

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAKISTAN CREDIT RATING AGENCY LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **The Pakistan Credit Rating Agency Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2026, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows, for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Sr. No	Key Audit Matter	How the matter is addressed in our audit
1.	Revenue Recognition	
	As disclosed in the Notes 6.13 and 24 to the accompanying unconsolidated financial statements, the Company's revenue is derived from rating and non-rating services. During the year ended June 30, 2026, the Company generated net revenue of Rs. 523.24 million as compared to Rs. 466.81 million during the previous year, which represents an increase of approximately 12.08% as compared to last year. Given the significance of revenue as a key performance indicator and the attention required to ensure the accurate recognition of revenue, we identified revenue recognition as a key audit matter.	Our audit procedures amongst others included the following: • Obtained an understanding of the Company's revenue recognition processes and internal controls, and tested their efficacy on a sample basis, including timing; • Checked the appropriateness of the Company's revenue recognition policies and procedures to ensure compliance with International Financial Reporting Standards (IFRS) as applicable in Pakistan; • Recalculated the revenue and contract liability on sample basis to verify that the revenue is recorded accurately and in the correct accounting period; • Performed test of details on a sample of transactions and supporting documentation which involved verifying agreements, invoices, dissemination reports, receipts and conducting additional detailed procedures; • Reconciled sales reported in the sales tax returns with those in the internal sales reports. This included comparing the figures, investigating any discrepancies, and ensuring that all sales were accurately recorded and properly reported for tax purposes; • Performed reconciliation of sales with debtor balances to assess the accuracy and completeness of sales and receivables. This involved comparing reported figures, investigating variances, and verifying that sales transactions were properly recorded and appropriately reflected in the receivable ledger;



	• Carried out sequential testing of sales invoices to ensure completeness and accuracy of revenue recognition. This included checking that invoices were recorded in proper sequence, with no missing or duplicate invoices; • Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and • Checked the appropriateness and adequacy of the disclosures provided in Note 24 to the unconsolidated financial statements in accordance with relevant accounting standards.
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Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the unconsolidated notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Sajjad Hussain Gill.

LAHORE

DATED: October 07, 2026

UDIN: AR202610087f4bYgZek3

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BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	7	11,023,296	13,026,337
Intangible assets	8	-	1,278,431
Right of use assets	9	17,468,634	26,201,640
Long term investments	10	105,833,000	105,833,000
Long term deposits	11	1,335,300	1,335,300
Deferred taxation	12	8,081,969	5,766,815
		<u>143,742,199</u>	<u>153,441,523</u>
CURRENT ASSETS			
Trade debts	13	116,396,764	110,661,131
Receivable from related parties	14	4,006,468	15,349,662
Advances, prepayments and other receivables	15	5,390,033	4,793,945
Short term investments	16	97,346,900	-
Cash and bank balances	17	119,793,187	117,549,269
		<u>342,933,352</u>	<u>248,354,007</u>
		<u>486,675,551</u>	<u>401,795,530</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
125,000,000 (June 30, 2025: 125,000,000) ordinary shares of Rs. 1 (June 30, 2025: Rs. 1) each	18.1	<u>125,000,000</u>	<u>125,000,000</u>
Issued, subscribed and paid-up share capital	18.2	74,529,000	74,529,000
Unappropriated profits - revenue reserve		<u>257,715,697</u>	<u>129,637,668</u>
		<u>332,244,697</u>	<u>204,166,668</u>
NON CURRENT LIABILITIES			
Lease liabilities	19	10,379,276	17,155,518
CURRENT LIABILITIES			
Current portion of lease liabilities	19	8,730,150	9,046,122
Contract liabilities	20	86,470,597	90,310,035
Trade and other payables	21	48,419,249	80,623,903
Taxation - net	22	431,582	493,284
		<u>144,051,578</u>	<u>180,473,344</u>
		<u>486,675,551</u>	<u>401,795,530</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.

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Monar Maidee
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

Sajid Sultan
CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Revenue from contracts with customers - net	24	523,242,201	466,809,611
Remuneration cost	25	(250,622,032)	(240,794,823)
Infrastructure cost	26	(36,690,323)	(37,687,488)
Administrative cost	27	(35,132,951)	(31,203,651)
		<u>(322,445,306)</u>	<u>(309,685,962)</u>
Operating profit		200,796,895	157,123,649
Other expense	28	(8,376,376)	(7,957,046)
Other income	29	23,038,498	30,534,968
Finance cost	30	(2,300,271)	(1,204,438)
Profit before income tax and levy		213,158,747	178,497,133
Levy	31	(24,284,597)	(171,084)
Profit before income tax		188,874,150	178,326,049
Income tax	32	(60,796,121)	(50,675,598)
Profit for the year		<u>128,078,029</u>	<u>127,650,451</u>
Earnings per share - Basic and diluted	33	1.72	1.71

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.

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Monan Khaidi
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

Sajjad Sulman
CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
Profit for the year	128,078,029	127,650,451
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent years	-	-
Items that may be reclassified to profit or loss in subsequent years	-	-
Total comprehensive income for the year	<u>128,078,029</u>	<u>127,650,451</u>

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.

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Umar Haider
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

Sajid Sultan
CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid-up share capital	Revenue reserve		Total
		Unappropriated profits	Rupees	
Balance as at July 01, 2024	74,529,000	99,620,207		174,149,207
Profit for the year				
Other comprehensive income for the year	-	127,650,451		127,650,451
Total comprehensive income for the year	-	-	127,650,451	127,650,451
Interim dividend for the year ended June 30, 2025 at the rate of Rs. 1.31 per share	-	(97,632,990)		(97,632,990)
Balance as at June 30, 2025	74,529,000	129,637,668		204,166,668
Profit for the year				
Other comprehensive income for the year	-	128,078,029		128,078,029
Total comprehensive income for the year	-	-	128,078,029	128,078,029
Balance as at June 30, 2026	74,529,000	257,715,697		332,244,697

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.

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Abman Khawar

CHIEF EXECUTIVE OFFICER

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DIRECTOR

Sajid Sultan

CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and levy		213,158,747	178,497,133
Adjustment for non cash and other items:			
Depreciation on operating fixed assets	7	7,188,148	7,813,292
Depreciation on right of use assets	9	8,733,006	6,254,321
Amortization on intangible assets	8	1,278,431	2,467,652
Workers' Welfare Fund	21.2	4,350,179	3,642,799
Allowance for expected credit losses - Net	28	2,956,132	4,273,690
Finance cost	30	-	721,238
Financial charges on lease	30	2,197,732	424,230
Markup on savings accounts	29	(5,087,635)	(9,399,757)
Markup on receivable from subsidiary	29	(527,378)	-
Profit on short term investments	29	(7,604,311)	(1,824,895)
Dividend income	29	(7,000,000)	(17,000,000)
Exchange loss	28	975,675	-
Loss on disposal of operating fixed assets	26	94,390	40,557
		<u>7,554,369</u>	<u>(2,586,873)</u>
Operating profit before working capital changes		220,713,116	175,910,260
Working capital changes:			
(Increase) / decrease in current assets:			
Trade debts		(9,667,440)	(16,780,350)
Receivable from related parties - net		11,870,572	(23,743,947)
Advances, prepayments and other receivables		(596,088)	382,851
Increase / (decrease) in current liabilities:			
Trade and other payables		(29,549,124)	17,666,149
Contract liabilities		(3,839,438)	11,028,565
		<u>(31,781,518)</u>	<u>(11,446,732)</u>
Cash generated from operations		188,931,598	164,463,528
Finance cost paid		-	(4,443,016)
Workers' Welfare Fund paid	21.2	(7,005,709)	(3,490,064)
Income tax and levy paid		(87,457,574)	(53,315,442)
Net cash flows generated from operating activities		94,468,316	103,215,006
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(5,279,497)	(1,586,553)
Proceeds from disposal of operating fixed assets		-	32,500
Short term investments - Net		(97,346,900)	39,048,345
Dividend received	29	7,000,000	17,000,000
Interest received		12,691,946	11,224,652
Net cash (used in) / generated from investing activities		(82,934,451)	65,718,944
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	19	(9,289,947)	(8,641,788)
Dividend paid		-	(97,632,990)
Net cash used in financing activities		(9,289,947)	(106,274,778)
Net increase in cash and cash equivalents		2,243,918	62,659,172
Cash and cash equivalents at the beginning of the year		117,549,269	54,890,097
Cash and cash equivalents at the end of the year		119,793,187	117,549,269

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.

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Moman Maidee

CHIEF EXECUTIVE OFFICER

[Signature]

DIRECTOR

Sajid Sultan

CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Pakistan Credit Rating Agency Limited ("the Company") was incorporated as a private limited company in Pakistan under the Companies Ordinance, 1984 (superseded by the Companies Act, 2017) on August 18, 1994, converted into a public limited company on April 30, 2004 and converted into listed company on June 30, 2025. The business of the Company is to carry out risk evaluation of companies and specific instruments. The evaluation is expressed in terms of assigned credit rating to the entity or the instrument reflecting the capacity to honor its debt or other fixed term obligations.

1.2 The Pakistan Credit Rating Agency Limited is part of PACRA Group which consist of:

Subsidiary Company	% age of direct shareholding	% age of effective shareholding
PACRA Analytics (Private) Limited	100%	100%
Associate		
Tasdeeq Information Services Limited (TISL)	12.84%	12.84%
Investee		
Lanka Rating Agency Limited (LRA)	13.70%	13.70%

1.2.1 The registered office of the PACRA Analytics (Private) Limited is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore. The objective of the Company is to carry on business as management and financial consultants, risk managers, project manager, trust consultants, planners, advisors, surveyors, assessors, supervisors and / or technical advisors of or for any person, Company, Trust, Banks and Financial Institutions.

1.2.2 The registered office of Tasdeeq Information Services Limited (the Associate) is situated at Building 8, Sector B, Commercial Area, Phase V, DHA, Lahore. The main objective of the Company is to carry out the business of a Credit Information Bureau for collecting and disseminating credit information as permissible under the Credit Bureau Act 2015.

1.2.3 The registered office of Lanka Rating Agency Limited - LRA (the Investee) is situated at No. 145, Kynsey Road, Colombo 8, Sri Lanka. The main objective of the Company is to provide services as an approved credit rating agency in Sri Lanka.

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In March 2021, the Company entered into an agreement with Lanka Rating Agency Limited (LRA), Sri Lanka, to acquire 26.8 million shares (15% of LRA's planned issuance) without consideration, issued in two tranches during FY 2021 and FY 2023. The Company also signed a five-year technical affiliation agreement for annual service fees. The Company holds an option to sell these shares back to LRA after five years at LKR 2 per share. Previously, considering the financial condition and non-performance risk, the fair value of the shares was rounded to zero at inception and continues to be rounded to zero as of the reporting date. In January 2024, LRA announced a rights issue under which the Company subscribed to 7.044 million shares through a conversion of its receivables from LRA. However, the allotment of these shares is still pending completion of regulatory formalities. Pending this allotment, the Company's shareholding has been reduced to 13.7% as of the reporting date. Furthermore, LRA reduced 175 million shares from its total paid-up capital of 179.9 million shares, with the necessary approvals and consent of shareholders resulting in the reduction of number of shares the Company has in LRA to 0.73 million shares.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT

The registered office of the Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Credit Rating Companies regulations, 2016 (CRC); and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

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

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees ("Rs"), which is the functional and presentation currency of the Company.

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4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2026

The following standards, amendments and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

**Effective date
(annual periods
beginning on or
after)**

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'
- Lack of Exchangeability

January 01, 2025

The IASB issued Disclosures about Uncertainties in the Financial Statements - Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their unconsolidated financial statements.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)

January 01, 2026

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)

January 01, 2026

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'
- Amendments regarding translations to a hyperinflationary presentation

January 01, 2027

Amendments to IAS 28 'Investments in Associates' - Amendments to the Fair Value Option for Investments in Associates and Joint Ventures

January 01, 2027

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	Effective date (annual periods beginning on or after)
IFRS 18 Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027
IFRS 17 Insurance Contracts	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

IFRS 20 'Regulatory Assets and Regulatory Liabilities' has been issued by IASB effective from January 01, 2029. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

	Notes
Useful life and residual value of operating fixed assets	6.1.2
Impairment of non-financial assets	6.3
Allowance for expected credit loss	6.8
Taxation	6.15

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6 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Operating fixed assets

6.1.1 Owned assets

Items of operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of operating fixed assets.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Normal repairs and maintenance are charged to unconsolidated statement of profit or loss, as and when incurred.

6.1.2 Depreciation

Depreciation charged on all operating fixed assets, is based on the straight line method so as to write off the historical cost of an asset over its estimated useful life at rates mentioned in Note 7 after taking into account their residual values. Depreciation on additions is charged from the month in which these are capitalized, while no depreciation is charged in the month in which an asset is disposed off.

6.1.3 Disposal

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of operating fixed assets are determined by comparing the proceeds from sale with the carrying amount of operating fixed assets, and are recognized in the unconsolidated statement of profit or loss.

6.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization for intangible assets and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method at rates mentioned in Note 8 to these unconsolidated financial statements. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. Gains and losses on disposal of assets are recognized in the unconsolidated statement of profit or loss.

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6.3 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

6.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

6.5 Long term investments

6.5.1 Investment in subsidiary

Investment in subsidiary companies are measured at cost as per the requirements of IAS-27 'Separate Financial Statements'. However, at subsequent reporting dates, the Company reviews the carrying amounts of the investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If such indication exists the carrying amounts of the investments are adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss.

6.5.2 Investments in equity instruments of associates

Associates are entities over which the Company has significant influence but not control. Investments in equity instruments of associate is measured at cost less impairment, if any, in the Company's unconsolidated financial statements.

6.6 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

6.7 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

6.8 Financial assets

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

BDO

Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at fair value through profit or loss
- (ii) Financial assets at amortized cost (debt instruments)
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iv) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)

a) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognized in the unconsolidated statement of profit or loss.

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This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the unconsolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company does not have financial assets recorded at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, trade debts, receivable from related parties, short term investment, and cash and bank balances.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the unconsolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss. The impact of ECL on trade debts is disclosed in Note 13.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the unconsolidated statement of profit or loss.

6.9 Financial liabilities

Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

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Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the unconsolidated statement of comprehensive income.

This category applies to short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the unconsolidated statement of profit or loss.

6.10 Offsetting of financial assets and financial liabilities

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

6.11 Employee benefits

Defined contribution plan

The Company operated a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 8.33% (2025: 5%) of the basic salary to the Provident Fund Trust. The obligation for contributions to defined contribution plan is expensed as the related service is provided.

6.12 Contingent liabilities

A contingent liability is disclosed when:

- i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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6.13 Revenue from contracts with customers

6.13.1 Revenue recognition

Revenue is recognized when services are rendered to the customer, in an amount that reflects the consideration the Company expects to be entitled to those services excluding sales tax and after deduction of discounts. Specific revenue and other income recognition policies are as follows:

6.13.1.1 Fee income

a) Rating

Revenue from rating services is recognized at point in time when services are rendered to the customer.

b) Monitoring

Revenue attributed to monitoring is recognized over the period in which monitoring is performed, generally one year.

