



ISE TOWERS LIMITED (FORMERLY ISE
TOWERS REIT MANAGEMENT COMPANY
LIMITED)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2026

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISE TOWERS LIMITED (FORMERLY ISE TOWERS REIT MANAGEMENT COMPANY LIMITED)

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Directors' Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Atif Riaz.

ISLAMABAD

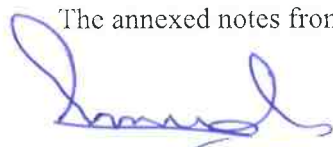
DATED: OCTOBER 05, 2026
UDIN: AR2026100606HGudMZjv

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

ISE TOWERS LIMITED
(FORMERLY ISE TOWERS REIT MANAGEMENT COMPANY LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 ------(Rupees in '000') -----	2025
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	1,396,475	1,303,327
Intangible assets	6	2,154	3,403
Investment property	7	5,600,705	5,405,575
Long term investments	8	-	797,001
Long term advances and deposits	9	25,427	38,550
Deferred taxation	10	2,076	9,541
		<u>7,026,837</u>	<u>7,557,397</u>
CURRENT ASSETS			
Receivables	11	129,519	82,387
Advances and prepayments	12	11,981	16,361
Short term investments	13	404,188	976,378
Cash and bank balances	14	94,936	11,344
		<u>640,624</u>	<u>1,086,470</u>
TOTAL ASSETS		<u><u>7,667,461</u></u>	<u><u>8,643,867</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
600,000,000 (2025: 700,000,000) shares of Rs. 10 each	15.1	<u>6,000,000</u>	<u>7,000,000</u>
Issued, subscribed and paid up share capital	15.2	5,671,870	3,671,870
Surplus on revaluation of property and equipment - net of tax	16	492,049	459,584
Surplus on remeasurement of equity investments at FVOCI		-	177,065
Fixed assets replacement reserve		994	39,963
Unappropriated profits		<u>1,103,346</u>	<u>3,938,191</u>
		<u>7,268,259</u>	<u>8,286,673</u>
NON-CURRENT LIABILITIES			
Long term deposits	17	32,645	26,166
Deferred liabilities	18	23,131	26,689
		<u>55,776</u>	<u>52,855</u>
CURRENT LIABILITIES			
Accrued and other payables	19	92,753	60,096
Advances and deposits	20	192,001	191,278
Tax payable to government	21	151	15,404
Unclaimed dividend	22	58,521	37,561
		<u>343,426</u>	<u>304,339</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,667,461</u></u>	<u><u>8,643,867</u></u>
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes from 1 to 42 form an integral part of these financial statements.



DIRECTOR



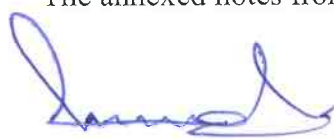
CHIEF EXECUTIVE OFFICER

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ISE TOWERS LIMITED
(FORMERLY ISE TOWERS REIT MANAGEMENT COMPANY LIMITED)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

		2026	2025
	Note	----- (Rupees in '000') -----	
Income			
Operating income	24	479,719	411,271
Operating expenses:			
Depreciation and amortisation	25	(51,654)	(46,969)
Other administrative expenses	26	(90,566)	(77,857)
		(142,220)	(124,826)
Other income	27	148,222	199,882
Financial charges		(41)	(449)
Operating profit		485,680	485,878
Fair value gain on investment property	7.1	195,130	172,070
Fair value gain on investments classified at FVTPL		6,806	18,925
Share of profit from associated companies	28	216,992	223,072
Profit before levy and taxation		904,608	899,945
Levy	29	(25,750)	(5,238)
Profit before taxation		878,858	894,707
Taxation	30	(159,456)	(160,820)
Profit for the year		719,402	733,887
		(Rupees)	(Rupees)
			Restated
Distributable profit		1.31	1.31
Undistributable - unrealized fair value gain		0.49	0.52
Earnings per share - basic and diluted	31	1.80	1.83

The annexed notes from 1 to 42 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER



ISE TOWERS LIMITED
(FORMERLY ISE TOWERS REIT MANAGEMENT COMPANY LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	----- (Rupees in '000') -----	
Profit for the year	719,402	733,887
Other comprehensive income:		
Items that will not be subsequently reclassified to the statement of profit or loss:		
Revaluation surplus on property and equipment	53,980	34,207
Related deferred tax impact	(11,089)	(7,354)
	42,891	26,853
Share of other comprehensive loss of associates	-	(1,388)
Loss on remeasurement of defined benefit obligation	(789)	(1,856)
Surplus on remeasurement of FVOCI investment	4,187	27,764
Other comprehensive income for the year	46,289	51,373
Total comprehensive income for the year	765,691	785,260

The annexed notes from 1 to 42 form an integral part of these financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



