	3.94
	Total	21.11%	1,050	867

ACTUARIAL ASSUMPTIONS
FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

DETAILED FINANCIAL EXHIBITS
LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	1,732,428.68	1,679,397.20
Interest on DBO	586,320.73	443,487.89
Expenses recognized in profit or loss	**2,318,749.41**	**2,122,885.09**

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	9,195,603.8	7,329,009.16
Funded status - surplus/ (deficit)	(9,195,603.8)	(7,329,009.16)
Net defined benefit asset/(liability)	**(9,195,603.8)**	**(7,329,009.16)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognized in profit or loss	2,318,749.41	2,122,885.09
Expense recognized in other comprehensive income	(452,154.77)	(117,122.23)
Defined benefit cost	**1,866,594.64**	**2,005,762.86**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS
AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(452,154.77)	(117,122.23)
Expenses recognized as OCI	**(452,154.77)**	**(117,122.23)**

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

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Nu.	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	7,329,009.16	5,763,950.90
Add: Current service cost	1,732,428.68	1,679,397.20
Add: Interest cost	586,320.73	443,487.89
Less: Benefits paid by the employer	-	(440,704.60)
Actuarial (gain) or losses due to experience adjustment	(452,154.77)	(117,122.23)
DBO at the end of period	**9,195,603.80**	**7,329,009.16**

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2025	31-Dec-2024
Current liability	1,207,812.15	738,598.58
Non-current liability	7,987,791.65	6,590,410.58
Net Liability	**9,195,603.8**	**7,329,009.16**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	*Nu.*
31 December 2026	1,304,437.12
31 December 2027	449,906.07
31 December 2028	520,139.55
31 December 2029	810,314.12
31 December 2030	1,276,126.66
December 2031 to December 2035	13,811,543.62
December 2036 to December 2045	51,998,431.93

SENSITIVITY ANALYSIS

ESTIMATED TERM OF LIABILITY (IN YEARS): 16.53

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	8,651,338.25	(544,265.55)	-5.92%
	Base rate	9,195,603.8	-	0.00%
	- 0.5%	9,792,073.37	596,469.57	6.49%
Salary growth rate	+ 0.5%	9,826,260.45	630,656.65	6.86%
	Base rate	9,195,603.8	-	0.00%
	- 0.5%	8,616,338.59	(579,265.21)	-6.30%
Mortality rate	+ 10%	9,184,747.34	(10,856.46)	-0.12%
	Base rate	9,195,603.8	-	0.00%
	- 10%	9,206,538.46	10,934.66	0.12%
Employee turnover rate	+ 0.5%	8,973,047.7	(222,556.1)	-2.42%
	Base rate	9,195,603.8	-	0.00%
	- 0.5%	9,430,681.18	235,077.38	2.56%

D. Travel Allowance as on 31 December 2025

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	663,061.91	590,593.93
Net defined benefit asset/(liability)	**(663,061.91)**	**(590,593.93)**

EXPENSES RECOGNIZED IN

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Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	183,008.97	179,738.93
(b) Other comprehensive income	76,084.01	478,413.17

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57 | 60 | 63 years*
Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	1 year for resignation and none for rest
Service definition	Total service rounded to nearest integer (excluding probation period of six months)
Benefit formula	One month's basic pay
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

		% Change	31-Dec-2025	31-Dec-2024
Members considered for valuation		-0.91%	218	220
Average age (years)		2.75%	35.45	34.5
Monthly salary (Nu.)	Average	2.54%	16,315.0	15,910.11
	Total	1.61%	3,556,671	3,500,225
Past service (years)	Average	22.22%	4.82	3.94
	Total	21.11%	1,050	867

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	663,061.91	590,593.93
Funded status - surplus/ (deficit)	(663,061.91)	(590,593.93)
Net defined benefit asset/(liability)	**(663,061.91)**	**(590,593.93)**



COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognized in profit or loss	183,008.97	179,738.93
Expense recognized in other comprehensive income	76,084.01	478,413.17
Defined benefit cost	**259,092.98**	**658,152.1**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	143,226.46	165,624.92
Interest on DBO	39,782.51	14,114.01
Expenses recognized in profit or loss	**183,008.97**	**179,738.93**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	76,084.01	478,413.17
Expenses recognised as OCI	**76,084.01**	**478,413.17**

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	590,593.93	420,408.45
Add: Current service cost	143,226.46	165,624.92
Add: Interest cost	39,782.51	14,114.01
Less: Benefits paid by the employer	(186,625)	(487,966.62)
Actuarial (gain) or losses due to experience adjustment	76,084.01	478,413.17
DBO at the end of period	**663,061.91**	**590,593.93**

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2025	31-Dec-2024
Current liability	319,316.73	315,551.53
Non-current liability	343,745.18	275,042.4
Net Liability	**663,061.91**	**590,593.93**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	*Nu.*
31 December 2026	344,862.06
31 December 2027	187,038.47
31 December 2028	188,459.19
31 December 2029	189,922.7
31 December 2030	191,431.85
December 2031 to December 2035	1,099,840.68
December 2036 to December 2045	2,523,190.12

SENSITIVITY ANALYSIS

ESTIMATED TERM OF LIABILITY (IN YEARS): 11.22



Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	638,806.53	(24,255.38)	-3.66%
	Base rate	663,061.91	-	0.00%
	- 0.5%	689,343.67	26,281.76	3.96%
Salary growth rate	+ 0.5%	691,781.49	28,719.58	4.33%
	Base rate	663,061.91	-	0.00%
	- 0.5%	636,321.27	(26,740.64)	-4.03%
Mortality rate	+ 10%	663,101.71	39.8	0.01%
	Base rate	663,061.91	-	0.00%
	- 10%	663,023.15	(38.76)	-0.01%
Employee turnover rate	+ 0.5%	667,461.57	4,399.66	0.66%
	Base rate	663,061.91	-	0.00%
	- 0.5%	658,396.85	(4,665.06)	-0.70%

E. Transfer Grant as on 31 December 2025

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of defined benefit obligation	662,829.42	590,593.93
Net defined benefit asset/(liability)	**(662,829.42)**	**(590,593.93)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2025	31-Dec-2024
(a) Statement of profit or loss	181,918.09	186,171.63
(b) Other comprehensive income	97,846.8	309,533.85

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57 | 60 | 63 years*
• *Retirement age for contract employees depends on their contract term*	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	2 years for resignation and none for rest
Service definition	Total service rounded to nearest integer (excluding probation period of six months)
Benefit formula	One month's basic pay
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

		% Change	31-Dec-2025	31-Dec-2024
Members considered for valuation		-0.91%	218	220
Average age (years)		2.75%	35.45	34.5
	Average	2.54%	16,315.0	15,910.11

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Monthly salary (Nu.)	Total	1.61%	3,556,671	3,500,225
Past service (years)	Average	22.22%	4.82	3.94
	Total	21.11%	1,050	867

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2025	31-Dec-2024
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	662,829.42	590,593.93
Funded status - surplus/ (deficit)	(662,829.42)	(590,593.93)
Net defined benefit asset/(liability)	**(662,829.42)**	**(590,593.93)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	181,918.09	186,171.63
Expense recognised in other comprehensive income	97,846.8	309,533.85
Defined benefit cost	**279,764.89**	**495,705.48**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2025	31-Dec-2024
Current service cost	142,971.75	165,559.75
Interest on DBO	38,946.34	20,611.88
Expenses recognized in profit or loss	**181,918.09**	**186,171.63**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	97,846.8	309,533.85
Expenses recognised as OCI	**97,846.8**	**309,533.85**

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	590,593.93	420,408.45
Add: Current service cost	142,971.75	165,559.75
Add: Interest cost	38,946.34	20,611.88
Less: Benefits paid by the employer	(207,529.40)	(325,520)
Actuarial (gain) or losses due to experience adjustment	97,846.80	309,533.85
DBO at the end of period	**662,829.42**	**590,593.93**



BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2025	31-Dec-2024
Current liability	312,760.18	313,721.12
Non-current liability	350,069.24	276,872.81
Net Liability	**662,829.42**	**590,593.93**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	*Nu.*
31 December 2026	337,781.0
31 December 2027	186,439.84
31 December 2028	188,459.19
31 December 2029	189,922.7
31 December 2030	191,431.85
December 2031 to December 2035	1,099,840.68
December 2036 to December 2045	2,523,190.12

SENSITIVITY ANALYSIS

ESTIMATED TERM OF LIABILITY (IN YEARS): 11.26

Assumption/ Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	638,574.05	(24,255.37)	-3.66%
	Base rate	662,829.42	-	0.00%
	- 0.5%	689,111.19	26,281.77	3.97%
Salary growth rate	+ 0.5%	691,547.91	28,718.49	4.33%
	Base rate	662,829.42	-	0.00%
	- 0.5%	636,089.88	(26,739.54)	-4.03%
Mortality rate	+ 10%	662,869.22	39.8	0.01%
	Base rate	662,829.42	-	0.00%
	- 10%	662,790.66	(38.76)	-0.01%
Employee turnover rate	+ 0.5%	667,205.83	4,376.41	0.66%
	Base rate	662,829.42	-	0.00%
	- 0.5%	658,187.61	(4,641.81)	-0.70%

8. As on the reporting date, 358,162,000.00 worth shares of face value at Nu.100 each were outstanding, and no additional shares were issued during the accounting year. Therefore, the company has presented in the statement of profit & loss basic and diluted earnings per share in accordance with Para 9 and 30 of *BAS-33: Earnings per Share*.

9. The Company has earned gross income of Nu.21.787 million by carrying out other ad- hoc/additional activities.

10. Previous year figures have been regrouped and rearranged wherever necessary to make them comparable to those of the current year.

11. As per Executive Order No. DOA/ADM/01/139 dated 5 October 2016 of the Ministry of Agriculture and Forest, the following programs/projects under the Department of Agriculture were handed

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over to the FMCL. Further, as per executive order No.C-2/2019/288 dated 18 September 2019 two farms, Phabthang Commercial Farm was developed:

Program/Project	Area (Acres)
Nichula	200
Gangtokha Agriculture Land	18.95
Phuntshothang Agriculture Rehabilitation	523
Tendrelthang	17
Dechenphug	16
Kana Citrus Plantation Site	101
Phabthang	70
Wangray	48
Nyelsephu	4.05

However, as of now FMCL has limited control over this land and hence does not meet recognition criteria as set out under *BAS-16: Property, Plant and Equipment*. Therefore, it has not been accounted for.

12. Due to the timing difference in the admissibility of depreciation as per the provisions of the Income-tax of Bhutan, deferred tax liability has been created in the accounts as per the computation shown in the table below:

Particulars	Carrying Amount	Tax Base	Taxable(-)/Deductible Temporary difference
Fixed Assets	233,914,794	205,485,638	(28,429,157)
Defined Benefit -Travel Allowance	663,062	186,625	476,437
Defined Benefit -Carriage Charges	261,573	151,724	109,849
Defined Benefit -Gratuity	9,195,604	-	9,195,604
Defined Benefit -Leave Encashment	4,196,178	3,178,916	1,017,262
Defined Benefit -Transfer Grants	662,829	207,529	455,300
	248,894,041	209,210,432	**(17,174,704.79)**
Closing Balance as of 31.12.2025 (Deferred Tax 22%)			**(3,778,435.05)**
Opening Balance Deferred Tax as 1.1.2025			**(3,728,461.19)**
Adjustment Deferred Tax 31.12.2025			**(49,973.86)**

13. Related Party Transaction:

The Company was incorporated as a 100% State Owned Enterprise under the Ministry of Finance. Hence, MoF holds a 100% share of the company, as a related party, for the purpose of disclosures required by BAS 24.