6.13.2 Dividends

Dividend income is recognized when the Company's right to receive payment is established.

6.13.3 Interest income

Interest income is recognized as it accrues under the effective interest method.

6.14 Contract balances

Contract asset

A contract asset is the right to consideration for rendering of services if the Company is providing services to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to render services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

6.15 Taxation

6.15.1 Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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6.15.2 Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

6.15.3 Estimate

The Company establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6.16 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001, over the amount designated as current income tax for the year, is then recognized as a levy.

6.17 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

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Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are recognized in unconsolidated statement of profit or loss.

6.18 Provision

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

6.19 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6.20 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the Board of Directors.

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7 OPERATING FIXED ASSETS

Description	Furniture and fixtures	Office equipment and computers	Vehicles	Total
	(Rupees)			

Net carrying value basis

Year ended June 30, 2026

Opening net book value (NBV)	6,439,689	5,760,958	825,690	13,026,337
Additions (at cost)	3,423,255	1,856,242	-	5,279,497
Disposals (NBV)	-	(94,390)	-	(94,390)
Depreciation charge	(3,473,780)	(2,888,678)	(825,690)	(7,188,148)
Closing net book value	6,389,164	4,634,132	-	11,023,296

Gross carrying value basis

Year ended June 30, 2026

Cost	25,510,419	20,245,470	4,250,200	50,006,089
Accumulated depreciation	(19,121,255)	(15,611,338)	(4,250,200)	(38,982,793)
Net book value	6,389,164	4,634,132	-	11,023,296

Net carrying value basis

Year ended June 30, 2025

Opening net book value (NBV)	10,213,006	7,442,097	1,671,030	19,326,133
Additions (at cost)	-	1,586,553	-	1,586,553
Disposals (NBV)	-	(73,057)	-	(73,057)
Depreciation charge	(3,773,317)	(3,194,635)	(845,340)	(7,813,292)
Closing net book value	6,439,689	5,760,958	825,690	13,026,337

Gross carrying value basis

Year ended June 30, 2025

Cost	22,087,164	20,231,387	4,250,200	46,568,751
Accumulated depreciation	(15,647,475)	(14,470,429)	(3,424,510)	(33,542,414)
Net book value	6,439,689	5,760,958	825,690	13,026,337

Depreciation rate % per annum

10-33.33	10-33.33	20
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- 7.1 Operating fixed assets include fully depreciated assets amounting to Rs. 12.094 million (2025: Rs. 11.98 million) that are still in use as of the reporting date.

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	Note	2026 Rupees	2025 Rupees
8 INTANGIBLE ASSETS			
Rating software - License	8.1	-	1,174,865
Software	8.2	-	103,566
		<u>-</u>	<u>1,278,431</u>
8.1 Rating software - License			
Net carrying value			
As at July 01,		1,174,865	3,065,492
Amortization charge during the year		<u>(1,174,865)</u>	<u>(1,890,627)</u>
As at June 30,		<u>-</u>	<u>1,174,865</u>
Gross carrying value			
Cost		5,672,006	5,672,006
Accumulated amortization		<u>(5,672,006)</u>	<u>(4,497,141)</u>
Net book value		<u>-</u>	<u>1,174,865</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.2 Software			
Net carrying value			
As at July 01,		103,566	680,591
Amortization charge during the year		<u>(103,566)</u>	<u>(577,025)</u>
As at June 30,		<u>-</u>	<u>103,566</u>
Gross carrying value			
Cost		1,731,074	1,731,074
Accumulated amortization		<u>(1,731,074)</u>	<u>(1,627,508)</u>
Net book value		<u>-</u>	<u>103,566</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.3 The amortization charge for the year has been allocated as follows:			
Infrastructure cost	26	<u>1,278,431</u>	<u>2,467,652</u>
8.4 This includes fully amortized intangible assets having cost amounting to Rs. 7.40 million (June 30, 2025: Nil) that are still in use as of the reporting date.			
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	Note	2026 Rupees	2025 Rupees
9 RIGHT OF USE ASSETS			
Net carrying value basis			
As at July 01,		26,201,640	6,254,321
Addition during the year		-	26,201,640
Depreciation charge during the year	26	(8,733,006)	(6,254,321)
As at June 30,		<u>17,468,634</u>	<u>26,201,640</u>
Gross carrying value basis			
Cost		26,201,640	26,201,640
Accumulated depreciation		(8,733,006)	-
Net book value		<u>17,468,634</u>	<u>26,201,640</u>
Depreciation rate (%) per annum		<u>33.33</u>	<u>33.33</u>
9.1 This represents the lease contract for the 1st and 2nd floors of the Head office of the Company with a lease term of 3 years. The lease will expire in June 30, 2028.			
10 LONG TERM INVESTMENTS			
PACRA Analytics (Private) Limited	10.1	100,000	100,000
Tasdeeq Information Services Limited	10.2	105,733,000	105,733,000
Lanka Rating Agency Limited	10.3	-	-
		<u>105,833,000</u>	<u>105,833,000</u>
10.1 PACRA Analytics (Private) Limited			
No. of shares- ordinary	Percentage		
10.1.1 Subsidiary Company			
2026	2025	2026	2025
<u>10,000</u>	<u>10,000</u>	100%	100%
		<u>100,000</u>	<u>100,000</u>
The face value of these shares is Rs. 10 each.			
10.2 Tasdeeq Information Services Limited			
10.2.1 Associated Company			
No. of shares- ordinary	Percentage		
2026	2025	2026	2025
<u>102,730,000</u>	<u>10,273,000</u>	12.84%	15.57%
		<u>105,733,000</u>	<u>105,733,000</u>
10.2.2 Movement during the year is as follows:			
Opening balance		105,733,000	100,000,000
New shares acquired during the year		-	5,733,000
Closing balance		<u>105,733,000</u>	<u>105,733,000</u>

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10.2.3 The Company holds 12.84% (2025: 15.57%) shares in Tasdeeq Information Services Limited (TISL). The reporting date of TISL is December 31, 2025. The cost of these shares is Rs. 1.029/- (2025: Rs. 10.29/-) each. During the year, TISL sub-divided its ordinary shares in accordance with Section 85 of the Companies Act, 2017, whereby the par value of shares was reduced from Rs. 10 each to Rs. 1 each. This change resulted in a corresponding increase in the number of issued shares without affecting the total paid-up share capital.

10.2.4 The shareholding of the Company has been reduced to 12.84% due to right issue by TISL as on July 15, 2025. The Company did not subscribe to its right entitlement. Further subsequent to the reporting date, the Company's Associate, TISL was listed on the Pakistan Stock Exchange pursuant to its Initial Public Offering (IPO) on August 20, 2026 due to which the shareholding of the Company further reduced to 10.81%.

10.3 Lanka Rating Agency (LRA) - Investee company

The Company holds 13.70% (June 30, 2025: 13.70%) shares in the investee company. However, considering the financial condition and non-performance risk, the fair value of the shares was rounded off to zero at inception and continues to be rounded off to zero as of the reporting date. In January 2024, LRA announced a rights issue under which the Company subscribed to 7.044 million shares through conversion of its receivable from LRA. However, the shares have not been allotted to the Company due to pending regulatory approval in Sri Lanka. The Company has also signed a technical affiliation agreement for an annual service fee, as disclosed in Note 24.1.

	Note	2026 Rupees	2025 Rupees
11 LONG TERM DEPOSITS	11.1	<u>1,335,300</u>	<u>1,335,300</u>
11.1 This represents security deposits against leased premises, telecommunication and other services. These deposits do not carry any interest or mark-up and are not recoverable within one year. These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.			
12 DEFERRED TAXATION			
Deferred tax asset	12.1	<u>8,081,969</u>	<u>5,766,815</u>
12.1 Deferred tax arisen during the year on the following items			
Deductible temporary differences			
- Accelerated tax depreciation on operating fixed assets/amortization allowances		4,050,159	2,528,812
- Provision for expected credit loss (ECL)		2,266,849	2,221,982
- Lease liability		483,383	-
- Workers' Welfare Fund		1,281,577	1,016,021
		<u>8,081,969</u>	<u>5,766,815</u>
12.2 The gross movement in the deferred tax asset during the year is as follow:			
As at July 01,		5,766,815	5,984,077
Charged to unconsolidated statement of profit or loss	32	2,315,154	(217,263)
As at June 30,		<u>8,081,969</u>	<u>5,766,815</u>

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	Note	2026 Rupees	2025 Rupees
13 TRADE DEBTS			
Due from related party - Lanka Rating Agency Limited (LRA)	13.1	37,675,775	32,627,287
Less: Allowance for ECL	13.2	-	(1,459,324)
		37,675,775	31,167,963
Due from others	13.3	86,415,569	85,722,362
Less: Allowance for ECL	13.4	(7,694,580)	(6,229,194)
		78,720,989	79,493,168
		<u>116,396,764</u>	<u>110,661,131</u>
13.1 Due from related party - Lanka Rating Agency Limited (LRA)			
Lanka Rating Agency Limited		<u>37,675,775</u>	<u>32,627,287</u>
13.1.1 The amounts due from related party is interest free and repayable in normal course of business.			
13.1.2 Ageing of Lanka Rating Agency Limited			
0 - 90 days		15,848,850	15,181,401
90 - 365 days		6,783,274	-
Above 365 days		15,043,651	17,445,886
		<u>37,675,775</u>	<u>32,627,287</u>
13.2 Allowance for ECL - Related party			
As at July 01,		1,459,324	1,528,073
Add: Reversal for the year		(1,459,324)	(68,749)
As at June 30,		<u>-</u>	<u>1,459,324</u>
13.2.1 ECL was recorded on the account of time value of money and significant amount has been received subsequent to the year end. Therefore, the provision already recorded has been reversed during the year.			
13.3 Ageing of due from others			
0 - 90 days		61,887,744	67,359,524
91 - 180 days		13,893,726	7,021,399
181 - 270 days		4,420,834	4,181,523
271 - 365 days		2,827,869	2,360,642
Above 365 days		3,385,396	4,799,274
		<u>86,415,569</u>	<u>85,722,362</u>
13.4 Allowance for ECL - Others			
As at July 01,		6,229,194	7,380,011
Add: Allowance for the year		4,415,456	4,342,439
Less: Bad debt written off		(2,950,070)	(5,493,256)
As at June 30,		<u>7,694,580</u>	<u>6,229,194</u>
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	Note	2026 Rupees	2025 Rupees
14 RECEIVABLE FROM RELATED PARTIES			
PACRA Analytics (Private) Limited	14.1	4,006,468	10,015,467
Tasdeeq Information Services Limited (TISL)	14.2	-	2,999,907
Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)	14.3	-	2,334,288
		<u>4,006,468</u>	<u>15,349,662</u>
14.1 This represent receivable against the shared expenses paid by the Company on behalf of PACRA Analytics (Private) Limited.			
14.2 This represents the net balance of shared expenses of common facilities utilized by TISL and the Company.			
14.3 This represented a shortfall in deduction of withholding tax from the salary of the CEO. The amount had been received and settled during the year.			
14.4 The maximum aggregate amount outstanding from related parties at any time during the year was:			
PACRA Analytics (Private) Limited		10,015,467	10,015,467
TISL		2,999,907	2,999,907
TenX (Private) Limited		333,453	333,453
Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)		2,334,288	2,334,288
14.5 Age analysis of receivable from related parties, past due but not impaired is as follows:			
0 to 6 months		4,006,468	12,682,565
6 to 12 months		-	2,667,098
		<u>4,006,468</u>	<u>15,349,663</u>
15 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured and considered good			
To employees	15.1	1,116,862	1,897,626
To suppliers		1,557,695	308,869
Prepayments		2,496,985	2,587,450
Interest receivable	15.2	218,491	-
		<u>5,390,033</u>	<u>4,793,945</u>
15.1 This represents advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and are deductible from their salaries.			
15.2 This represents the interest receivable on short term investment in treasury bills as disclosed in Note 16.			

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	Note	2026 Rupees	2025 Rupees
16 SHORT TERM INVESTMENT			
Investment in treasury bills	16.1	<u>97,346,900</u>	<u>-</u>
16.1 This relates to investment in treasury bills by the Company. They carry yield ranging from 10.15% to 11.74 % (2025: 19.84% to 21.64%) per annum.			
17 CASH AND BANK BALANCES			
Cash in hand		35,418	19,827
Balances at banks			
- Current account		336,534	9,278,593
- Savings accounts	17.1	<u>119,421,235</u>	<u>108,250,849</u>
		<u>119,793,187</u>	<u>117,549,269</u>
17.1 This carries mark up ranging 8.75% to 9.75% (2025: 9.25% to 19.00%) per annum.			
18 SHARE CAPITAL			
18.1 Authorized share capital			
2026 (Number of shares)	2025 (Number of shares)	Ordinary shares	
<u>125,000,000</u>	<u>125,000,000</u>	Ordinary shares of Rs. 1 (2025: Rs. 1) each	<u>125,000,000</u> <u>125,000,000</u>
18.2 Issued, subscribed and paid up share capital			
15,000,000	15,000,000	Ordinary shares of Rs. 1 (2025: Rs. 1) each, fully paid in cash	15,000,000 15,000,000
59,529,000	59,529,000	Ordinary shares of Rs. 1 (2025: Rs. 1) each, issued as bonus shares	59,529,000 59,529,000
<u>74,529,000</u>	<u>74,529,000</u>		<u>74,529,000</u> <u>74,529,000</u>
18.2.1 The shares of LSE Ventures Limited in the Company are currently blocked in their CDS Account with voting rights in favour of the Buyer's Agent under the Mutual Buyout Agreement. However, the subject agreement and applicable provision therein is currently under dispute as disclosed in Note 23.1.4.			

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19 LEASE LIABILITIES

Lease period for the lease during current year consists of 3 years (2025: 3 years). The effective interest rate used as the discounting factor is 11.39% (2025: 11.39%). The amounts of future payments and the periods in which they will become due are:

	Note	2026 Rupees	2025 Rupees
19.1 As at June 30,			
2025		-	-
2026		-	9,289,946
2027		9,986,690	9,986,690
2028		10,735,692	10,735,692
		20,722,382	30,012,328
Less: future finance charges		(1,612,956)	(3,810,688)
Present value of lease payments		19,109,426	26,201,640
Less: Current maturity		(8,730,150)	(9,046,122)
		10,379,276	17,155,518

19.2 Lease payments (LP) and their present value (PV) are as follows:

	2026		2025	
	LP	PV of LP	LP	PV of LP
	-----Rupees-----			
Due not later than 1 year	9,986,690	8,730,150	9,289,946	9,046,122
Due later than 1 year but not later than 5 years	10,735,692	10,379,276	20,722,382	17,155,518
	20,722,382	19,109,426	30,012,328	26,201,640

19.3 Movement of lease liabilities

Opening balance		26,201,640	8,217,558
Add: Addition during the year		-	26,201,640
Add: Interest expense for the year	30	2,197,732	424,230
Less: Payments made during the year		(9,289,946)	(8,641,788)
Closing balance		19,109,426	26,201,640
Less: Current portion of lease		(8,730,150)	(9,046,122)
		10,379,276	17,155,518

20 CONTRACT LIABILITIES

Advance from customers	20.1	8,750,000	12,700,626
Deferred revenue	20.2	77,720,597	77,609,409
		86,470,597	90,310,035

20.1 This represents advance received from customers for future rating of entities.

20.2 This represents deferred revenue relating to services recognized over time.

20.3 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 87.76 million (2025: Rs. 71.01 million).