ISE TOWERS LIMITED
(FORMERLY ISE TOWERS REIT MANAGEMENT COMPANY LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid up share capital	Capital reserves			Revenue reserve		Total
		Revaluation surplus on property and equipment	Fixed assets replacement reserve	Surplus on remeasurement of equity investments - FVOCI	Accumulated profit		
		(Rupees in '000')					
Balance as at June 30, 2024	3,671,870	442,831	56,454	149,301	3,419,627		7,740,083
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	733,888		733,888
Other comprehensive income for the year	-	26,853	-	27,764	(3,244)		51,373
	-	26,853	-	27,764	730,644		785,261
16	-	(10,100)	-	-	10,100		-
Fixed assets replacement reserve							
Amount collected for fixed assets replacement reserve	-	-	44,496	-	(44,496)		-
Amount utilised from fixed assets replacement reserve	-	-	(60,987)	-	60,987		-
5.2.2	-	-	-	-	-		-
Transactions with owners:							
Final cash dividend for the year ended June 30, 2024 at Rs. 0.65 per share	-	-	-	-	(238,672)		(238,672)
Balance as at June 30, 2025	3,671,870	459,584	39,963	177,065	3,938,191		8,286,673
1.2	-	-	-	-	(50,000)		(50,000)
1.2	-	-	-	-	(781,759)		(781,759)
1.2	2,000,000	-	-	-	(2,000,000)		-
1.2	-	-	-	(181,252)	-		(181,252)
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	719,402		719,402
Other comprehensive income for the year	-	42,891	-	4,187	(789)		46,289
	-	42,891	-	4,187	718,613		765,691
16	-	(10,426)	-	-	10,426		-
Fixed assets replacement reserve							
Amount collected for fixed assets replacement reserve	-	-	59,172	-	(59,172)		-
Amount utilised from fixed assets replacement reserve	-	-	(98,141)	-	98,141		-
5.2.2	-	-	-	-	-		-
Transactions with owners:							
Final dividend at the rate of Rs. 1.40 per share for the year 2025	-	-	-	-	(514,062)		(514,062)
Interim dividend at the rate of Rs. 0.70 per share for the quarter ended December 2025	-	-	-	-	(257,031)		(257,031)
Balance as at June 30, 2026	5,671,870	492,049	994	-	1,103,346		7,268,260

Note

The annexed notes from 1 to 42 form an integral part of these financial statements.

DIRECTOR

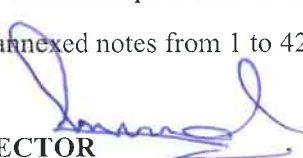
CHIEF EXECUTIVE OFFICER

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ISE TOWERS LIMITED
(FORMERLY ISE TOWERS REIT MANAGEMENT COMPANY LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees in '000') -----	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		878,858	894,707
Adjustment for non-cash income and expenses :	32	(441,216)	(492,018)
		437,642	402,689
Working capital changes			
(Increase) / decrease in current assets			
Receivables		(46,811)	(17,760)
Advances, deposits, prepayments and other receivables including long term advances and deposits		17,502	20,622
		(29,309)	2,862
Increase / (decrease) in current liabilities			
Accrued and other payables		32,657	(13,124)
Advances and deposits		723	36,053
		33,380	22,929
Cash generated from operations		441,713	428,479
Gratuity paid	18.2.1	(1,373)	(12,889)
Compensated absences paid	18.3.1	(392)	(2,055)
Income tax and levy paid		(178,334)	(179,427)
Net cash generated from operating activities		261,614	234,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to Property and equipment		(25,568)	(11,110)
Addition to capital work in progress		(25,184)	(12,498)
Addition to intangible assets		-	(1,838)
Investment encash / made during the year -net		521,802	(304,032)
Proceeds from sale of investments FVTPL		-	23,500
Interest received		70,830	140,989
Dividend received from investment FVOCI		18,625	21,675
Dividend received from associated companies		55,168	72,200
Net cash generated from / (used in) investing activities		615,673	(71,114)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term deposits - net		6,479	2,613
Transfer of funds under the scheme		(50,000)	-
Dividend paid		(750,133)	(233,423)
Financial charges paid		(41)	(449)
Net cash used in financing activities		(793,695)	(231,259)
Net increase / (decrease) in cash and cash equivalents		83,592	(68,265)
Cash and cash equivalents at beginning of the year		11,344	79,609
Cash and cash equivalents at end of the year	14	94,936	11,344

The annexed notes from 1 to 42 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER



ISE TOWERS LIMITED
(FORMERLY ISE TOWERS REIT MANAGEMENT COMPANY LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 CORPORATE AND GENERAL INFORMATION

1.1 STATUS AND NATURE OF OPERATION

ISE Towers Limited, formerly ISE Towers REIT Management Company Limited (the Company) was incorporated on October 25, 1989, as Islamabad Stock Exchange (Guarantee) Limited (ISE) in Islamabad, Pakistan under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) for the purpose of carrying out business of stock exchange. On August 27, 2012, ISE was converted into a public company limited by shares on issuance of certificate of re-registration by the Registrar of the Companies in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

ISE entered into a Memorandum of Understanding (MoU) on August 25, 2015 with Karachi Stock Exchange Limited and Lahore Stock Exchange Limited with the objective to form an integrated stock exchange for development of capital market in Pakistan under the name of Pakistan Stock Exchange Limited (PSX). Accordingly ISE proposed a scheme of integration in its Annual General Meeting held on October 27, 2015 to shift the stock exchange related business, the core business of ISE, to PSX and to change the name and objective of the Company subject to approval of the scheme by the Securities and Exchange Commission of Pakistan (SECP).