13.1 Remuneration of Key Managerial Personnel

Particulars	2025 (Nu.)	2024 (Nu)
Gross Remuneration paid to Key Managerial Employees	2,878,798.50	1,988,086.25
PF Contribution	157,038.00	153,300.00
Directors Sitting Fees	57,500.00	30,000.00

13.2 Particulars of Key Management Personnel (KMP):

KMPs are those people who have authority and responsibility for planning, directing, and

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controlling the activities of the Company directly or indirectly including any Director whether executive or otherwise.

a. Remuneration of Chief Executive Officer

Particulars	31-Dec-25	31-Dec-24
Salary including Allowances	2,038,366.50	2,003,437.50
Contribution to GPF	245,706.00	239,847.00
Leave Encashment	78,750.00	76,875.00
LTC	-	-
Travel Administration	68,000.00	118,500.00
Total	**2,430,822.5**	**2,438,659.5.00**
Board Sitting Fees	**57,500**	**30,000.00**

b. Remuneration for other KMPs

As the posts for the Directors are vacant, remuneration of the General Managers is disclosed.

Particulars	GM (GCD)		DGM (Production)	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Salary including allowance	840,432.00	826,680.00	437,376.00	788,040.00
Contribution to GPF	128,403.00	125,784.00	125,293.50	122,656.50
Leave Encashment	41,155.00	40,200.00	39,735.00	38,890.00
LTC	-	-	-	-
Travel Allowances	50,000.00	76,500.00	10,500.00	24,746.00
Total	**1,059,990.00**	**1,059,990.00**	**612,904.50**	**974,332.50**

As the liabilities for gratuity are provided on an actuarial basis for the company as a whole, the amounts pertaining to KMP are not disclosed separately and as such could not be included above.

c. Sitting Fees for the Board of Directors

Sl. No.	Name	31-Dec-25	31-Dec-24
1	Mr. Sonam Penjor	-	25,000.00
2	Mr. Jambay Dorji	-	32,500.00
3	Dr. Pema Dorji	40,000.00	37,599.00
4	Mr. Wangda Dukpa	57,500.00	30,000.00
6	Ms. Tshering Om	57,500.00	5,000.00
7	Ms. Dechen Peldon	77,500.00	5,000.00
8	Mr. Rinzing Wangchuk	72,500.00	5,000.00
9	Ms. Garab Dorji	47,500.00	5,000.00
10	Ms.Louise Mongar	47,500.00	-
11	Mr.Tshering Norbu	10,000.00	-
	Total Amount:	**410,000.00**	**145,099.00**

While transitioning to the applicable BAS, considerations have been made in respect of appropriate provisions, to the extent possible, while drawing up these financial statements, considering the current level of operations carried out by the Company, its share holding pattern and nature of transactions transacted by the Company at this stage only as of the date of adoption of this financial statement by the Board of Directors. The applicability of

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the other provisions/sections will be reviewed at each year-end by the Board of Directors of the Company for its compliance.



RATIO ANALYSIS

RATIO ANALYSIS AS ON 31 DECEMBER 2025

Particulars	Formula	31-Dec-25	31-Dec-24
Return on Capital Employed: (A)	Share Capital + Reserve & Surplus / Profit/(Loss) Before Tax	**3.30%**	**(1.31) %**
Current Ratio	Current Assets / Current Liabilities	3.30	4.3
Quick Ratio	Current Assets except inventory / Current Liabilities	1.33	1.6
PBT/Gross Income	Profit/(Loss) Before Tax / Gross Income	13.41%	(2.21) %
PAT/Gross Income	Profit/(Loss) After Tax / Gross Income	9.05%	(2.21) %
Employee Cost/Gross Income	Employee Cost / Gross Income	68.06%	51.74%
Total Income/Fixed Assets	Fixed Assets (Net Block) / Total Income	0.65	0.90
Revenue/Fixed Assets	Fixed Assets / Revenue	0.65	0.90
Return on Capital Employed (B)	Non-Current Liabilities+ Share capital +Reserves (Total equity) / Profit/(Loss) Before Tax	4.26%	(1.68) %