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		Note	2026 Rupees	2025 Rupees
21	TRADE AND OTHER PAYABLES			
	Accrued expenses	21.1	28,982,777	56,761,784
	Provident Fund payable		2,054,617	1,809,831
	Workers' Welfare Fund	21.2	4,350,179	7,005,709
	Withholding tax payable		4,382,599	6,434,586
	Sales tax payable		8,649,077	8,611,993
			<u>48,419,249</u>	<u>80,623,903</u>
21.1	This includes balance payable to following related parties:			
	Integrated Equities Limited		-	2,666,364
	LSE Capital Limited		-	1,524,701
	Al Haq Securities Private Limited		-	41,597
			<u>-</u>	<u>4,232,662</u>
21.2	Workers' Welfare Fund			
	As at July 01,		7,005,709	6,852,974
	Provision for the year	28	4,350,179	3,642,799
	Payment during the year		(7,005,709)	(3,490,064)
	As at June 30,		<u>4,350,179</u>	<u>7,005,709</u>
22	TAXATION - NET			
	Provision for taxation	22.1	86,216,565	48,010,678
	Less: Advance income tax		(85,666,480)	(47,373,049)
	Less: Prepaid levy		(118,503)	(144,345)
			<u>431,582</u>	<u>493,284</u>
22.1	Movement of provision for taxation is as follows:			
	Opening balance		48,010,678	49,479,974
	Provision for the year	31 & 32	86,216,565	48,010,678
	Less: Adjustment/ payments during the year		(48,748,696)	(48,698,281)
	Add: Prior year adjustment		738,018	(781,692)
			<u>86,216,565</u>	<u>48,010,678</u>
23	CONTINGENCIES AND COMMITMENTS			
23.1	Contingencies			
23.1.1	Tax authorities have issued notices under section 161(1)(1A) for the tax years 2014, 2016, 2017 and 2021 to the Company. These were issued on account of non-deduction of withholding tax on expenses and purchases. The aggregate tax liability for 2016 and 2017 amounts to Rs. 3.33 million while no tax liability has been computed for tax year 2014 and tax year 2021. These cases are pending with tax officials at various forums. The management expects a favorable outcome.			

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- 23.1.2 The DCIR issued a notice under section 4-C for the tax year 2022 and 2024 for recovery of super tax on July 11, 2023 and February 10, 2025 respectively. Reply has been submitted and the case is pending with tax officials. The management expects a favourable outcome in this regard.
- 23.1.3 The Assistant Commissioner, Sindh Revenue Board (the "ACSR"), issued a notice dated October 21, 2021 under sections 3 and 8 of the Sindh Sales Tax on Services Act, 2011 (the "Act") for the tax years 2017, 2018, 2019, and 2020. The notice was issued in respect of an alleged revenue difference between the Sindh Revenue Board (SRB) sales tax returns and the audited financial statements for the aforesaid periods. Accordingly, the ACSR required the Company to either justify the alleged discrepancy or pay the purported shortfall in sales tax amounting to Rs. 33.26 million, together with the applicable default surcharge to be determined at the time of payment. In response, the Company submitted documentary evidence supporting the declared revenue, including verified copies of the relevant sales tax returns, demonstrating that the sales tax paid was correct and accurately reported. After considering the submissions and evidence placed on record, the assessing officer passed a judgment dated July 02, 2022, whereby a tax liability of Rs. 0.83 million and a penalty of Rs. 0.76 million were assessed. Being aggrieved by the said order, the Company filed an appeal before the Commissioner Appeals, SRB, and submitted a detailed written reply. The matter is currently reserved for decision. Based on the facts of the case, the submissions made, and the available documentation, the management is of the view that the outcome of the matter is not expected to have a material adverse impact.
- 23.1.4 Under a tri-party agreement dated January 12, 2025, the Company's majority shareholders Mr. Mumtaz Hussain, Mr. Sardar Ali Wattoo, Mr. Usman Haider and Mr. Adnan Afaq (the "Buyers Group"), with Mr. Mumtaz Hussain as Buyer's Agent, entered into a Mutual Buyout Agreement ("MBO") with LSE Ventures Limited ("LSEVL" or the "Seller"). Under the MBO, the Buyers Group is to acquire the Seller's entire shareholding in the Company of 26.830 million shares (the "Shares") for Rs. 600 million. The consideration in this regard is payable in ten equal semi-annual instalments of Rs. 60 million each over five years, through assignment and payment of dividends by the Company. The Buyer's Agent Mr. Mumtaz Hussain has guaranteed any shortfall in an instalment. The Shares are held in blocked form in the Seller's CDS account. On payment of each instalment, the escrow agent is required to transfer 2.683 million Shares to the Buyers Group. The first instalment was paid on January 14, 2025, through a dividend from the Company, net of applicable withholding tax, and 2.683 million Shares were transferred accordingly. On June 30, 2025, the Seller issued a notice terminating the MBO, the matter is currently under dispute.

On December 08, 2025, LSEVL instituted a civil suit against the Company and other defendants seeking, among other relief, cancellation of the MBO and the Escrow Framework Agreement (both dated January 12, 2025), along with interim relief. By its order dated June 4, 2026, the Court overruled the Company's and the Buyers Group's preliminary objection regarding maintainability of the subject suit. The Court also refused LSEVL's requests for a stay of the operation of the MBO and the Escrow Framework Agreement, an injunction restraining interference with the voting rights attached to its shares, and a restraint on further transfer of the Shares. LSEVL has appealed the decision of the Civil Court with the court of Additional District & Sessions Judge, Lahore on June 15, 2026, who has directed the parties to maintain status quo. The next hearing for the appeal is scheduled for October 5, 2026.

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The Company is of the view that matter under dispute is between the Buyers Group and the Seller, and the Company is only the counterparty with administrative in nature and the subject dispute has no material impact on the Company's operations.

- 23.1.5 Pursuant to the Court order dated December 10, 2025 to right to vote in the EOGM dated December 30, 2025, on January 27, 2026, Mr. Mumtaz Hussain, Mr. Sardar Ali Wattoo, and Mr. Adnan Afaq (forming part of the Buyers' group) instituted proceedings before the Lahore High Court challenging the election of the director(s) nominated and/or voted for by the Seller at the said EOGM. The Company, the Seller, CDC, CDC Share Registrar Services Limited, SECP and directors nominated by the seller have been impleaded as Respondents in the said petition.

The Lahore High Court has issued notices to the Respondents and, as an interim measure, has directed that any decisions taken by the director(s) elected pursuant to the impugned nomination/voting shall remain subject to the final outcome of the proceedings before the Court. The next hearing of the case is scheduled for October 27, 2026.

The Company is of the view that matter under dispute is between the shareholder/directors, and the Company is only the counterparty with administrative in nature and the subject dispute has no material impact on the Company's operations.

- 23.1.6 On June 2, 2026, the Adjudication Department I of the Securities and Exchange Commission of Pakistan (SECP) issued a Show Cause Notice ("SCN") to the Company and certain of its current and former directors and chief executives. The SCN was issued following an application by LSE Ventures Limited dated November 15, 2025 under section 256(1)(a) of the Companies Act, 2017.

The SCN relates to the Company's investments in an associated company during the period 2017 to 2025. The alleged matters raised are procedural in nature and stated on a prima facie basis. They concern (i) the content of general meeting notices, investment made in/loan given to TISL, and non-disclosure of interest by certain Directors, and (ii) Board approval before the Company's June 2025 decision not to subscribe to a rights issue by the associated company.

The Company, together with certain of the noticees, filed its reply on July 16, 2026, and a hearing was held on August 11, 2026. No adjudication order has been issued, and no further hearing has been fixed. The Company through its legal advisor is hopeful that the matter is not expected to have any material adverse effect on the Company's business, operations or financial condition.

- 23.1.7 On June 16, 2026, LSEVL filed a civil suit before the Senior Civil Judge, Lahore (Special Court, Commercial Cases). The suit, amongst other matters, seeks: (i) a declaration that "sponsor" or "sponsoring shareholder" status is limited to the two original subscribers to the Company's Memorandum and Articles of Association, being the erstwhile Lahore Stock Exchange (of which the plaintiff claims to be the institutional successor) and IBCA Ratings/Fitch; and (ii) a declaration that the four existing individual shareholders of the Buyers Group cannot describe themselves as sponsors, except for one who may establish lawful succession to the IBCA/Fitch position. The matter is at a preliminary stage, and notices/summons have been issued to the defendants. The Company has yet to file its response, which is under consideration. The next hearing is scheduled for October 15, 2026. The Company, based on the advice of its legal counsel believes that the matter is between the shareholders of the Company and has no material impact on its operations and unconsolidated financial statements.

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23.2 Commitments

- 23.2.1 JS Bank Limited has issued performance guarantee on behalf of the Company in favour of Finance Department of Government of Punjab amounting to Rs. 0.05 million (2025: Rs. 0.05 million).

	Note	2026 Rupees	2025 Rupees
24 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Income from rating business			
- Domestic		583,935,475	521,173,523
- Foreign		1,987,000	1,927,000
		585,922,475	523,100,523
Income from non rating business			
- Domestic		-	20,000
- Foreign	24.1	15,848,850	15,181,401
		15,848,850	15,201,401
Less: Provincial sales tax		(78,529,124)	(71,492,313)
Revenue from contracts with customers - Net		523,242,201	466,809,611
24.1 Under the Agreement for Technical Affiliation, in addition to services provided for initial setup of LRA's rating business, the Company is performing agreed upon services relating to training, rating audit and review. In accordance with IFRS 15 'Revenue from contract with customers' the Company has determined that these ongoing activities consist of distinct but substantively same services and thus can be classified as a single performance obligation.			
24.2 Disaggregation of fees income			
Contracts with customers is disaggregated primarily by types of rating, timing of revenue recognition and geographical market:			
Type of rating services			
Entity rating		347,835,242	313,532,037
Instrument rating		113,201,647	91,088,805
Vendor assessment		600,000	3,300,000
Fund rating		45,756,462	43,687,368
		507,393,351	451,608,210
Type of Non rating services			
Consultancy services		15,848,850	15,201,401
		523,242,201	466,809,611
Timing of revenue recognition			
Revenue recognized at a point in time		355,251,178	318,083,332
Revenue recognized over time		167,991,023	148,726,279
BDO		523,242,201	466,809,611

	Note	2026 Rupees	2025 Rupees
Geographical market			
Pakistan		505,406,351	449,701,210
United Kingdom		1,987,000	1,927,000
Sri Lanka		15,848,850	15,181,401
		<u>523,242,201</u>	<u>466,809,611</u>
25 REMUNERATION COST			
Salaries and other benefits	25.1	236,894,522	227,851,086
Retired employee benefits		1,554,042	2,042,329
External rating committee member fee		12,173,468	10,901,408
		<u>250,622,032</u>	<u>240,794,823</u>
25.1 Salaries and other benefits include Rs. 6.90 million (2025: Rs. 8.06 million) in respect of contribution to provident fund.			
26 INFRASTRUCTURE COST			
Rent, rates and taxes		4,175,698	3,825,252
Utilities		5,897,593	6,287,816
Technology and related expenses		5,354,368	5,859,126
Repairs and maintenance		2,096,547	2,193,587
Depreciation on operating fixed assets	7	7,188,148	7,813,292
Amortization on intangible assets	8.3	1,278,431	2,467,652
Depreciation on right of use asset	9	8,733,006	6,254,321
Others		1,966,532	2,986,442
		<u>36,690,323</u>	<u>37,687,488</u>
27 ADMINISTRATIVE COST			
Directors' meeting expense	27.1	10,850,000	5,050,000
Legal and professional charge		5,608,091	4,333,370
Entertainment and related expense		5,455,944	5,917,788
Travelling, food and accommodation		3,028,431	4,857,065
Auditors' remuneration	27.2	2,800,000	2,442,600
Tax advisory, consultancy and fees		1,124,681	4,126,427
Communication and related expense		1,170,137	1,150,109
Mess expense		776,549	647,555
Others		4,319,119	2,678,737
		<u>35,132,951</u>	<u>31,203,651</u>
27.1 This represents the meeting fee paid to Directors of the Company for attending the meetings held during the year.			
27.2 Auditors' remuneration			
Statutory audit fee		2,200,000	1,200,000
Out of pocket expense		220,000	62,600
Certificates and other assurance engagements		380,000	1,180,000
BDO		<u>2,800,000</u>	<u>2,442,600</u>

	Note	2026 Rupees	2025 Rupees
28 OTHER EXPENSE			
Expected credit loss - Net		2,956,132	4,273,690
Foreign exchange loss - Net		975,675	-
Loss on disposal of operating fixed assets		94,390	40,557
Workers' Welfare Fund	21.2	4,350,179	3,642,799
		<u>8,376,376</u>	<u>7,957,046</u>
29 OTHER INCOME			
Markup on savings accounts		5,087,635	9,399,757
Dividend income		7,000,000	17,000,000
Profit on short term investments	16	7,604,311	1,824,895
Reimbursement from clients		1,082,690	2,156,915
Markup on inter company balances	14	527,378	-
Miscellaneous income		1,736,485	153,401
		<u>23,038,498</u>	<u>30,534,968</u>
30 FINANCE COST			
Finance cost on lease liabilities	19.3	2,197,732	424,230
Markup on inter company balances		-	721,238
Bank charges		102,539	58,970
		<u>2,300,271</u>	<u>1,204,438</u>
31 LEVY			
Levy	31.1	178,359	171,084
Minimum tax differential	31.2	24,106,238	-
		<u>24,284,597</u>	<u>171,084</u>
31.1	This represents final tax paid under section 154(1)(b) of Income Tax Ordinance, 2001 ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.		
31.2	This represents portion of minimum tax paid under section 154 (1) of Income tax ordinance, 2001 ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.		
32 TAXATION			
Current tax			
- Current		61,931,969	47,839,594
- Prior	32.3	1,179,307	2,618,741
		<u>63,111,276</u>	<u>50,458,335</u>
Deferred tax			
Relating to origination of temporary differences	12	(2,219,372)	217,263
Effect of rate change		(95,782)	-
<i>BDO</i>		<u>(2,315,154)</u>	<u>217,263</u>
		<u>60,796,121</u>	<u>50,675,598</u>

	Note	2026 Rupees	2025 Rupees
32.1	Current tax liability for the year as per the Ordinance	87,395,872	50,629,419
	Portion of current tax liability as per tax laws, representing income tax under IAS 12	(87,217,514)	(50,458,335)
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	(178,359)	(171,084)
		<u>-</u>	<u>-</u>
32.2	The aggregate of final tax and current income tax amounting to Rs. 87.39 million (2025: Rs. 50.63 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.		
32.3	This includes disallowance of certain expenses pertaining previous tax years, which led to a revised assessment and payment of Rs. 0.44 million (2025: Rs. 3.40 million).		
32.4	The Company has obtained approval for group taxation on October 24, 2023. On the basis of this, the Company is anticipated to fall under normal tax regime (NTR). The Company has opted for approach 2 of IAS 12 Income tax guideline issued by the Institute of Chartered Accountants of Pakistan.		
33	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the year	<u>128,078,029</u>	<u>127,650,451</u>
		Numbers	Numbers
	Weighted average number of ordinary shares	<u>74,529,000</u>	<u>74,529,000</u>
		Rupees	Rupees
	Earnings per share - basic and diluted	<u>1.72</u>	<u>1.71</u>
33.1	Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares.		