SECP approved the scheme of integration under the Companies Act through its order number 01/2016 dated January 11, 2016. As a consequence of this approval of integration, the name and objective of the ISE has been changed. Accordingly, the name of the Company was changed to "ISE Towers REIT Management Company Limited" which has been licensed as Non-Banking Finance Company.

Accordingly, the agreed assets / liabilities of stock exchange business were transferred to PSX with effect from January 11, 2016. The Company was licensed as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, by SECP to form and launch Real Estate Investment Trust (REIT) under the Real Estate Investment Trust Regulations, 2022.

Under the Scheme as disclosed in note 1.2 to the financial statements, the Company's name was changed from ISE Towers REIT Management Company Limited to ISE Towers Limited (ISETL), and its principal business activities were amended accordingly during the year.

The principal line of business of the Company shall be marketing and development of all type of real estate including developed or undeveloped land, housing or commercial projects including

commercial markets or multistoried building (for commercial or residential purposes), shopping centers, restaurants, hotels, recreational facilities etc; with the permission of concerned authorities and compliance with applicable laws and regulations, and the company shall not invite and accept deposits from the public.

The registered office of the Company is situated in 55-B, ISE Towers, Jinnah Avenue, Islamabad.

1.2 Transfer of designated assets under the Scheme of Arrangements

During the year, the Company entered into a Scheme of Compromises, Arrangement, and Reconstruction (the Scheme) with ISE REIT Management Company Limited, formerly ISE Realty Company Limited (ISERMC) subject to applicable regulatory and statutory approvals in accordance with Sections 279 to 283 of the Companies Act, 2017. The Scheme has been undertaken with the objective of restructuring the real estate assets and operations of the Company and ISERMC, with the aim of forming and launching the ISE Towers REIT Scheme through a Special Purpose Vehicle (SPV).

The Scheme was sanctioned by the Honourable High Court, Islamabad (the Court) in the petition "Companies Original No. 15 of 2025", vide its order dated February 18, 2026. The Scheme complied with the provisions of sections 279 to 283 and 285(8) of the Companies Act, 2017. The Scheme was sanctioned by the Court vide its Order No. 15 of 2025 dated February 18, 2026 as required under Section 285(8) of the Companies Act, 2017. The effective date for transfer of designated assets was February 18, 2026 i.e. the date at which designated assets of the Company were vested to the ISERMC. The consideration to be transferred is Rs. 270 million fully paid ordinary shares of the ISERMC of Rs. 10 each, which will be issued to the shareholders of the Company in accordance with the approved swap ratio (i.e 73.53 share of the ISERMC for every 100 share of the Company), as determined through the Court order dated February 18, 2026.

During the year, the below mentioned transfer of long term investments of the Company to ISERMC has been accounted for using the method of accounting in accordance with the requirements of the accounting standard issued by the Institute of Chartered Accountants of Pakistan on "Accounting of Common Control Transactions", as notified by the Securities and Exchange Commission (SECP) under notification S.R.O. 53(I)/2022 dated January 12, 2022, as it was a transaction under common control and therefore, scoped out of IFRS 3.

For approval of the Scheme, an Extraordinary General Meeting (EOGM) of the Company was held on December 16, 2025, at which the Scheme was approved unanimously by the members. The members' resolution was subsequently submitted to the Court for issuance of sanction order for the Scheme. Accordingly, the Scheme was duly sanctioned by the Court vide its order dated February 18, 2026.

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Company's assets transferred to the ISERMC

Details of carrying amount as of effective date designated assets transferred to the ISERMC as follows:

Sr.no	Description	Note	Rupees in '000'
1.	National Clearing Company of Pakistan Limited	8.1.1	479,432
2.	Pakistan Mercantile Exchange Limited (PMEX)	8.1.2	250,408
3.	Central Depository Company of Pakistan Limited	8.2.1	223,424
4.	VIS Credit Rating Company Limited (VIS)	8.2.2	9,747
5.	Issuance of 200,000,037 shares of ISE Towers Limited (ISETL) to the ISERMC		2,000,000
5.	Related OCI reserve of NCCPL and PMEX		(181,252)
			<u>2,781,759</u>

Consideration - shares to be issued under the scheme:

Fully paid up ordinary shares of the ISERMC having face value of Rs.10 per share issued to shareholders of the Company (Number)

270,000,037

Face value Per share (Rupees)

0.010

Total nominal value of consideration transferred (Rupees)

2,700,000

During the year, under the Scheme ISERMC issued 5 million ordinary shares having face value of Rs. 10 per share to the shareholders of the Company against cash paid by the Company.