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COMPLIANCE CALENDER AND CHECKLIST

Compliance Calendar

Sl. No.	Activity	Section	Remarks
1	Submission of Annual Return	**267**	a) As per Annual Return Form for a period relating to financial year ended on 31st December. b) Should be duly authenticated by at least one director and the Chief Executive Officer
a)	Companies listed with Royal Securities Exchange of Bhutan Limited	On or before 31st May	
b)	All unlisted companies include: i) Duly filled form as per Annual Return Form; ii) Balance sheet; iii) Profit & Loss Account; iv) Cash flow statement; v) Auditor's report; and vi) Directors' report.	On or before 31st July	
2	Annual General	**177**	To be conducted once a year besides other meeting Board Cum AGM
a)	Meeting Listed Companies	On or before 30th April;	
b)	Unlisted Companies	On or before 30th June; and	
c)	Government Companies	Same timing	
3	**Notice Calling General Meetings**	**185**	21 days before the AGM
4	**Payment of Dividend**	**204**	Within 30 days of declaration in AGM
5	**Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM**	**244**	By BoD
6	**Filing of Documents with Register**	**267**	
7	Appointment of auditor GCC & GC Reappointment Removal Resignation	**251** Notify the Registrar within 15 days from passing the resolution **260** **262** Convene the EGM within 14 days to discuss resignation.	Every year at AGM from panel of auditors-RAA. Not more than 3 years
8	**Consent to act as directors**	**140** Within 30 days of appointment or reappointment with the registrar	
9	**Board Meetings** 1st BM 2nd BM 3rd BM 4th BM	**146 & 149** 3 months after last BM 3 months after last BM 3 months after last BM 3 months after last BM	**Quorum:** 2/3 of total directors or 2 directors whichever is higher.
10	**Appointment of CEO**	**210** Every 5 years	At General Meeting

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COMPLIANCE CHECKLIST
Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

NAME OF COMPANY: Farm Machinery Corporation Limited
Certificate of Registration of Incorporation: …… Date: 25.03.2026

Sl. No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
1	28	Changes to Articles/Approval	✓			Change in Share Capital from Nu.358.16 million to Nu.500.00 million as per the AOI.
2	47	Change of name/Approval			✓	No change in the name of the company
3	123	Increase or consolidation of share capital	✓			
4	124	Reduction of share capital			✓	There is no reduction of share capital.
5	82	License Copy and Share Certificate filing	✓			License bearing No.R1020616 renewed on 18/04/2025
6	107	Public offer of Shares & Debentures-ROC Approval			✓	No shares were issued during the auditing period.
MANAGEMENT & ADMINISTRATION						
7	217	Registered Office of Company (Postal Address & Contact Number)	✓			Chundudingkha, Paro Bhutan Post Box No.131
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	✓			The company has its name imprinted on seals, letter head and signboard.
9	241	Financial Year of Companies as of 31st December	✓			Financial year ended on 31st December each year
	242	Extension up to 15 months - ROC approval			✓	
	243	Extension up to 18 months - Authority's approval			✓	
	245	Financial Statements to follow BAS	✓			Company is following the BAS while making the financial statements
10	267	Annual Return Submission • On/before 31st May for listed; others 31st July	✓			Annual returns for the year 2025 were submitted on 31.03.2026.
11	177	Annual General Meeting (Minutes)	✓			AGM held on 16 June, 2025 and minutes are maintained and recorded accordingly
12	180	Extraordinary General Meeting (Minutes)		✓		No extraordinary General Meeting was conducted.
13	185	Notice for calling general meeting	✓			The notice of Annual General meeting was given on 22nd May, 2025.
	187	Listed Co. - written as well as in media; Public Co/Private Co. - Written Notice			✓	
14	190	Chairman of meeting (CEO cannot chair)	✓			The Board Chairman chairs the board meetings and AGM. 55th Board meeting held on 26th December, 2024) and 9 AGM held on