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34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities include creditors, liabilities against assets subject to finance lease, accrued and other liabilities. The Company's financial assets include long term deposits, trade debts, receivable from related parties, short term investment, and cash and bank balances.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Company. This department also provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

34.1 Market risk

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at June 30, 2026 and June 30, 2025.

34.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company, are periodically restated to Pak Rupee equivalent and the associated gain or loss is taken to the unconsolidated statement of profit or loss.

The Company is exposed to currency risk on trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD).

Particulars	2026	2025
Assets		
Trade debts - USD	135,500	113,500

34.1.2 Exchange rate applied during the year

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

	Average rate for the year		Reporting date rate	
	2026	2025	2026	2025
USD to PKR	280.91	281.28	278.05	283.76

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The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before income tax.

	2026 Rupees	2025 Rupees
Changes in rates	Effect on profit before income tax	
1%	376,758	322,068
-1%	(376,758)	(322,068)

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

34.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

34.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counter parties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade debts.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Company is exposed to credit risk on long term deposits, trade debts, receivable from related parties, loan to an associate, short term investment and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

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	Note	2026 Rupees	2025 Rupees
Trade debts - unsecured	13	116,396,764	110,661,131
Receivable from related parties	14	4,006,468	15,349,662
Short term investments	16	97,346,900	-
Bank balances	17	119,757,769	117,529,442
		<u>337,507,901</u>	<u>243,540,235</u>

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate
34.2.1 Trade Debts - other than related party			
June 30, 2026			
Past due:			
1-90 days	61,887,744	1,828,965	2.96%
91-180 days	13,893,726	1,515,884	10.91%
181-270 days	4,420,834	1,044,969	23.64%
271-365 days	2,827,869	1,225,955	43.35%
Above 365 days	3,385,396	2,078,807	61.41%
	<u>86,415,569</u>	<u>7,694,580</u>	
June 30, 2025			
Past due:			
1-90 days	67,359,524	570,968	0.85%
91-180 days	7,021,399	432,426	6.16%
181-270 days	4,181,523	1,301,003	31.11%
271-365 days	2,360,642	2,140,046	90.66%
Above 365 days	4,799,274	1,784,751	37%
	<u>85,722,362</u>	<u>6,229,194</u>	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The information about the credit risk exposure on the Company's trade debts using a provision matrix is given above.

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34.2.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution

Agency	Ratings	
	Short Term	Long term

Bank balances

Bank AL Habib Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	PACRA	A1+	AA

34.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Carrying amount	Contractual cash flows	Within one year	More than one year
	----- Rupees -----			
As at June 30, 2026				
Lease liabilities	19,109,426	20,722,382	9,986,690	10,735,692
Trade and other payables	31,037,394	31,037,394	31,037,394	-
	<u>50,146,820</u>	<u>51,759,776</u>	<u>41,024,084</u>	<u>10,735,692</u>
As at June 30, 2025				
Lease liabilities	26,201,640	30,012,328	9,289,946	20,722,382
Trade and other payables	58,571,615	58,571,615	58,571,615	-
	<u>84,773,255</u>	<u>88,583,943</u>	<u>67,861,561</u>	<u>20,722,382</u>

34.4 Changes in liabilities arising from financing activities

	As at July 01,	Cash flows	Additions	Others	As at June 30,
	----- Rupees -----				
June 30, 2026					
Lease liabilities	26,201,640	(9,289,946)	-	2,197,732	19,109,426
Accrued markup	417	(417)	-	-	-
	<u>26,202,057</u>	<u>(9,290,363)</u>	<u>-</u>	<u>2,197,732</u>	<u>19,109,426</u>

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	As at July 01,	Cash flows	Additions	Others	As at June 30,
	----- Rupees -----				
June 30, 2025					
Lease liabilities	8,217,558	(8,641,788)	26,201,640	424,230	26,201,640
Accrued markup	3,722,195	(4,443,016)	721,238	-	417
	<u>11,939,753</u>	<u>(13,084,804)</u>	<u>26,922,878</u>	<u>424,230</u>	<u>26,202,057</u>

34.5 Financial instruments by categories

	At Amortized cost	
	2026	2025
	----- (Rupees) -----	
Assets as per unconsolidated statement of financial position		
Long term deposits	1,335,300	1,335,300
Trade debts - Unsecured	116,396,764	110,661,131
Receivable from related parties	4,006,468	15,349,662
Advances, prepayments and other receivables	1,335,353	1,897,626
Short term investments	97,346,900	-
Bank balances	119,793,187	117,549,269
	<u>340,213,972</u>	<u>246,792,988</u>
Liabilities as per unconsolidated statement of financial position		
Lease liabilities	19,109,426	26,201,640
Trade and other payables	31,037,394	58,571,615
	<u>50,146,820</u>	<u>84,773,255</u>

No financial asset or liability were measured at fair value through profit or loss or fair value through other comprehensive income.

35 FINANCIAL AND NON FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial and non financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial and non financial instruments reflected in these financial statements approximate to their fair value.

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Company does not have any financial and non financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

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36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Subsidiary Company, Associated Companies, Company's directors and key management personnel. Balances with related parties are disclosed in respective notes to the unconsolidated financial statements. Significant transactions with related parties other than those disclosed elsewhere in the unconsolidated financial statements are as follows:

Name of related party	Nature of transaction	2026 Rupees	2025 Rupees
	Dividend received from subsidiary	7,000,000	17,000,000
	Loan repaid to subsidiary	-	15,931,000
	Expenses paid on behalf of the subsidiary	10,398,877	11,805,498
PACRA Analytics (Private) Limited - a wholly owned subsidiary company	Markup charged on advances to the subsidiary company	527,378	-
	Income tax paid by subsidiary on behalf of parent	160,557	-
	Amount received from subsidiary	16,774,697	-
	Markup charged on advances by the subsidiary company	-	721,238
	Amount received from associated company against expenses	6,104,717	-
Tasdeeq Information Services Limited - Associate (12.84% owned)	Expenses paid on behalf of the associated company	3,104,810	3,202,836
	Expenses paid by associated company on behalf of the Company	-	464,312
Lanka Rating Agency Limited - investee	Income from services provided by the Company	15,848,850	15,181,401
	Receipt from the investee	10,800,362	15,288,365

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Name of related party	Nature of transaction	Note	2026 Rupees	2025 Rupees
TenX (Private) Limited - an associate due to common directorship	Expenses paid on behalf of the associated company		-	333,453
	Receipts from the associated company		-	723,746
Integrated Equities Limited - an associate due to common directorship	Financial advisory services for listing on GEM Board from associated company		-	2,516,127
	Payment made to the associated company		2,892,815	-
	Brokerage commission to associated company		-	376,688
LSE Capital Limited - an associate due to common directorship	Consultancy services for listing on GEM Board from associated company		-	1,160,000
	Payment made to the associated company		1,524,701	-
	Expenses paid by associated company on behalf of the Company		-	364,701
Al Haq Securities Private Limited - an associate due to common directorship	Brokerage commission to associated company		-	47,270
	Payment made to the associated company		47,270	-
Post employment benefits	Contributions to Provident Fund Trust		6,899,436	8,056,433
Usman Haider (14.3% equity held)	Dividend paid		-	11,203,369
	Receipts against shortfall in deduction of withholding tax from CEO		2,334,288	-
	Shortfall in deduction of withholding tax from CEO	36.1	-	2,334,288
LSE Ventures Limited (32.7% equity held)	Dividend paid		-	29,875,673
Mumtaz Hussain Syed (18.5% equity held)	Dividend paid		-	22,406,738

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Name of related party	Nature of transaction	2026 Rupees	2025 Rupees
Sardar Ali Watto (10.9% equity held)	Dividend paid	-	11,203,380
Muhammad Adnan Afaq (10.6% equity held)	Dividend paid	-	8,298,804
Other Directors (0.00004% equity held)	Dividend paid	-	78

36.1 This represents a shortfall in deduction of withholding tax from the salary of the CEO during prior year. The amount has been received within the tax year 2025-2026.

36.2 Outstanding balances of related parties are disclosed in the relevant notes to the unconsolidated financial statements.

36.3 Particulars of Related Parties Incorporated Outside Pakistan

Name of related party	Lanka Rating Agency Limited
Registered Address	No. 145, Kynsey Road, Colombo 8, Sri Lanka
Country of incorporation	Sri Lanka
Basis of association	Investee
Average percentage of shareholding	13.70%
Shareholding through other entities	N/A
Chief Executive	Kenneth Gordon Christie De Zilwa
Operational Status	To provide services as an approved credit rating agency in Sri Lanka.
Auditors' opinion on latest available financial statements	Unmodified opinion

36.4 The details of compensation paid to key management personnel are shown under the heading of 'Remuneration of Chief Executive, Directors and Executive Note 37. There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

36.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

36.6 Names of related parties along with basis of relationship, with whom the Company may or may not have entered into transactions during the year, are as follows:

Name of related party	Basis of relationship	2026 Percentage of shareholding	2025 Percentage of shareholding
PACRA Analytics (Private) Limited	Shareholding	100%	100%
Tasdeeq Information Services Limited	Associated company	12.84%	15.57%
Lanka Rating Agency Limited	Investee company	13.70%	13.70%
TenX (Private) Limited	Common directorship	-	-
LSE Capital Limited	Common directorship	-	-
Integrated Equities Limited	Common directorship	-	-
Al Haq Securities (Private) Limited	Common directorship	-	-

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37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Non-executive directors		Executives	
	2026	2025	2026	2025	2026	2025
	Rupees					
Managerial remuneration	34,500,000	30,000,000	-	-	109,467,900	108,768,000
Contribution to provident fund	1,500,000	1,303,696	-	-	4,836,804	4,609,207
Bonus	6,500,000	5,488,718	-	-	26,766,250	25,544,636
Meeting fee	-	-	10,850,000	5,050,000	-	-
Reimbursable expenses	610,513	-	-	-	1,105,003	1,014,529
	43,110,513	36,792,414	10,850,000	5,050,000	142,175,957	139,936,372
Number	1	1	8	6	17	26

37.1 Executives includes employees other than chief executive officer and directors whose basic salary exceeds Rs. 1,200,000 during the year.

37.2 Managerial remuneration includes salaries and wages.

37.3 Directors' fee is paid for attending meetings of Board of Directors.

37.4 The Company has 9 (June 30, 2025: 7) Directors including Chief Executive Officer and Independent Directors. No remuneration, other than meeting fee, is being paid to any Director except Chief Executive Officer.

38 NUMBER OF EMPLOYEES

	2026	2025
Number of employees as at June 30,	79	82
Average number of employees for the year	82	82

39 SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

Following information has been disclosed with the reference to disclosure requirements under clause 7 of fourth schedule of the Companies Act, 2017 with respect to all listed companies.

	2026 Rupees	2025 Rupees
Unconsolidated Statement of Financial Position - Liability Side		
Financing obtained as per Islamic mode of financing	N/A	N/A
Interest or mark-up accrued on any conventional loan or advance	N/A	N/A
Unconsolidated Statement of Financial Position – Asset Side		
Shariah compliant investments	N/A	N/A
Shariah compliant bank balances	N/A	N/A
Non-shariah bank balances	119,757,769	117,529,442
Non-shariah compliant investments	97,346,900	Zero

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Description	Explanation	2026 Rupees	2025 Rupees
Unconsolidated Statement of profit or loss			
Revenue from contracts with customers - net	Shariah compliant	523,242,201	466,809,611
Late payment charges / liquidated damages	Non shariah compliant	Zero	Zero
Source and detailed breakup of other incomes			
Profit earned from bank deposits, bank balances or TDRs	Shariah compliant	Zero	Zero
Profit earned from bank deposits	Non shariah compliant	5,087,635	9,399,757
Profit earned from short term investment	Non shariah compliant	7,604,311	1,824,895
Dividend earned	Shariah compliant	7,000,000	17,000,000
Exchange gain earned from actual currency	Shariah compliant	Zero	Zero
Exchange gain earned using conventional derivative financial instruments	Non shariah compliant	Zero	Zero
Profit paid on Islamic mode of financing	Shariah compliant	Zero	Zero
Interest earned on conventional loan or advance	Non shariah compliant	527,378	Zero
Reimbursement from clients	Shariah compliant	1,082,690	2,156,915
Miscellaneous income	Non shariah compliant	1,736,485	153,401
Other income	Non shariah compliant	Zero	Zero

Relationships with banks having islamic window

Institute Name	Region	Nature of Transactions
Bank Al Habib Limited	Pakistan	Savings account
JS Bank Limited	Pakistan	Current account
MCB Bank Limited	Pakistan	Savings account

40 CORRESPONDING FIGURES

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However, no material rearrangement or reclassification has been made during the year ended June 30, 2026.

41 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 07-Oct-26 by the Board of Directors of the Company.

42 SUBSEQUENT EVENT

There are no significant subsequent events after the reporting date requiring adjustment or disclosure in the financial statements.

43 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

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Humayun Akhtar
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

Sajid Iqbal
CHIEF FINANCIAL OFFICER



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PAKISTAN CREDIT RATING AGENCY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **The Pakistan Credit Rating Agency Limited** (the Group), which comprise the consolidated statement of financial position as at June 30, 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policies information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
1.	Revenue Recognition As described in Notes 6.15 and 24 to the accompanying consolidated financial statements, the Group's revenue is derived from rating and non-rating services. During the year ended June 30, 2026, the Group generated net revenue of Rs. 538.084 million as compared to Rs. 487.42 million	Our audit procedures amongst others included the following: Obtained an understanding of the Company's revenue recognition processes and internal controls, and tested their efficacy on a sample basis, including timing;

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S. No	Key audit matter	How the matter was addressed in our audit
	during the previous year, which represents an increase of approximately 10.40% as compared to last year. Given the significance of revenue as a key performance indicator and the attention required to ensure the accurate recognition of revenue, we identified revenue recognition as a key audit matter.	• Checked the appropriateness of the Group's revenue recognition policies and procedures to ensure compliance with International Financial Reporting Standards (IFRS) as applicable in Pakistan; • Performed test of details on a sample of transactions and supporting documentation which involved verifying agreements, invoices, dissemination reports, receipts and conducting additional detailed procedures; • Recalculated the revenue and contract liability on sample basis to verify that the revenue is recorded accurately and in the correct accounting period; • Reconciled sales reported in the sales tax returns with those in the internal sales reports. This included comparing the figures, investigating any discrepancies, and ensuring that all sales were accurately recorded and properly reported for tax purposes; • Performed reconciliation of sales with debtor balances to assess the accuracy and completeness of sales and receivables. This involved comparing reported figures, investigating variances, and verifying that sales transactions were properly recorded and appropriately reflected in the receivable ledger; • Carried out sequential testing of sales invoices to ensure completeness and accuracy of revenue recognition. This

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S. No	Key audit matter	How the matter was addressed in our audit
		included checking that invoices were recorded in proper sequence, with no missing or duplicate invoices; - Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and - Checked the appropriateness and adequacy of the disclosures provided in Note 24 to the consolidated financial statements in accordance with relevant accounting standards.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' 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.