During the year, the Company incorporated ISERMC and held 1,000 shares in its wholly owned subsidiary. Later in the year, shares had been cancelled under the Scheme.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain items as disclosed in relevant accounting policies below:

These financial statements have been prepared following the accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

The financial statements have been presented in Pakistani Rupees, which is the functional and presentation currency of the Company.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan require the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property and equipment - note 4.1 and 5
- Current and deferred tax - note 4.10 and 30
- Contingencies - note 4.15 and 23
- Staff retirement benefits - gratuity and compensated absences - note 4.8 and 18
- Fair value of investment property - note 4.3 and 7
- Provision for expected credit loss allowance - note 4.13 and 11

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

3.1 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 from
Accounting period
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 financial statements.

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.

	Effective from Accounting period 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 17 Insurance Contracts	January 01, 2027
IFRS 18 Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	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.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Property and equipment

4.1.1 Operating fixed assets

Operating fixed assets are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequently, the leasehold land and building on leasehold land are stated at revalued amounts less accumulated amortisation / depreciation and accumulated impairment losses, if any and all other operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Revalued amounts are fair market values or depreciated replacement cost (as the case may be) based on appraisals prepared by external professional valuer. Any surplus arising upon revaluation of assets is credited to the "Surplus on revaluation of the property and equipment". Any revaluation increase arising on the revaluation of land and building is recognised in other

comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of profit or loss, in which case the increase is credited to the statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and building is charged to the statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property and equipment relating to a previous revaluation of that asset.

Depreciation is charged to the statement of profit or loss commencing when the asset is ready for its intended use, applying the straight line method over the estimated useful life except for leasehold land over its estimated useful life as disclosed in note 5.1 to the financial statements. Depreciation on depreciable assets is commenced from the month the asset is available for use up to the month preceding the month of disposal. Incremental depreciation arising out of surplus on revaluation of property and equipment is transferred to accumulated profit through statement of changes in equity.

Minor renewals / replacements / repairs and maintenance costs are charged to income as and when incurred. Major renewals and replacements are capitalised.

Gains or losses arising on the disposal of operating fixed assets are determined as the difference between the disposal proceeds and the carrying amounts of the assets and are recognised in statement of profit or loss.

4.1.2 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. It consist of expenditure incurred, and other costs directly attributable to operating fixed assets in the course of their construction and installation. All expenditure including borrowing cost connected with specific assets incurred during the construction and installation period are carried under capital work in progress. Items are transferred to operating fixed assets as and when they are available for use.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent cost on intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortisation is charged to the statement of profit or loss on a straight line basis over the useful life of the asset, unless such lives are indefinite. Amortisation on additions to intangible assets are charged from the month in which the asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed-off / derecognised.

4.3 Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in statement of profit or loss.

Cost of investment property includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Minor renewals / replacements / repairs and maintenance costs are charged to statement of profit or loss as and when incurred. Major renewals and replacements are capitalised.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of profit or loss.

4.4 Investment in associates

Associates are those entities in which the Company has significant influence by having common directorship or equity stake of 20% to 50%. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income or loss of the associates.

Changes resulting from the profit or loss generated by the associate are reported within 'Share of profit or loss from associated companies' in statement of profit or loss. Changes resulting from other comprehensive income of the associates or items recognised directly in the associates' equity are recognised in other comprehensive income or equity of the Company, as applicable.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognised.

4.5 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks on current and saving accounts.

4.6 Share capital

Ordinary shares are classified as share capital and represents the nominal value of the shares that have been issued.

4.7 Fixed asset replacement reserve

The Company operates a reserve to ensure that sufficient funds remain available for replacement / purchase of fixed assets of common use, or any part thereof, as per the policy approved by the Board of Directors. The contribution to the fund is made at a rate fixed by the Board of Directors from all the concerned tenants is to be utilised exclusively for this purpose. The Company also set aside / contribute amount to this reserve from its accumulated profit, based on its proportionate ownership in ISE Towers. This fixed asset replacement reserve is not available for distribution to the shareholders.

4.8 Employees benefits

The Company operates unfunded gratuity and leave encashment schemes for all its eligible employees who have completed the minimum qualifying period of service as defined under these schemes. Provisions made annually to cover obligations under the schemes on the basis of actuarial valuation and charged to the statement of profit or loss. The valuation was carried out using "Projected Unit Credit Method".

4.8.1 Gratuity scheme

The Company operates an unfunded gratuity scheme for its regular employees. The scheme pays a lump sum benefit to employees on leaving the Company's service after minimum of 1 years.

The benefit is calculated as follows:

Length of Service:

Less than 1 Year - No benefit

1 Years or more - Last drawn Gross Salary x No. of completed year of service

Normal Retirement age for the gratuity scheme is 60 years.