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						16th June, 2025 was chaired by Ms.Tshering Om (BDBL, CEO).
15	192	Representation of corporations at meetings (appointed by Board Directors)		✓		
16	193	Ordinary and special resolutions (Minutes)	✓			The company maintains ordinary and special resolutions (Minutes).
17	195	Minutes of Annual General Meeting and Board Meetings (maintained sec.195-198)	✓			Every minute of the board and AGM is been maintained and is signed by the chairperson, Directors and CEO.
18	199	Declaration and payment of dividend (199-209)		✓		
19	232	Books of account to be kept by company (location & time period)	✓			Books of accounts are generally maintained as required by the Companies Act of Bhutan, 2016 at Head Office and 5 regional offices.
20	249	Board's report (signed by Chairman)	✓			It was signed by the Chairman and CEO.
21	252	Appointment and removal of Auditors Need to re-appoint annually (251-259)	✓			The Appointment and Reappointment of the auditor is done by the Royal Audit Authority.
22	260	Resignation of Auditors from office (Annual Resignation)			✓	No such incident.
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			Auditing Standards issued by AASBB are followed.
24	133	Number of directors (Minimum No. & retirement on rotation)	✓			7 Directors (Including CEO)
25	139	Additional directors			✓	No such Director has been appointed.
26	140	Consent to act as directors	✓			Yes.
27	141	Certain persons not to be appointed as Directors		✓		No such persons have been appointed as directors.
28	142	Resignation by a director	✓			Board Director Mr. Garab Dorji (Chief, GoveTech) resigned in the month of August, 2025.
29	143	Removal of directors		✓		No removal of directors in 2025.
30	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt.)	✓			The board meetings were held on: 56th Board Meeting: 17/01/2025 57th Board Meeting: 16/06/2025 58th Board Meeting: 20/06/2025 59th Board Meeting: 26/08/2025 60th Board Meeting: 6/11/2025 61st Board Meeting: 19/12/2025
31	152	General powers of the board	✓			The General power of attorney is given by the board to CEO.
32	156	Restriction on powers of Board	✓			Restrictions on the power of the Board has been defined.
33	210	Appointment of Chief Executive Officer	✓			The current CEO has been appointed in March, 2023.

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		(Max 5 years terms& 2 consecutive terms only)				
34	414	Appointment of selling or buying agents (govt. Approval obtained or not)			✓	There is no selling agents and buying agents in the company.
35	157	No loans to directors (only for public Co.)			✓	There is no loan given to the Directors.
36	53	Inter-corporate investments (investments to be disclosed) Apply the old rule			✓	There are no Inter-Corporate Investments.
37	158	Contracts in which directors are interested			✓	No such contract was observed during the audit.
38		Companies to have secretaries	✓ ✓			Every director shall exercise their powers and discharge their duties in accordance with the provisions of the Act, honestly and in good faith, in the best interests of the company.
38	161	Standard of care required by directors (Reckless decision)	✓			The current CEO was appointed in March, 2023.
STATUTORY RECORD AND INSPECTION						
44	228	Statutory record and inspection	✓			Record Inspected by Statutory Auditor
	(a)	Register of buy-back of shares	✓			There is a register, but no transactions as such is been done.
	(b)	Register of transfers	✓			Yes. Maintained in soft copy.
	(c)	Register of charges	✓			Yes. Maintained in soft copy.
	(d)	Register of inter-corporate loans	✓			Yes. Maintained in soft copy.
	(e)	Register of inter-corporate investments	✓			This is registered, but no transactions as such have been done.
	(f)	Register of contracts in which directors are interested	✓			This is registered, but no transactions as such have been done.
	(g)	Register of directors	✓			The register is maintained.
	(h)	Register of directors' shareholding	✓			The register is maintained.

For JIGMI Audit & Financials Pvt. Ltd.

Jigmi Rinzin FCCA
(Membership No. 0285)
Partner
Date: 29. June 2026

For Farm Machinery Corporation Ltd.

Kelzang Namgay
Offtg. Chief Executive Officer

Tshering Om
Chairperson



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