The engagement partner on the audit resulting in this independent Auditors' report is Sajjad Hussain Gill.

LAHORE

DATED: October 07, 2026

UDIN: AR202610087kRB9qsLj1

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BDO Ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	7	11,023,296	13,026,337
Intangible assets	8	-	1,278,431
Right of use assets	9	17,468,634	26,201,640
Long term investments	10	64,448,738	54,041,712
Long term deposits	11	1,335,300	1,335,300
Deferred taxation	12	8,081,969	5,766,815
		<u>102,357,937</u>	<u>101,650,235</u>
CURRENT ASSETS			
Trade debts	13	124,732,923	117,862,744
Receivable from related parties	14	-	7,740,445
Advances, prepayments and other receivables	15	5,390,033	4,793,945
Short term investments	16	97,346,900	-
Cash and bank balances	17	120,119,255	128,342,080
		<u>347,589,111</u>	<u>258,739,214</u>
TOTAL ASSETS		<u><u>449,947,048</u></u>	<u><u>360,389,449</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
125,000,000 (June 30, 2025: 125,000,000) ordinary shares of Rs. 1 (June 30, 2025: Rs. 1) each	18.1	<u>125,000,000</u>	<u>125,000,000</u>
Issued, subscribed and paid-up share capital	18.2	74,529,000	74,529,000
Unappropriated profits - revenue reserve		<u>219,243,433</u>	<u>86,102,691</u>
		<u>293,772,433</u>	<u>160,631,691</u>
NON CURRENT LIABILITIES			
Lease liabilities	19	10,379,276	17,155,518
CURRENT LIABILITIES			
Current portion of lease liabilities	19	8,730,150	9,046,122
Contract liabilities	20	86,470,597	90,310,034
Trade and other payables	21	50,276,254	82,298,981
Taxation - net	22	318,339	947,103
		<u>145,795,340</u>	<u>182,602,240</u>
TOTAL EQUITY AND LIABILITIES		<u><u>449,947,048</u></u>	<u><u>360,389,449</u></u>
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

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Moman Haidar
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

Sajid Iqbal
CHIEF FINANCIAL OFFICER

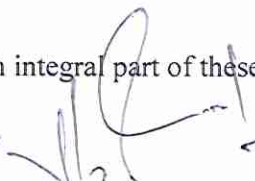
THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Revenue from contracts with customers - net	24	538,084,874	487,417,298
Remuneration cost	25	(259,931,032)	(250,142,123)
Infrastructure cost	26	(36,690,323)	(37,687,488)
Administrative cost	27	(37,570,984)	(35,139,202)
		(334,192,339)	(322,968,813)
Operating profit		203,892,535	164,448,485
Other expense	28	(8,376,376)	(7,957,046)
Other income	29	16,335,331	14,781,952
Finance cost	30	(2,300,706)	(483,269)
Share of profit/(loss) of associated company		10,407,026	(5,351,582)
Profit before income tax and levy		219,957,810	165,438,540
Levy	31	(26,055,016)	(171,084)
Profit before income tax		193,902,794	165,267,456
Income tax	32	(60,762,052)	(52,452,970)
Profit for the year		133,140,742	112,814,486
Earnings per share - Basic and diluted	33	1.79	1.51

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
Profit for the year	133,140,742	112,814,486
Other comprehensive income	-	-
Items that will not be reclassified to profit or loss in subsequent years	-	-
Items that may be reclassified to profit or loss in subsequent years	-	-
Total comprehensive income for the year	133,140,742	112,814,486

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

BDO

Moman Mairan

CHIEF EXECUTIVE OFFICER

[Signature]

DIRECTOR

Sajjad Sulman

CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid-up share capital	Revenue reserve		Total
		Unappropriated profits	Rupees	
Balance as at July 01, 2024	74,529,000	70,921,195	145,450,195	
Profit for the year				
Other comprehensive income for the year	-	112,814,486	112,814,486	
Total comprehensive income for the year	-	112,814,486	112,814,486	
Interim dividend for the year ended June 30, 2025 at the rate of Rs. 1.31 per share	-	(97,632,990)	(97,632,990)	
Balance as at June 30, 2025	74,529,000	86,102,691	160,631,691	
Profit for the year				
Other comprehensive income for the year	-	133,140,742	133,140,742	
Total comprehensive income for the year	-	133,140,742	133,140,742	
Balance as at June 30, 2026	74,529,000	219,243,433	293,772,433	

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

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Shovan Akbar

CHIEF EXECUTIVE OFFICER

[Signature]

DIRECTOR

Sajid Iqbal

CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax and levy		219,957,810	165,438,540
Adjustment for non cash and other items:			
Depreciation on operating fixed assets	7	7,188,148	7,813,292
Depreciation on right of use assets	9	8,733,006	6,254,321
Amortization on intangible assets	8	1,278,431	2,467,652
Workers' Welfare Fund	21.2	4,350,179	3,642,799
Allowance for expected credit losses - Net	13.2	2,956,132	4,273,690
Financial charges on lease	30	2,197,732	424,230
Markup on savings accounts	29	(5,653,856)	(9,854,014)
Profit on short term investments	29	(7,604,311)	(1,824,895)
Exchange loss	28	975,675	-
Share of (profit) / loss of associated company		(10,407,026)	5,351,582
Loss on disposal of operating fixed assets	26	94,390	40,557
		4,108,500	18,589,214
Operating profit before working capital changes		224,066,310	184,027,754
Working capital changes:			
(Increase) / decrease in current assets:			
Trade debts		(10,801,986)	(21,969,464)
Receivable from related parties - net		7,740,445	(2,856,107)
Advances, prepayments and other receivables		(596,088)	382,851
Increase / (decrease) in current liabilities:			
Trade and other payables		(29,367,197)	18,692,925
Contract liabilities		(3,839,437)	10,353,521
		(36,864,263)	4,603,726
Cash generated from operations		187,202,047	188,631,480
Workers' Welfare Fund paid	21.2	(7,005,709)	(3,490,064)
Tax paid		(89,760,986)	(54,590,724)
Net cash generated from operating activities		90,435,352	130,550,692
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	7	(5,279,497)	(1,586,553)
Proceeds from disposal of operating fixed assets		-	32,500
Short term investments - Net	16	(97,346,900)	39,048,345
Interest received		13,258,167	11,678,909
Net cash (used in) / generated from investing activities		(89,368,230)	49,173,201
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	19	(9,289,947)	(8,641,788)
Dividend paid		-	(97,632,990)
Net cash used in financing activities		(9,289,947)	(106,274,778)
Net (decrease) / increase in cash and cash equivalents		(8,222,825)	73,449,115
Cash and cash equivalents at the beginning of the year		128,342,080	54,892,965
Cash and cash equivalents at the end of the year		120,119,255	128,342,080

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

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Monar Maidee
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

Sajjad Salman
CHIEF FINANCIAL OFFICER

THE PAKISTAN CREDIT RATING AGENCY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of The Pakistan Credit Rating Agency Limited ("Parent / the Holding Company"), PACRA Analytics (Private) Limited ("the Subsidiary"), Tasdeeq Information Services Limited ("the Associate"), and Lanka Rating Agency Limited ("the Investee"), together "the Group".

1.2 The Group consists of:

Name of the Company	Relationship	% age of direct shareholding	% age of effective shareholding
PACRA Analytics (Private) Limited	Subsidiary	100%	100%
Tasdeeq Information Services Limited (TISL)	Associate	12.84%	12.84%
Lanka Rating Agency Limited (LRA)	Investee	13.70%	13.70%

1.3 Corporate and general information

1.3.1 The Pakistan Credit Rating Agency Limited - the Holding Company

The Holding Company was incorporated as a private limited company in Pakistan on August 18, 1994, converted into a public limited company on April 30, 2004 and converted into listed company on June 30, 2025. The business of the Holding Company is to carry out risk evaluation of companies and specific instruments. The evaluation is expressed in terms of assigned credit rating to the entity or the instrument reflecting the capacity to honor its debt or other fixed term obligations. The registered office of the Holding Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

1.3.2 PACRA Analytics (Private) Limited - the Subsidiary Company

The Subsidiary Company was incorporated as a private limited company under the Companies Ordinance, 1984 superseded by the Companies Act, 2017) in Pakistan under the Companies Ordinance 1984 (superseded by the Companies Act, 2017) on January 04, 2010 under the Companies Ordinance, 1984 (superseded by the Companies Act, 2017), and is a wholly owned subsidiary of the Holding Company. The objectives of the Subsidiary Company are to carry on business as management and financial consultants, risk managers, project manager, tax and trust consultants, planners, advisors, accountants, share registrars, surveyors, assessors, supervisors, promoters and / or technical advisors of or for any person, company, trust, banks and financial institutions. The registered office is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

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1.3.3 Tasdeeq Information Services Limited - the Associate

The Associate was incorporated in Pakistan on March 25, 2016 as a public limited company under the Companies Ordinance, 1984 (repealed by the Companies Act, 2017). The Associate's registered office is located at Building 8, Sector B, Commercial Area, Phase V, DHA, Lahore. The main objective of the Associate is to carry out the business of a Credit Information Company for collecting credit information as permissible by law relating to debtors of banks, financial institutions, non-banking financial institutions, non-financial companies and other lenders or authorities including retailers, insurance companies, utility providers and also to collect and maintain any credit information, with respect to individuals, partnerships, corporations, institutions, trusts, estates, cooperatives, associations, Government or Governmental subdivisions or agencies or any other entity.

During the year, the Associate has announced a right shares issue which the Group opted not to subscribe. Subsequent to the year-end, following the allotment, the Group's shareholding was diluted to 12.84%.

1.3.4 Lanka Rating Agency Limited - Investee

The Investee was incorporated in Sri Lanka. The registered office is situated at No. 145, Kynsey Road, Colombo 8, Sri Lanka. The main objective of the Investee is to provide services as an approved credit rating agency in Sri Lanka.

In March 2021, the Group entered into an agreement with the Investee, Sri Lanka, to acquire 26.8 million shares (15% of LRA's planned issuance) without consideration, issued in two tranches during FY 2021 and FY 2023. The Group also signed a five-year technical affiliation agreement for annual service fees. The Group holds an option to sell these shares back to the Investee after five years at LKR 2 per share. Previously, considering the financial condition and non-performance risk, the fair value of the shares was rounded to zero at inception and continuous to be rounded off to zero as of the reporting date. In January 2024, the Investee announced a rights issue under which the Group subscribed to 7.044 million shares through a conversion of its receivables from the Investee. However, the allotment of these shares is still pending completion of regulatory formalities. Pending this allotment, the Group's shareholding has been reduced to 13.7% as of the reporting date. Furthermore, the Investee reduced 175 million shares from its total paid-up capital of 179.9 million shares, with the necessary approvals and consent of shareholders resulting in the reduction of number of shares the Group has in the Investee to 0.73 million shares.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT

The registered office of the Holding Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

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3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Credit Rating Companies regulations (CRC), 2016; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

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

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees ("Rs"), which is the functional and presentation currency for the Group.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2026

The following standards, amendments and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the consolidated financial statements other than certain additional disclosures.

**Effective date
(annual periods
beginning on or
after)**

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability

January 01, 2025

The IASB issued Disclosures about Uncertainties in the Financial Statements - Illustrative examples, which amended multiple IFRS Accounting Standards to include illustrative examples demonstrating how companies can apply IFRS Accounting Standards when reporting the effects of uncertainties in their consolidated financial statements.

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4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	January 01, 2027
Amendments to IAS 28 'Investments in Associates' - Amendments to the Fair Value Option for Investments in Associates and Joint Ventures	January 01, 2027
IFRS 18 Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027
IFRS 17 Insurance Contracts	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

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IFRS 20 'Regulatory Assets and Regulatory Liabilities' has been issued by IASB effective from January 01, 2029. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the consolidated statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

	Notes
Useful life and residual value of operating fixed assets	6.3.2
Impairment of non-financial assets	6.5
Allowance for expected credit loss	6.10
Taxation	6.17

6 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary. The Group uses the acquisition method of accounting to account for business combination. The consideration transferred is the fair value of the assets transferred, the liabilities assumed and the equity interest issued by the Group, if any. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The financial statement of the Holding Company and its subsidiary are prepared up to the same reporting date using consistent accounting policy except as stated otherwise.

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The Group policy related to acquisition of the subsidiary's identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition. Goodwill (if any) is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed.

If this is less than the fair value of the net asset of the subsidiary acquired, the difference is recognized in the consolidated statement of profit or loss. After initial recognition it is measured at carrying value i.e. at date of acquisition less any accumulated impairment.

The financial statements of subsidiary has been consolidated on line by line basis. Intra company balances, transactions, income and expenses have been eliminated. Assets, liabilities, income and expense have been consolidated from the date the Holding Company acquired the control of the subsidiary till the control cease to exist. Unrealized gain or loss on intra company transactions are also eliminated but unrealized losses are however recognized to the extent of impairment, if any.

6.1.1 Disposal of subsidiary

When the Group ceases to consolidate an investment in subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to consolidated statement of profit or loss.

6.2 Business combinations and goodwill

6.2.1 Acquisition method of accounting

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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6.3 Operating fixed assets

6.3.1 Owned assets

Items of operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of operating fixed assets.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Normal repairs and maintenance are charged to consolidated statement of profit or loss, as and when incurred.

6.3.2 Depreciation

Depreciation charged on all operating fixed assets, is based on the straight line method so as to write off the historical cost of an asset over its estimated useful life at rates mentioned in Note 7 after taking into account their residual values. Depreciation on additions is charged from the month in which these are capitalized, while no depreciation is charged in the month in which an asset is disposed off.

6.3.3 Disposal

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of operating fixed assets are determined by comparing the proceeds from sale with the carrying amount of operating fixed assets, and are recognized in the consolidated statement of profit or loss.

6.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization for intangible assets and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method at rates mentioned in Note 8 to these consolidated financial statements. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. Gains and losses on disposal of assets are recognized in the consolidated statement of profit or loss.