4.8.2 Leave encashment scheme

The Company operates an unfunded leave encashment scheme for all of its employees. The employees of the Company are entitled to take 24 days of earned leave every year. The unutilised leaves balance is accumulated up to a maximum of 90 days, multiplied by the employee's gross salary per day and its payable upon retirement or separation from the Company.

4.9 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the provision of services in the ordinary course of the Company's activities.

Rental income

Rental income from the Company's investment property is recognised on a monthly basis over the terms of respective rent agreements.

4.10 Taxation

Current tax

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.

Levy

Minimum tax and final tax not based on taxable profits are recognised as a levy in the statement of profit or loss. The amount calculated on taxable income using the notified tax rate is recognised as current income tax expense for the year in statement of profit or loss under the scope of IAS 12. 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 recognised as a levy falling under the scope of IFRIC 21 / IAS 37.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the balance sheet date and are expected to apply to the periods when the differences reverse. Deferred tax for the year is charged or credited to the statement of profit or loss and statement of other comprehensive income.

4.11 Provisions

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

4.12 Foreign currency transactions

Transactions in foreign currencies are converted into Pak rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate prevailing on the statement of financial position date. All exchange differences resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities are included in the statement of profit or loss.

4.13 Financial instruments

Financial assets

The Company initially recognises financial assets on the date when it becomes a party to the underlying contract.

Classification

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

a) Amortised cost

A financial asset is measured at amortised cost, if it meets both the following conditions and is not designated as at fair value through profit or loss:

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

b) Equity Investments at FVOCI

These assets are initially measured at cost plus transaction cost that are directly attributable to its acquisition. Subsequently, these are measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

c) Financial assets at FVTPL

These assets are initially recognised at cost. Subsequently, these are measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.

Subsequent measurement

Financial assets at amortised cost

Measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, contractual cashflows, and foreign exchange losses. Impairment losses are recognised in profit or loss. Any gain or loss on de-recognition is recognised in statement of profit or loss.

Financial assets at FVTPL

Measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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Impairment of financial asset

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and at FVOCI using simplified approach. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

Recognition

Financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

Financial liabilities of the Company includes accrued and other payables, accrued markup, unclaimed dividend and advances and deposits are carried at amortised cost.

Classification

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurement

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also included in statement of profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognised amounts and the Company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

4.14 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are accompanied together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.15 Contingent liabilities

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

4.16 Related party transactions

Related party transactions involves transactions with related parties which are carried out at mutually agreed terms as approved by the Board of Directors of the Company.

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
5	PROPERTY AND EQUIPMENT		
Operating fixed assets	5.1	1,183,360	1,154,218
Capital work in progress	5.2	213,115	149,109
		<u>1,396,475</u>	<u>1,303,327</u>

BAOE & Co.

5.1 OPERATING FIXED ASSETS

Description	At Revaluation		At Cost											Computers and accessories	Total
	Leasehold land	Building on leasehold land	Electrical equipment	HVAC equipment	Plumbing installations	Elevators	Security equipment	IT equipment	Security systems	Furniture and fixture	Office equipment	Vehicles			
(Rupees in '000')															
Net carrying value basis year ended June 30, 2026															
Opening net book value	663,602	390,655	25,225	2,302	2,222	56,428	5,991	1,100	109	2,215	2,724	1,303	342	1,154,218	
Additions	-	1,632	7,432	8,509	-	-	2,601	-	4,320	21	-	-	1,055	25,568	
Revaluation adjustment for the year	25,547	28,433	-	-	-	-	-	-	-	-	-	-	-	53,980	
Depreciation charge	(8,968)	(15,961)	(3,903)	(772)	(259)	(13,042)	(3,147)	(629)	(1,532)	(627)	(447)	(681)	(439)	(50,406)	
Net book value	680,181	404,759	28,754	10,039	1,963	43,386	5,445	471	2,897	1,608	2,277	622	958	1,183,360	
Gross carrying value basis year ended June 30, 2026															
Cost / Revalued amount	689,149	420,719	105,160	166,566	8,110	130,464	27,525	14,001	12,079	9,073	5,737	7,281	5,648	1,601,513	
Accumulated depreciation	(8,968)	(15,961)	(76,406)	(156,528)	(6,147)	(87,078)	(22,080)	(13,530)	(9,182)	(7,464)	(3,459)	(6,659)	(4,690)	(418,153)	
Net book value	680,181	404,759	28,754	10,039	1,963	43,386	5,445	471	2,897	1,608	2,277	622	958	1,183,360	
Net carrying value basis year ended June 30, 2025															
Opening net book value	663,602	380,206	18,943	3,091	2,481	69,469	8,602	1,348	281	2,879	2,320	1,983	334	1,155,540	
Additions	-	-	9,142	-	-	-	506	314	19	-	839	-	290	11,110	
Cost	-	-	(147)	-	-	-	-	-	-	-	(1)	-	(15)	(163)	
Accumulated depreciation	-	-	147	-	-	-	-	-	-	-	1	-	15	163	
Revaluation adjustment for the year	8,848	25,359	-	-	-	-	-	-	-	-	-	-	-	34,207	
Depreciation charge	(8,848)	(14,910)	(2,861)	(789)	(259)	(13,042)	(3,117)	(562)	(191)	(664)	(435)	(680)	(282)	(46,639)	
Net book value	663,602	390,655	25,225	2,302	2,222	56,428	5,991	1,100	109	2,215	2,724	1,303	342	1,154,218	
Gross carrying value basis year ended June 30, 2025															
Cost / Revalued amount	663,602	380,206	97,728	158,057	8,110	130,464	24,924	14,001	7,759	9,052	5,737	7,281	4,593	1,511,515	
Revaluation adjustment for the year	8,848	25,359	-	-	-	-	-	-	-	-	-	-	-	34,207	
Accumulated depreciation	(8,848)	(14,910)	(72,504)	(155,755)	(5,888)	(74,036)	(18,933)	(12,901)	(7,650)	(6,837)	(3,013)	(5,978)	(4,251)	(391,504)	
Net book value	663,602	390,655	25,225	2,302	2,222	56,428	5,991	1,100	109	2,215	2,724	1,303	342	1,154,218	
Useful life / Depreciation rates	99 years	2.5-4.1%	10%	10%	10%	10%	20%	33%	33%	10%	10%	20%	33%		

5.1.1 Lease hold land of the Company is located at Plot no. 55-B (old # 3035), Jinnah Avenue, Blue area, Islamabad, Pakistan with an area of 1659 sq. yds.

5.1.2 Building is located on leasehold land with covered area of 48,117 sq. ft.

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5.1.3 The cost of fully depreciated assets which are still in use amounts to Rs. 259.221 million (2025: Rs. 253.340 million).

5.1.4 The Company has revalued its lease hold land and building on June 30, 2026 by independent valuer M/s Asif Associates (Private) Limited on the basis of market value. At the above date, the revaluation resulted in a surplus of Rs. 53.980 million. Valuations for leasehold land and building on leasehold land were based on fair market value.

Name of independent valuer	Date of revaluation	Revaluation surplus (Rupees in '000')
M/s Asif Associates (Private) Limited	30-Jun-26	53,980
	30-Jun-25	34,207
	30-Jun-24	26,951

5.1.5 The forced sale value of the revalued lease hold land and building has been assessed at Rs. 578.161 million and Rs. 344.045 million respectively, as on June 30, 2026.

5.1.6 Had there been no revaluation, the carrying values would have been as under:

Description	2026		2025	
	Cost	Book value	Cost	Book value
	----- (Rupees in '000') -----			
Leasehold land	309,808	328,628	309,808	250,182
Building on leasehold land	373,025	195,277	373,025	247,726
	<u>682,833</u>	<u>523,905</u>	<u>682,833</u>	<u>497,908</u>

Note 2026 2025
----- (Rupees in '000') -----

5.2 Capital work in progress

Life support system / Life safety system

Opening balance	187,931	136,611
Additions during the year	<u>75,279</u>	<u>51,320</u>
Closing balance	263,210	187,931

Less:

Contribution from sub lessees	5.2.2	<u>(50,095)</u>	<u>(38,822)</u>
Net closing balance		<u>213,115</u>	<u>149,109</u>

5.2.1 This capital work in progress relates to the installation of a smoke ventilation and fire sprinkler system in the building. This CWIP is expected to be completed by the next year.

- 5.2.2 During the year the Company has utilised fixed assets replacement reserve amounting to Rs. 98.141 million (2025: Rs. 60.987 million).

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
6 INTANGIBLE ASSETS			
Computer software	6.1	<u>2,154</u>	<u>3,403</u>
6.1 Movement in this head is as follows:			
Net carrying value basis			
Opening balance		3,403	57
Additions		-	1,838
Transfer from CWIP - computer software		-	1,838
Amortisation		<u>(1,249)</u>	<u>(330)</u>
Closing balance		<u>2,154</u>	<u>3,403</u>
Gross carrying value basis			
Cost		3,745	3,745
Accumulated amortisation		<u>(1,591)</u>	<u>(342)</u>
Closing balance		<u>2,154</u>	<u>3,403</u>
Annual amortisation rate		33%	33%

7 INVESTMENT PROPERTY

At fair value:

Buildings	7.1	<u>5,600,705</u>	<u>5,405,575</u>
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7.1 Movement in this head is as follows:

Opening balance	5,405,575	5,233,505
Fair value gain during the year	<u>195,130</u>	<u>172,070</u>
Closing balance	<u>5,600,705</u>	<u>5,405,575</u>

- 7.2 This represents office spaces in ISE Towers held to earn rentals and for capital appreciation. The carrying value of investment property is the fair value of the property based on the valuation carried by approved independent valuer M/s Asif Associates (Private) Limited on June 30, 2026. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition. There has been no change in valuation technique during the year. In estimating the fair value of property, the highest and best use of properties in their current use has been considered.