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6.5 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

6.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

6.7 Long term investments

6.7.1 Investments in equity instruments of associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

6.8 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

6.9 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

6.10 Financial assets

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include long term deposits, trade debts, receivable from related parties, short term investment, and cash and bank balances.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at fair value through profit or loss
- (ii) Financial assets at amortized cost (debt instruments)
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iv) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

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This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group does not have financial assets recorded at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized costs includes long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

BDO

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial assets - Impairment

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss. The impact of ECL on trade debts is disclosed in Note 13.

For bank balances, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the consolidated statement of profit or loss.

6.11 Financial liabilities

Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

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Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category applies to short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

6.12 Offsetting of financial assets and financial liabilities

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

6.13 Employee benefits

Defined contribution plan

The Group operated a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Group and employees at the rate of 8.33% (2025: 5%) of the basic salary to the Provident Fund Trust. The obligation for contributions to defined contribution plan is expensed as the related service is provided.

6.14 Contingent liabilities

A contingent liability is disclosed when:

- i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.15 Revenue from contracts with customers

6.15.1 Revenue recognition

Revenue is recognized when services are rendered to the customer, in an amount that reflects the consideration the Group expects to be entitled to those services excluding sales tax and after deduction of discounts. Specific revenue and other income recognition policies are as follows:

6.15.1.1 Fee income

a) Rating

Revenue from rating services is recognized at point in time when services are rendered to the customer.

b) Monitoring

Revenue attributed to monitoring is recognized over the period in which monitoring is performed, generally one year.

6.15.2 Dividends

Dividend income is recognized when the Group's right to receive payment is established.

6.15.3 Interest income

Interest income is recognized as it accrues under the effective interest method.

6.16 Contract balances

Contract asset

A contract asset is the right to consideration for rendering of services if the Group is providing services to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to render services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

BDO

6.17 Taxation

6.17.1 Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Holding Company has obtained approval for group taxation on October 24, 2023. On the basis of this, the Group is anticipated to fall under normal tax regime (NTR). The Group has opted for approach 2 of IAS 12 Income tax guideline issued by the Institute of Chartered Accountants of Pakistan.

6.17.2 Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

6.17.3 Estimate

The Group establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6.18 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001, over the amount designated as current income tax for the year, is then recognized as a levy.

BDO

6.19 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are recognized in consolidated statement of profit or loss.

6.20 Provision

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

6.21 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

6.22 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the Board of Directors.

BDO

7 OPERATING FIXED ASSETS

Description	Furniture and fixtures	Office equipment and computers	Vehicles	Total
	(Rupees)			

Net carrying value basis

Year ended June 30, 2026

Opening net book value (NBV)	6,439,689	5,760,958	825,690	13,026,337
Additions (at cost)	3,423,255	1,856,242	-	5,279,497
Disposals (NBV)	-	(94,390)	-	(94,390)
Depreciation charge	(3,473,780)	(2,888,678)	(825,690)	(7,188,148)
Closing net book value	6,389,164	4,634,132	-	11,023,296

Gross carrying value basis

Year ended June 30, 2026

Cost	25,510,419	20,245,470	4,250,200	50,006,089
Accumulated depreciation	(19,121,255)	(15,611,338)	(4,250,200)	(38,982,793)
Net book value	6,389,164	4,634,132	-	11,023,296

Net carrying value basis

Year ended June 30, 2025

Opening net book value (NBV)	10,213,006	7,442,097	1,671,030	19,326,133
Additions (at cost)	-	1,586,553	-	1,586,553
Disposals (NBV)	-	(73,057)	-	(73,057)
Depreciation charge	(3,773,317)	(3,194,635)	(845,340)	(7,813,292)
Closing net book value	6,439,689	5,760,958	825,690	13,026,337

Gross carrying value basis

Year ended June 30, 2025

Cost	22,087,164	20,231,387	4,250,200	46,568,751
Accumulated depreciation	(15,647,475)	(14,470,429)	(3,424,510)	(33,542,414)
Net book value	6,439,689	5,760,958	825,690	13,026,337

Depreciation rate % per annum

10-33.33	10-33.33	20
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- 7.1 Operating fixed assets include fully depreciated assets amounting to Rs. 12.094 million (2025: Rs. 11.98 million) that are still in use as of the reporting date.

BDO

	Note	2026 Rupees	2025 Rupees
8 INTANGIBLE ASSETS			
Rating software - License	8.1	-	1,174,865
Software	8.2	-	103,566
		<u>-</u>	<u>1,278,431</u>
8.1 Rating software - License			
Net carrying value			
As at July 01,		1,174,865	3,065,492
Addition during the year		-	-
Amortization charge during the year		(1,174,865)	(1,890,627)
As at June 30,		<u>-</u>	<u>1,174,865</u>
Gross carrying value			
Cost		5,672,006	5,672,006
Accumulated amortization		(5,672,006)	(4,497,141)
Net book value		<u>-</u>	<u>1,174,865</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.2 Software			
Net carrying value			
As at July 01,		103,566	680,591
Addition during the year		-	-
Amortization charge during the year		(103,566)	(577,025)
As at June 30,		<u>-</u>	<u>103,566</u>
Gross carrying value			
Cost		1,731,074	1,731,074
Accumulated amortization		(1,731,074)	(1,627,508)
Net book value		<u>-</u>	<u>103,566</u>
Amortization rate (%) per annum		<u>33.33</u>	<u>33.33</u>
8.3 The amortization charge for the year has been allocated as follows:			
Infrastructure cost	26	<u>1,278,431</u>	<u>2,467,652</u>
8.4 This includes fully amortized intangible assets having cost amounting to Rs. 7.403 million (June 30, 2025: Nil) that are still in use as of the reporting date.			

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	Note	2026 Rupees	2025 Rupees
9 RIGHT OF USE ASSETS			
Net carrying value basis			
As at July 01,		26,201,640	6,254,321
Addition during the year		-	26,201,640
Depreciation charge during the year	26	(8,733,006)	(6,254,321)
As at June 30,		<u>17,468,634</u>	<u>26,201,640</u>
Gross carrying value basis			
Cost		26,201,640	26,201,640
Accumulated depreciation		(8,733,006)	-
Net book value		<u>17,468,634</u>	<u>26,201,640</u>
Depreciation rate (%) per annum		<u>33.33</u>	<u>33.33</u>

9.1 This represents the lease contract for the 1st and 2nd floors of the Head office of the Group with a lease term of 3 years. The lease will expire in June 30, 2028.

10 LONG TERM INVESTMENTS

Tasdeeq Information Services Limited	64,448,738	54,041,712
Lanka Rating Agency Limited	-	-
	<u>64,448,738</u>	<u>54,041,712</u>

10.1 Tasdeeq Information

No. of shares- ordinary		Percentage			
2026	2025	2026	2025		
102,730,000	10,273,000	12.84%	15.57%	105,733,000	105,733,000

Share of profit/(loss)

As at July 01,	(51,691,288)	(46,339,706)
Share of profit/(loss) for the year	10,407,026	(5,351,582)
As at June 30,	(41,284,262)	(51,691,288)
Net investment as at June 30,	<u>64,448,738</u>	<u>54,041,712</u>

10.1.1 The Holding Company holds 12.84% (2025: 15.57%) shares in Tasdeeq Information Services Limited (TISL). The reporting date of TISL is December 31, 2025. The cost of these shares is Rs. 1.029/- (2025: Rs. 10.29/-) each. During the year, TISL sub-divided its ordinary shares in accordance with Section 85 of the Companies Act, 2017, whereby the par value of shares was reduced from Rs. 10 each to Rs. 1 each. This change resulted in a corresponding increase in the number of issued shares without affecting the total paid-up share capital.

10.1.2 The shareholding of the Holding Company has been reduced to 12.84% due to right issue by TISL as on July 15, 2025. The Holding Company did not subscribe to its right entitlement. Further subsequent to the reporting date, the Company's Associate, TISL was listed on the Pakistan Stock Exchange pursuant to its Initial Public Offering (IPO) on August 20, 2026 due to which the shareholding of the Company further reduced to 10.81%.

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10.1.3 Summarized financial information in respect of the Associate, on the basis of unaudited financial statements for the year ended June 30, 2026 are set out below:

	Note	2026 Rupees	2025 Rupees
Non current assets		687,492,210	617,404,656
Current assets		87,793,702	79,434,792
Non current liabilities		(55,789,081)	(42,866,172)
Current liabilities		(79,744,538)	(124,868,216)
Net assets - 100%		<u>639,752,293</u>	<u>529,105,060</u>
Percentage ownership interest		<u>12.84%</u>	<u>15.57%</u>
Group's share of net assets representing carrying amount		<u>82,144,194</u>	<u>82,381,658</u>
Revenue from contracts with customers - net		<u>378,487,590</u>	<u>232,717,641</u>
Profit/(Loss) after income tax		<u>81,051,602</u>	<u>(34,371,109)</u>
Total comprehensive profit / (loss) for the year from continuing operations		<u>10,407,026</u>	<u>(5,351,582)</u>
11 LONG TERM DEPOSITS	11.1	<u>1,335,300</u>	<u>1,335,300</u>
11.1 This represents security deposits against leased premises, telecommunication and other services. These deposits do not carry any interest or mark-up and are not recoverable within one year. These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.			
12 DEFERRED TAXATION			
Deferred tax asset	12.1	<u>8,081,969</u>	<u>5,766,815</u>
12.1 Deferred tax arisen during the year on the following items			
Deductible temporary differences			
- Accelerated tax depreciation on operating fixed assets/amortization allowances		4,050,159	2,528,812
- Provision for expected credit loss (ECL)		2,266,849	2,221,982
- Lease liability		483,383	-
- Workers' Welfare Fund		1,281,577	1,016,021
		<u>8,081,969</u>	<u>5,766,815</u>
12.2 The gross movement in the deferred tax asset during the year is as follow:			
As at July 01,		5,766,815	5,984,077
Charged to statement of profit or loss	32	<u>2,315,154</u>	<u>(217,262)</u>
As at June 30,		<u>8,081,969</u>	<u>5,766,815</u>

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		2026 Rupees	2025 Rupees
13	TRADE DEBTS		
	Due from related party - Lanka Rating Agency Limited (LRA)	13.1 37,675,775	32,627,287
	Less: Allowance for ECL	13.2 -	(1,459,324)
		37,675,775	31,167,963
	Due from others	13.3 94,751,728	92,923,975
	Less: Allowance for ECL	13.4 (7,694,580)	(6,229,194)
		87,057,148	86,694,781
		124,732,923	117,862,744
13.1	Due from related party - Lanka Rating Agency Limited (LRA)		
	Lanka Rating Agency Limited	13.1.2 37,675,775	32,627,287
13.1.1	The amounts due from related party is interest free and repayable in normal course of business.		
13.1.2	Ageing of Lanka Rating Agency Limited		
	0 - 90 days	15,848,850	15,181,401
	90 - 365 days	6,783,274	-
	Above 365 days	15,043,651	17,445,886
		37,675,775	32,627,287
13.2	Allowance for ECL - Related party		
	As at July 01,	1,459,324	1,528,073
	Add: Reversal for the year	(1,459,324)	(68,749)
	As at June 30,	-	1,459,324
13.2.1	ECL was recorded on the account of time value of money and significant amount has been received subsequent to the year end. Therefore, the provision already recorded has been reversed during the year.		
13.3	Ageing of due from others		
	0 - 90 days	67,544,244	74,561,137
	91 - 180 days	16,573,385	7,021,399
	180 - 365 days	4,420,834	6,542,165
	365 days and above	6,213,265	4,799,274
		94,751,728	92,923,975
13.4	Allowance for ECL - Others		
	As at July 01,	6,229,194	7,380,011
	Add: Allowance for the year	4,415,456	4,342,439
	Less: Bad debt written off	(2,950,070)	(5,493,256)
	As at June 30,	7,694,580	6,229,194
14	RECEIVABLE FROM RELATED PARTIES		
	Aequitas (Private) Limited - Financial Consultancy	14.1 -	2,406,250
	The Associate	14.2 -	2,999,907
	Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)	14.3 -	2,334,288
	BDO	-	7,740,445

- 14.1 This represent receivable from Aequitas (Private) Limited against the services rendered.
- 14.2 This represents the net balance of shared expenses of common facilities utilized by the Associate and the Holding Company, which have been subsequently received.
- 14.3 This represents a shortfall in deduction of withholding tax from the salary of the CEO. The amount has been subsequently received and settled during the year.
- 14.4 The maximum aggregate amount outstanding from related parties at any time during the year was:

	Note	2026 Rupees	2025 Rupees
Aequitas (Pvt.) Limited	14.1	2,406,250	2,406,250
The Associate	14.2	2,999,907	2,999,907
TenX (Private) Limited		333,453	333,453
Shortfall in deduction of withholding tax from Chief Executive Officer (CEO)	14.3	2,334,288	2,334,288
		<u>8,073,898</u>	<u>8,073,898</u>

- 14.5 Age analysis of receivable from related parties, past due but not impaired is as follows:

0 to 6 months	2,406,250	5,073,348
6 to 12 months	-	2,667,097
	<u>2,406,250</u>	<u>7,740,445</u>

15 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances - unsecured and considered good

To employees	15.1	1,116,862	1,897,626
To suppliers		1,557,695	308,869
Prepayments		2,496,985	2,587,450
Interest receivable	15.2	218,491	-
		<u>5,390,033</u>	<u>4,793,945</u>

- 15.1 This represents advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and are deductible from their salaries.
- 15.2 This represents the interest receivable on short term investment in treasury bills as disclosed in Note 16.

16 SHORT TERM INVESTMENTS

Investment in treasury bills	16.1	<u>97,346,900</u>	<u>-</u>
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- 16.1 This relates to investment in treasury bills by the Group. They carry yield ranging from 10.15% to 11.74 % (2025: 19.84% to 21.64%) per annum.

17 CASH AND BANK BALANCES

Cash in hand		35,418	19,827
Balances at banks			
- Current account		336,534	9,278,593
- Savings accounts	17.1	119,747,303	119,043,660
		<u>120,119,255</u>	<u>128,342,080</u>

- 17.1 This carries mark up ranging 8.75% to 9.75% (2025: 9.25% to 19.00%) per annum.

BDO

			2026 Rupees	2025 Rupees
18	SHARE CAPITAL			
18.1	Authorized share capital			
	2026 (Number of shares)	2025 Ordinary shares		
		Ordinary shares of Rs. 1 (2025: Rs. 1) each		
	<u>125,000,000</u>	<u>125,000,000</u>	<u>125,000,000</u>	<u>125,000,000</u>
18.2	Issued, subscribed and paid up share capital			
		Ordinary shares of Rs. 1 (2025: Rs. 1) each, fully paid in cash		
	15,000,000	15,000,000	15,000,000	15,000,000
		Ordinary shares of Rs. 1 (2025: Rs. 1) each, issued as bonus shares		
	<u>59,529,000</u>	<u>59,529,000</u>	<u>59,529,000</u>	<u>59,529,000</u>
	<u>74,529,000</u>	<u>74,529,000</u>	<u>74,529,000</u>	<u>74,529,000</u>

- 18.2.1 The shares of LSE Ventures Limited in the Group are currently blocked in their CDS Account with voting rights in favour of the Buyer's Agent under the Mutual Buyout Agreement. However, the subject agreement and applicable provision therein is currently under dispute as disclosed in Note 23.1.4.