- 7.3 Forced sale value of the investment property is assessed at Rs. 4,252.168 million on June 30, 2026.
- 7.4 Investment property is located on leasehold land with covered area of 240,067 sq. ft, including basement area of 146,965 sq. ft.

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
8 LONG TERM INVESTMENTS			
Investments in associated companies	8.1	-	568,017
Investments in other companies	8.2	-	228,984
		<u>-</u>	<u>797,001</u>
8.1 Investments in associated companies - unquoted			
National Clearing Company of Pakistan Limited	8.1.1	-	385,035
Pakistan Mercantile Exchange Limited	8.1.2	-	182,982
		<u>-</u>	<u>568,017</u>
8.1.1 National Clearing Company of Pakistan Limited (NCCPL)			
Investment - at cost		82,208	82,208
Share in post acquisition profits brought forward		302,827	226,865
Share in profit for the year		149,565	149,550
Share in other comprehensive loss for the year		-	(1,388)
Dividend received during the year		(55,168)	(72,200)
		<u>94,397</u>	<u>75,962</u>
		479,432	385,035
Transferred to ISERMC (note 1.2)		<u>(479,432)</u>	<u>-</u>
		<u>-</u>	<u>385,035</u>
8.1.2 Pakistan Mercantile Exchange Limited (PMEX)			
Investment - at cost		61,886	61,886
Share in post acquisition profits brought forward		121,095	47,573
Share in profit for the year		67,427	73,522
		<u>188,522</u>	<u>121,095</u>
		250,408	182,982
Transferred to ISERMC (note 1.2)		<u>(250,408)</u>	<u>-</u>
		<u>-</u>	<u>182,982</u>
8.2 Investments in other companies - unquoted			
FVOCI investments:			
Central Depository Company of Pakistan Limited	8.2.1	-	217,789
VIS Credit Rating Company Limited	8.2.2	-	11,195
		<u>-</u>	<u>228,984</u>

		2026	2025
	Note	----- (Rupees in '000') -----	
8.2.1 Central Depository Company of Pakistan Limited			
Investment - at cost		47,163	47,163
Fair value adjustment		176,261	170,626
		<u>223,424</u>	<u>217,789</u>
Transferred to ISERMC (note 1.2)		<u>(223,424)</u>	<u>-</u>
		<u>-</u>	<u>217,789</u>

8.2.2 VIS Credit Rating Company Limited

Investment - at cost		4,756	4,756
Fair value adjustment		4,991	6,439
		<u>9,747</u>	<u>11,195</u>
Transferred to ISERMC (note 1.2)		<u>(9,747)</u>	<u>-</u>
		<u>-</u>	<u>11,195</u>

9 LONG TERM ADVANCES AND DEPOSITS

Advances to staff	9.1	3,329	2,487
Current portion of advances to staff		<u>(2,581)</u>	<u>(2,371)</u>
		748	116
Advances to contractor	9.2	842	23,655

Deposits with:

Sui Northern Gas Pipelines Limited		11,888	2,650
Islamabad Electric Supply Company Limited		11,874	11,878
Others		<u>75</u>	<u>251</u>
		<u>25,427</u>	<u>38,550</u>

9.1 Advances to employees are given for the purpose of meeting personal expenses. These advances are interest free and recoverable in eighteen equal monthly instalments.

9.2 This represents advances to contractors against ongoing fire and safety projects as per contractual terms. The advances shall be capitalised upon execution of corresponding work in progress.

		2026	2025
	Note	----- (Rupees in '000') -----	
10 DEFERRED TAXATION			
Deferred tax asset	10.3	<u>2,076</u>	<u>9,541</u>

10.1 Deferred tax asset - net is in respect of the following temporary differences:

	2026	2025
	----- (Rupees in '000') -----	
Deferred tax on taxable temporary differences:		
Accelerated depreciation allowance	52,026	57,315
Long term investments	-	111,994
Short term investments	2,092	2,699
Surplus on revaluation of property and equipment	68,986	61,521
	<u>123,103</u>	<u>233,530</u>
Deferred tax on deductible temporary differences:		
Provision for compensated absences	(1,926)	(2,341)
Carry forward of accumulated tax	(361,822)	(267,030)
	<u>(363,748)</u>	<u>(269,371)</u>
	<u>(240,645)</u>	<u>(35,841)</u>

10.2 Net deferred tax asset has been recognised on the basis of next year's profitability. Deferred tax asset amounting to Rs. 238.568 million (2025: Rs. 26.300 million) has not been recognised as management believes that deferred tax asset carried in financial statements is based on expectation of utilization of carry forward losses and future projections of profit.