19 LEASE LIABILITIES

Lease period for the lease during current year consists of 3 years (2025: 3 years). The effective interest rate used as the discounting factor is 11.39% (2025: 11.39%). The amounts of future payments and the periods in which they will become due are:

19.1 As at June 30,

2025	-	-
2026	-	9,289,946
2027	9,986,690	9,986,690
2028	10,735,692	10,735,692
	20,722,382	30,012,328
Less: future finance charges	(1,612,956)	(3,810,688)
Present value of lease payments	19,109,426	26,201,640
Less: Current maturity	(8,730,150)	(9,046,122)
800	<u>10,379,276</u>	<u>17,155,518</u>

19.2 Lease payments (LP) and their present value (PV) are as follows:

2026		2025	
LP	PV of LP	LP	PV of LP
----- Rupees -----			
Due not later than 1 year	9,986,690	8,730,150	9,289,946
Due later than 1 year but not later than 5 years	10,735,692	10,379,276	20,722,382
	<u>20,722,382</u>	<u>19,109,426</u>	<u>30,012,328</u>
			<u>26,201,640</u>

	Note	2026 Rupees	2025 Rupees
19.3 Movement of lease liabilities			
Opening balance		26,201,640	8,217,558
Add: Addition during the year		-	26,201,640
Add: Interest expense for the year	30	2,197,732	424,230
Less: Payments made during the year		<u>(9,289,946)</u>	<u>(8,641,788)</u>
Closing balance		19,109,426	26,201,640
Less: Current portion of lease		<u>(8,730,150)</u>	<u>(9,046,122)</u>
		<u>10,379,276</u>	<u>17,155,518</u>

20 CONTRACT LIABILITIES

Advance from customers	20.1	8,150,000	12,700,626
Deferred revenue	20.2	78,320,597	77,609,408
		<u>86,470,597</u>	<u>90,310,034</u>

20.1 This represents advance received from customers for future rating of entities.

20.2 This represents deferred revenue relating to services recognized over time.

20.3 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 87.76 million (2025: Rs. 71.01 million).

21 TRADE AND OTHER PAYABLES

Accrued expenses	21.1	29,442,778	57,171,783
Provident Fund payable		2,054,617	1,809,831
Workers' Welfare Fund	21.2	4,350,179	7,005,709
Withholding tax payable		4,395,209	6,447,196
Sales tax payable		10,033,471	9,864,462
		<u>50,276,254</u>	<u>82,298,981</u>

21.1 This includes balance payable to following related parties:

Integrated Equities Limited	-	2,666,364
LSE Capital Limited	-	1,524,701
Al Haq Securities Private Limited	-	41,597
BDO	-	<u>4,232,662</u>

	Note	2026 Rupees	2025 Rupees
21.2 Workers' Welfare Fund			
As at July 01,		7,005,709	6,852,974
Provision for the year	28	4,350,179	3,642,799
Payment during the year		<u>(7,005,709)</u>	<u>(3,490,064)</u>
As at June 30,		<u>4,350,179</u>	<u>7,005,709</u>
22 TAXATION - NET			
Provision for taxation	22.1	88,689,916	49,746,651
Less: Advance income tax		(88,253,075)	(48,655,203)
Less: Prepaid levy		<u>(118,503)</u>	<u>(144,345)</u>
		<u>318,339</u>	<u>947,103</u>
22.1 Movement of provision for taxation is as follows:			
Opening balance		49,746,651	49,619,077
Provision for the year	32	88,689,916	49,869,276
Less: Adjustments / payments during the year		(49,747,668)	(48,878,785)
Add: Prior year adjustment		<u>1,017</u>	<u>(862,917)</u>
		<u>88,689,916</u>	<u>49,746,651</u>

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- 23.1.1 Tax authorities have issued notices under section 161(1)(1A) for the tax years 2014, 2016, 2017 and 2021 to the Group. These were issued on account of non-deduction of withholding tax on expenses and purchases. The aggregate tax liability for 2016 and 2017 amounts to Rs. 3.33 million while no tax liability has been computed for tax year 2014 and tax year 2021. These cases are pending with tax officials at various forums. The management expects a favorable outcome.
- 23.1.2 The DCIR issued a notice under section 4-C for the tax year 2022 and 2024 for recovery of super tax on July 11, 2023 and February 10, 2025 respectively. Reply has been submitted and the case is pending with tax officials. The management expects a favourable outcome in this regard.
- 23.1.3 The Assistant Commissioner, Sindh Revenue Board (the "ACSR"), issued a notice dated October 21, 2021 under sections 3 and 8 of the Sindh Sales Tax on Services Act, 2011 (the "Act") for the tax years 2017, 2018, 2019, and 2020. The notice was issued in respect of an alleged revenue difference between the Sindh Revenue Board (SRB) sales tax returns and the audited financial statements for the aforesaid periods. Accordingly, the ACSR required the Group to either justify the alleged discrepancy or pay the purported shortfall in sales tax amounting to Rs. 33.26 million, together with the applicable default surcharge to be determined at the time of payment. In response, the Group submitted documentary evidence supporting the declared revenue, including verified copies of the relevant sales tax returns, demonstrating that the sales tax paid was correct and accurately reported. After considering the submissions and evidence placed on record, the assessing officer passed a judgment dated July 02, 2022, whereby a tax liability of Rs. 0.83 million and a penalty of Rs. 0.76 million were assessed. Being aggrieved by the said order, the Group filed an appeal before the Commissioner Appeals, SRB, and submitted a detailed written reply. The matter is currently reserved for decision. Based on the facts of the case, the submissions made, and the available documentation, the management is of the view that the outcome of the matter is not expected to have a material adverse impact.

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- 23.1.4 Under a tri-party agreement dated January 12, 2025, the Group's majority shareholders Mr. Mumtaz Hussain, Mr. Sardar Ali Wattoo, Mr. Usman Haider and Mr. Adnan Afaq (the "Buyers Group"), with Mr. Mumtaz Hussain as Buyer's Agent, entered into a Mutual Buyout Agreement ("MBO") with LSE Ventures Limited ("LSEVL" or the "Seller"). Under the MBO, the Buyers Group is to acquire the Seller's entire shareholding in the Group of 26.830 million shares (the "Shares") for Rs. 600 million. The consideration in this regard is payable in ten equal semi-annual instalments of Rs. 60 million each over five years, through assignment and payment of dividends by the Group. The Buyer's Agent Mr. Mumtaz Hussain has guaranteed any shortfall in an instalment. The Shares are held in blocked form in the Seller's CDS account. On payment of each instalment, the escrow agent is required to transfer 2.683 million Shares to the Buyers Group. The first instalment was paid on January 14, 2025, through a dividend from the Group, net of applicable withholding tax, and 2.683 million Shares were transferred accordingly. On June 30, 2025, the Seller issued a notice terminating the MBO, the matter is currently under dispute.

On December 08, 2025, LSEVL instituted a civil suit against the Group and other defendants seeking, among other relief, cancellation of the MBO and the Escrow Framework Agreement (both dated January 12, 2025), along with interim relief. By its order dated June 4, 2026, the Court overruled the Group's and the Buyers Group's preliminary objection regarding maintainability of the subject suit. The Court also refused LSEVL's requests for a stay of the operation of the MBO and the Escrow Framework Agreement, an injunction restraining interference with the voting rights attached to its shares, and a restraint on further transfer of the Shares. LSEVL has appealed the decision of the Civil Court with the court of Additional District & Sessions Judge, Lahore on June 15, 2026, who has directed the parties to maintain status quo. The next hearing for the appeal is scheduled for October 5, 2026.

The Group is of the view that matter under dispute is between the Buyers Group and the Seller, and the Group is only the counterparty with administrative in nature and the subject dispute has no material impact on the Group's operations.

- 23.1.5 Pursuant to the Court order dated December 10, 2025 to right to vote in the EOGM dated December 30, 2025, on January 27, 2026, Mr. Mumtaz Hussain, Mr. Sardar Ali Wattoo, and Mr. Adnan Afaq (forming part of the Buyers' group) instituted proceedings before the Lahore High Court challenging the election of the director(s) nominated and/or voted for by the Seller at the said EOGM. The Group, the Seller, CDC, CDC Share Registrar Services Limited, SECP and directors nominated by the seller have been impleaded as Respondents in the said petition.

The Lahore High Court has issued notices to the Respondents and, as an interim measure, has directed that any decisions taken by the director(s) elected pursuant to the impugned nomination/voting shall remain subject to the final outcome of the proceedings before the Court. The next hearing of the case is scheduled for October 27, 2026.

The Group is of the view that matter under dispute is between the Buyers Group and the Seller, and the Group is only the counterparty with administrative in nature and the subject dispute has no material impact on the Group's operations.

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- 23.1.6 On June 2, 2026, the Adjudication Department I of the Securities and Exchange Commission of Pakistan (SECP) issued a Show Cause Notice ("SCN") to the Group and certain of its current and former directors and chief executives. The SCN was issued following an application by LSE Ventures Limited dated November 15, 2025 under section 256(1)(a) of the Companies Act, 2017.

The SCN relates to the Group's investments in an associated company during the period 2017 to 2025. The alleged matters raised are procedural in nature and stated on a prima facie basis. They concern (i) the content of general meeting notices, investment made in/loan given to TISL, and non-disclosure of interest by certain Directors, and (ii) Board approval before the Group's June 2025 decision not to subscribe to a rights issue by the associated company.

The Group, together with certain of the noticees, filed its reply on July 16, 2026, and a hearing was held on August 11, 2026. No adjudication order has been issued, and no further hearing has been fixed. Based on current assessment, management does not expect the matter to have any material adverse effect on the Group's business, operations, or financial condition.

- 23.1.7 On June 16, 2026, LSEVL filed a civil suit before the Senior Civil Judge, Lahore (Special Court, Commercial Cases). The suit amongst other seeks; a declaration that "sponsor" or "sponsoring shareholder" status is confined to the two original subscribers to the Group's Memorandum and Articles of Association, being the erstwhile Lahore Stock Exchange (of which the plaintiff claims to be the institutional successor) and IBCA Ratings/Fitch; a declaration that the four existing individual shareholders of the Buyers Group may not describe themselves as sponsors, save for one who may establish lawful succession to the IBCA/Fitch position. The matter is at a preliminary stage, and notices/summons have been issued to the defendants. The Group has yet to file its response, which is under consideration. The next hearing is scheduled for October 15, 2026. Based on advice of its legal council, the management believes that the matter is between the shareholders of the Group and has no material impact on its operations.

23.2 Commitments

- 23.2.1 JS Bank Limited has issued performance guarantee on behalf of the Group in favour of Finance Department of Government of Punjab amounting to Rs. 0.05 million (2025: Rs. 0.05 million).

	Note	2026 Rupees	2025 Rupees
24 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Income from rating business			
- Domestic		583,935,475	521,173,523
- Foreign		1,987,000	1,927,000
		585,922,475	523,100,523
Income from non rating business			
- Domestic		17,205,001	24,475,928
- Foreign	24.1	15,848,850	15,181,401
		33,053,851	39,657,329
Less: Provincial sales tax		(80,891,452)	(75,340,554)
Revenue from contracts with customers - Net		538,084,874	487,417,298

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- 24.1 Under the Agreement for Technical Affiliation, in addition to services provided for initial setup of LRA's rating business, the Group is performing agreed upon services relating to training, rating audit and review. In accordance with IFRS 15 'Revenue from contract with customers' the Group has determined that these ongoing activities consist of distinct but substantively same services and thus can be classified as a single performance obligation.

24.2 Disaggregation of fees income

Contracts with customers is disaggregated primarily by types of rating, timing of revenue recognition and geographical market:

	Note	2026 Rupees	2025 Rupees
Type of rating services			
Entity rating		347,835,242	313,532,037
Instrument rating		113,201,647	91,088,805
Vendor assessment		600,000	3,300,000
Fund rating		45,756,462	43,687,368
		507,393,351	451,608,210
Type of Non rating services			
Consultancy services		15,848,850	15,201,401
Credit risk assessment training		14,842,673	20,607,687
		<u>538,084,874</u>	<u>487,417,298</u>
Timing of revenue recognition			
Revenue recognized at a point in		370,093,851	338,691,019
Revenue recognized over time		167,991,023	148,726,279
		<u>538,084,874</u>	<u>487,417,298</u>
Geographical market			
Pakistan		520,249,024	470,308,897
United Kingdom		1,987,000	1,927,000
Sri Lanka		15,848,850	15,181,401
		<u>538,084,874</u>	<u>487,417,298</u>

25 REMUNERATION COST

Salaries and other benefits	25.1	246,203,522	237,198,386
Retired employee benefits		1,554,042	2,042,329
External rating committee member fee		12,173,468	10,901,408
		<u>259,931,032</u>	<u>250,142,123</u>

- 25.1 Salaries and other benefits include Rs. 6.90 million (2025: Rs. 8.06 million) in respect of contribution to provident fund.

BDO

	Note	2026 Rupees	2025 Rupees
26 INFRASTRUCTURE COST			
Rent, rates and taxes		4,175,698	3,825,252
Utilities		5,897,593	6,287,816
Technology and related expenses		5,354,368	5,859,126
Repairs and maintenance		2,096,547	2,193,587
Depreciation on operating fixed assets		7,188,148	7,813,292
Amortization on intangible assets	8.3	1,278,431	2,467,652
Depreciation on right of use asset	9	8,733,006	6,254,321
Others		1,966,532	2,986,442
		<u>36,690,323</u>	<u>37,687,488</u>
27 ADMINISTRATIVE COST			
Directors' meeting expense	27.1	10,850,000	5,050,000
Legal and professional charge		5,608,091	4,339,384
Entertainment and related expense		5,455,944	5,917,788
Travelling, food and accommodation		3,796,580	5,360,804
Auditors' remuneration	27.2	3,260,000	2,852,600
Tax advisory, consultancy and fees		1,538,545	5,843,195
Communication and related expense		1,170,137	1,760,431
Promotional expense		452,170	463,591
Mess expense		776,549	647,555
Others		4,662,968	2,903,854
		<u>37,570,984</u>	<u>35,139,202</u>
27.1	This represents the meeting fee paid to Directors of the Group for attending the meetings held during the year.		
27.2	Auditors' remuneration		
Statutory audit fee		2,610,000	1,560,000
Out of pocket expense		270,000	112,600
Certificates and other assurance engagements		380,000	1,180,000
		<u>3,260,000</u>	<u>2,852,600</u>
28 OTHER EXPENSE			
Expected credit loss - Net		2,956,132	4,273,690
Foreign exchange loss - Net		975,675	-
Loss on disposal of operating fixed assets		94,390	40,557
Workers' Welfare Fund		4,350,179	3,642,799
<i>BDO</i>		<u>8,376,376</u>	<u>7,957,046</u>

		Note	2026 Rupees	2025 Rupees
29	OTHER INCOME			
	Markup on savings accounts		5,653,856	9,854,014
	Profit on short term investments	16	7,604,311	1,824,895
	Reimbursement of out-of-pocket expenses		257,989	509,201
	Reimbursement from clients		1,082,690	2,156,915
	Miscellaneous income		1,736,485	436,927
			<u>16,335,331</u>	<u>14,781,952</u>
30	FINANCE COST			
	Finance cost on lease liabilities	19.3	2,197,732	424,230
	Bank charges		102,974	59,039
			<u>2,300,706</u>	<u>483,269</u>
31	LEVY			
	Levy	31.1	178,359	171,084
	Minimum tax differential	31.2	25,876,657	-
			<u>26,055,016</u>	<u>171,084</u>
31.1	This represents final tax paid under section 154(1)(b) of Income Tax Ordinance, 2001 ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.			
31.2	This represents portion of minimum tax paid under section 154 (1) of Income tax ordinance, 2001 ("the Ordinance"), representing levy in terms of requirements of IFRIC 21/IAS 37.			
32	TAXATION			
	Current tax			
	- Current		62,634,900	49,698,192
	- Prior	32.3	442,306	2,537,516
			<u>63,077,206</u>	<u>52,235,708</u>
	Deferred tax			
	relating to origination of temporary differences	12	(2,219,372)	217,262
	Effect of rate change		(95,782)	-
			<u>(2,315,154)</u>	<u>217,262</u>
			<u>60,762,052</u>	<u>52,452,970</u>
32.1	Current tax liability for the year as per the Ordinance		89,132,222	52,406,792
	Portion of current tax liability as per tax laws, representing income tax under IAS 12		(88,953,863)	(52,235,708)
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(178,359)	(171,084)
	<i>800</i>		<u>-</u>	<u>-</u>

32.2 The aggregate of final tax and current income tax amounting to Rs. 89.13 million (2025: Rs. 50.63 million) represents tax liability of the Group calculated under the relevant provisions of the Income Tax Ordinance, 2001.

32.3 This includes disallowance of certain expenses pertaining previous tax years, which led to a revised assessment and payment of Rs. 0.44 million (2025: Rs. 3.40 million).

	Note	2026 Rupees	2025 Rupees
33 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the year		<u>133,140,742</u>	<u>112,814,486</u>
		Numbers	Numbers
Weighted average number of ordinary shares	18.2	<u>74,529,000</u>	<u>74,529,000</u>
		Rupees	Rupees
Earnings per share - basic and diluted		<u>1.79</u>	<u>1.51</u>

33.1 Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares.

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34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities include creditors, liabilities against assets subject to finance lease, accrued and other liabilities. The Group's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Group. This department also provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

34.1 Market risk

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at June 30, 2026 and June 30, 2025.

34.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group, are periodically restated to Pak Rupee equivalent and the associated gain or loss is taken to the consolidated statement of profit or loss.

The Group is exposed to currency risk on trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD).

Particulars	2026	2025
Assets		
Trade debts - USD	135,500	113,500
<i>BDO</i>		

34.1.2 Exchange rate applied during the year

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

	Average rate for the year		Reporting date rate	
	2026	2025	2026	2025
USD to PKR	280.91	281.28	278.05	283.76

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before income tax.

Changes in rates	2026 Rupees	2025 Rupees
	Effect on profit before income tax	
1%	376,758	322,068
-1%	(376,758)	(322,068)

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

34.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

34.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counter parties. The Group does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Group applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for trade debts.

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The management monitors and limits the Group's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Group is exposed to credit risk on long term deposits, trade debts, receivable from related parties, loan to an associate, short term investment and bank balances. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2026 Rupees	2025 Rupees
Trade debts - unsecured	13	124,732,923	117,862,744
Receivable from related parties	14	-	7,740,445
Short term investments	16	97,346,900	-
Bank balances	17	120,083,837	128,322,253
		<u>342,163,660</u>	<u>253,925,442</u>

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate
34.2.1 Trade Debts - other than related party			
June 30, 2026			
Past due:			
1-90 days	61,887,744	1,828,965	2.96%
91-180 days	13,893,726	1,515,884	10.91%
181-270 days	4,420,834	1,044,969	23.64%
271-365 days	2,827,869	1,225,955	43.35%
Above 365 days	3,385,396	2,078,807	61.41%
	<u>86,415,569</u>	<u>7,694,580</u>	
June 30, 2025			
Past due:			
1-90 days	67,359,524	570,968	0.85%
91-180 days	7,021,399	432,426	6.16%
181-270 days	4,181,523	1,301,003	31.11%
271-365 days	2,360,642	2,140,046	90.66%
Above 365 days	4,799,274	1,784,751	37%
<i>BDO</i>	<u>85,722,362</u>	<u>6,229,194</u>	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The information about the credit risk exposure on the Group's trade debts using a provision matrix is given above.

34.2.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution

Ratings		
Agency	Short Term	Long term

Bank balances

Bank AL Habib Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	PACRA	A1+	AA

34.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Carrying amount	Contractual cash flows	Within one year	More than one year
----- Rupees -----			

As at June 30, 2026

Lease liabilities	19,109,426	20,722,382	9,986,690	10,735,692
Trade and other payables	31,497,395	31,497,394	31,497,394	-
	50,606,821	52,219,776	41,484,084	10,735,692

BDO

Carrying amount	Contractual cash flows	Within one year	More than one year
----- Rupees -----			

As at June 30, 2025

Lease liabilities	26,201,640	30,012,328	9,289,946	20,722,382
Trade and other payables	58,981,614	58,981,614	58,981,614	-
	<u>85,183,254</u>	<u>88,993,942</u>	<u>68,271,560</u>	<u>20,722,382</u>

34.4 Changes in liabilities arising from financing activities

As at July 01,	Cash flows	Additions	Others	As at June 30,
----- Rupees -----				

June 30, 2026

Lease liabilities	26,201,640	(9,289,946)	-	2,197,732	19,109,426
Accrued markup	417	(417)	-	-	-
	<u>26,202,057</u>	<u>(9,290,363)</u>	<u>-</u>	<u>2,197,732</u>	<u>19,109,426</u>

June 30, 2025

Lease liabilities	8,217,558	(8,641,788)	26,201,640	424,230	26,201,640
Accrued markup	3,722,195	(4,443,016)	721,238	-	417
	<u>11,939,753</u>	<u>(13,084,804)</u>	<u>26,922,878</u>	<u>424,230</u>	<u>26,202,057</u>

34.5 Financial instruments by categories

At Amortized cost	
2026	2025
----- (Rupees) -----	

Assets as per consolidated statement of financial position

Long term deposits	1,335,300	1,335,300
Trade debts - Unsecured	124,732,923	117,862,744
Receivable from related parties	-	7,740,445
Advances, prepayments and other receivables	1,335,353	1,897,626
Short term investment	97,346,900	-
Bank balances	120,119,255	128,342,080
	<u>344,869,731</u>	<u>257,178,195</u>

Liabilities as per consolidated statement of financial position

Lease liabilities	19,109,426	26,201,640
Trade and other payables	31,497,395	58,981,614
	<u>50,606,821</u>	<u>85,183,254</u>

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35 FINANCIAL AND NON FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial and non financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial and non financial instruments reflected in these consolidated financial statements approximate to their fair value.

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Group does not have any financial and non financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

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36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Associated Companies, Group's directors and key management personnel. Balances with related parties are disclosed in respective notes to the consolidated financial statements. Significant transactions with related parties other than those disclosed elsewhere in the consolidated financial statements are as follows:

Name of related party	Nature of transaction	2026 Rupees	2025 Rupees
	Amount received from associated company against expenses	6,104,717	-
Tasdeeq Information Services Limited - Associate (12.84% owned)	Expenses paid on behalf of the associated company	3,104,810	3,202,836
	Expenses paid by associated company on behalf of the Group	-	464,312
Lanka Rating Agency Limited - investee	Income from services provided by the Group	15,848,850	15,181,401
	Receipt from the investee	10,800,362	15,288,365
TenX (Private) Limited - an associate due to common directorship	Expenses paid on behalf of the associated company	-	333,453
	Receipts from the associated company	-	723,746
Integrated Equities Limited - an associate due to common directorship	Financial advisory services for listing on GEM Board from associated company	-	2,516,127
	Payment made to the associated company	2,892,815	-
	Brokerage commission to associated company	-	376,688

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Name of related party	Nature of transaction	2026 Rupees	2025 Rupees
LSE Capital Limited - an associate due to common directorship	Consultancy services for listing on GEM Board from associated company	-	1,160,000
	Payment made to the associated company	1,524,701	-
	Expenses paid by associated company on behalf of the Group	-	364,701
Al Haq Securities Private Limited - an associate due to common directorship	Brokerage commission to associated company	-	47,270
	Payment made to the associated company	47,270	-
Post employment benefits	Contributions to Provident Fund Trust	6,899,436	8,056,433
Usman Haider (14.3% equity held)	Dividend paid	-	11,203,369
	Receipts against shortfall in deduction of withholding tax from CEO	2,334,288	-
	Shortfall in deduction of withholding tax from CEO 36.1	-	2,334,288
LSE Ventures Limited (32.7% equity held)	Dividend paid	-	29,875,673
Mumtaz Hussain Syed (18.5% equity held)	Dividend paid	-	22,406,738
Sardar Ali Watto (10.9% equity held)	Dividend paid	-	11,203,380
Muhammad Adnan Afaq (10.6% equity held)	Dividend paid	-	8,298,804
Other Directors (0.00004% equity held)	Dividend paid	-	78

36.1 This represents a shortfall in deduction of withholding tax from the salary of the CEO during prior year. The amount has been received within the tax year 2025-2026.

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36.2 Outstanding balances of related parties are disclosed in the relevant notes to the consolidated financial statements.

36.3 Particulars of Related Parties Incorporated Outside Pakistan

Name of related party	Lanka Rating Agency Limited
Registered Address	No. 145, Kynsey Road, Colombo 8, Sri Lanka
Country of incorporation	Sri Lanka
Basis of association	Investee
Average percentage of shareholding	13.70%
Shareholding through other entities	N/A
Chief Executive	Kenneth Gordon Christie De Zilwa
Operational Status	To provide services as an approved credit rating agency in Sri Lanka.
Auditors' opinion on latest available financial statements	Unmodified opinion

36.4 The details of compensation paid to key management personnel are shown under the heading of 'Remuneration of Chief Executive, Directors and Executive Note 37. There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

36.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

36.6 Names of related parties along with basis of relationship, with whom the Group may or may not have entered into transactions during the year, are as follows:

Name of related party	Basis of relationship	2026	2025
		Percentage of shareholding	
PACRA Analytics (Private) Limited	Shareholding	100%	100%
Tasdeeq Information Services Limited	Associated company	12.84%	15.57%
Lanka Rating Agency Limited	Investee company	13.70%	13.70%
TenX (Private) Limited	Common directorship	-	-
LSE Capital Limited	Common directorship	-	-
Integrated Equities Limited	Common directorship	-	-
Al Haq Securities (Private) Limited	Common directorship	-	-

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37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Non-executive directors		Executives	
	2026	2025	2026	2025	2026	2025
	Rupees					
Managerial remuneration	34,500,000	30,000,000	-	-	109,467,900	108,768,000
Contribution to provident fund	1,500,000	1,303,696	-	-	4,836,804	4,609,207
Bonus	6,500,000	5,488,718	-	-	26,766,250	25,544,636
Meeting fee	-	-	10,850,000	5,050,000	-	-
Reimbursable expenses	610,513	-	-	-	1,105,003	1,014,529
	43,110,513	36,792,414	10,850,000	5,050,000	142,175,957	139,936,372
Number	1	1	8	6	17	26

- 37.1 Executives includes employees other than chief executive officer and directors whose basic salary exceeds Rs. 1,200,000 during the year.
- 37.2 Managerial remuneration includes salaries and wages.
- 37.3 Directors' fee is paid for attending meetings of Board of Directors.
- 37.4 The Group has 9 (June 30, 2025: 7) Directors including Chief Executive Officer and Independent Directors. No remuneration, other than meeting fee, is being paid to any Director except Chief Executive Officer.

38 NUMBER OF EMPLOYEES

	2026	2025
Number of employees as at June 30,	79	82
Average number of employees for the year	82	82

39 SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

Following information has been disclosed with the reference to disclosure requirements of fourth schedule of the Companies Act, 2017 with respect to all listed companies.

	2026 Rupees	2025 Rupees
Consolidated Statement of Financial Position - Liability Side		
Financing obtained as per Islamic mode of financing	N/A	N/A
Interest or mark-up accrued on any conventional loan or advance	N/A	N/A
Consolidated Statement of Financial Position – Asset Side		
Shariah compliant investments	N/A	N/A
Shariah compliant bank balances	N/A	N/A
Non-shariah bank balances	120,083,837	128,322,253
Non-shariah compliant investments	97,346,900	Zero

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Description	Explanation	2026 Rupees	2025 Rupees
Consolidated Statement of profit or loss			
Revenue from contracts with customers - net	Shariah compliant	538,084,874	487,417,298
Late payment charges / liquidated damages	Non shariah compliant	Zero	Zero
Source and detailed breakup of other incomes			
Profit earned from bank deposits, bank balances or TDRs	Shariah compliant	Zero	Zero
Profit earned from bank deposits	Non shariah compliant	5,653,856	9,854,014
Profit earned from short term investments	Non shariah compliant	7,604,311	1,824,895
Exchange gain earned from actual currency	Shariah compliant	Zero	Zero
Exchange gain earned using conventional derivative financial instruments	Non shariah compliant	Zero	Zero
Profit paid on Islamic mode of financing	Shariah compliant	Zero	Zero
Interest earned on conventional loan or advance	Non shariah compliant	Zero	Zero
Reimbursement from clients	Shariah compliant	1,082,690	2,156,915
Reimbursement of out-of-pocket expenses	Shariah compliant	257,989	509,201
Miscellaneous income	Non-shariah compliant	1,736,485	436,927
Other income	Non shariah compliant	Zero	Zero

Relationships with banks having islamic window

Institute Name	Region	Nature of Transactions
Bank Al Habib Limited	Pakistan	Savings account
JS Bank Limited	Pakistan	Current account
MCB Bank Limited	Pakistan	Savings account

40 CORRESPONDING FIGURES

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However, no material rearrangement or reclassification has been made during the year ended June 30, 2026.

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 07-Oct-26 by the Board of Directors of the Group.

42 SUBSEQUENT EVENT

There are no significant subsequent events after the reporting date requiring adjustment or disclosure in the financial statements.

43 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

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Monwar Maidee

CHIEF EXECUTIVE OFFICER

[Signature]

DIRECTOR

Sajjad Sultan

CHIEF FINANCIAL OFFICER