	Note	2026	2025
		----- (Rupees in '000') -----	
10.3 Movement in deferred taxation			

The balance of deferred tax asset is in respect of the following temporary differences:

Opening balance	9,541	14,544
Recognised in profit or loss	3,624	2,351
Recognised in other comprehensive income	(11,089)	(7,354)
Closing balance	<u>2,076</u>	<u>9,541</u>

11 RECEIVABLES

Considered good - secured:

Rent receivable	10,591	2,428
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Considered good - unsecured:

Receivable from building occupants	11.1	86,370	60,520
Receivable from REIT scheme	11.2	18,903	18,519
Receivable from ISERMC	11.3	13,649	-
Due from sub lessee	11.4	-	500
Others		991	420
		<u>119,912</u>	<u>79,959</u>
		<u>130,504</u>	<u>82,387</u>

		2026	2025
	Note	----- (Rupees in '000') -----	
Considered doubtful based on expected credit loss			
Rent receivable - secured		23	844
Due from sub lessee - unsecured		500	-
		523	844
		131,027	83,231
Balance written off		(985)	-
Allowance for expected credit loss	11.5	(523)	(844)
		129,519	82,387
11.1	This represents receivables from occupants of building on account of utilities and other maintenance services.		
11.2	This represents the incidental expenses of the REIT scheme including against registration of REIT scheme and other due processes.		
11.3	This represents CDC and SECP fees paid by ISERMC on behalf of the Company. The maximum aggregate balance at any month-end during the year amounted to Rs. 13.649 million (2025: Nil). The balance was outstanding for 45 days as at the reporting date.		
11.4	This represents receivables from a party to whom office space in ISE Towers have been sold.		

		2026	2025
	Note	----- (Rupees in '000') -----	
11.5 Movement in allowance for expected credit loss:			
Opening balance		844	738
Charge during the year		664	106
Balance written off		(985)	-
Closing balance		523	844
12 ADVANCES AND PREPAYMENTS			
Advances	12.1	10,622	15,892
Prepayments		1,359	469
		11,981	16,361
12.1 Advances			
Unsecured - considered good:			
Advances to:			
Staff	9.1	2,581	2,371
Contractors		8,041	13,521
		10,622	15,892
Considered doubtful based on expected credit loss		-	225
		10,622	16,117
Allowance for expected credit loss		-	(225)
		10,622	15,892

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		2026	2025
	Note	----- (Rupees in '000') -----	
13	SHORT TERM INVESTMENTS		
At amortised cost:			
Treasury bills	13.1	404,148	829,160
At FVTPL:			
Investment in mutual funds	13.2	40	147,218
		<u>404,188</u>	<u>976,378</u>
13.1 Investment in treasury bills:			
Principal	13.1.1	398,785	815,664
Accrued interest		5,363	13,496
		<u>404,148</u>	<u>829,160</u>
13.1.1	The investment in treasury bills having maturity from April 29, 2027 to June 24, 2027 and carries yield rate ranging from 11.75% to 12.90% (2025 : 10.87% to 12.10%) per annum.		
13.2	This represents investment in 4,003.51 (2025: 1,431.38) units of open ended mutual funds with Allied Bank Asset Management Limited having net asset value at year end of Rs. 10.04.		

		2026	2025
	Note	----- (Rupees in '000') -----	
14	CASH AND BANK BALANCES		
Cash in hand		64	48
Cash at banks			
Savings accounts - Conventional			
- Local currency	14.1	92,830	11,265
Savings accounts - Islamic			
- Local currency	14.2	2,042	31
		<u>94,936</u>	<u>11,344</u>
14.1	Balances in savings accounts carry interest rate of 8.5% (2025: 9.5%) per annum.		
14.2	Balances in savings accounts carry interest rate of 6.5% (2025: 7.4%) per annum.		

15 SHARE CAPITAL

15.1 AUTHORISED SHARE CAPITAL

During the year, under the Scheme, the Company changed its authorised share capital from 700 million shares to 600 million shares, each of Rs 10.

15.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Number of ordinary shares of Rs.10 /- each

2026	2025	2026	2025
----- Number -----		----- (Rupees in '000') -----	
567,187,000	367,186,963	5,671,870	3,671,870

Ordinary shares issued for consideration other than cash

All ordinary shares rank equally with regard to the company's residual assets, entitled to dividend and voting rights.

		2026	2025
	Note	----- (Rupees in '000') -----	
15.2	Movement in share capital is as follows:		
		3,671,870	3,671,870
		2,000,000	-
		<u>5,671,870</u>	<u>3,671,870</u>

16 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX

Balance at beginning of the year		521,105	499,349
Revaluation of property and equipment during the year	16.1	53,980	34,207

Less:

-	Transferred to equity in respect of incremental depreciation charged during the year-net of deferred tax	(10,426)	(10,100)
-	Related deferred tax liability during the year transferred to statement of profit or loss	(3,624)	(2,351)
		<u>(14,050)</u>	<u>(12,451)</u>
		561,035	521,105

Less: Related deferred tax effect:

	Balance at beginning of the year	61,521	56,516
-	On revaluation during the year	11,089	7,356
-	Incremental depreciation charged during the year transferred to statement of profit or loss	(3,624)	(2,351)
		<u>(68,986)</u>	<u>(61,521)</u>
		492,049	459,584

16.1 This represents surplus resulting from revaluation of operating fixed assets as determined by an independent valuer M/s Asif Associates (Private) Limited as at June 30, 2026. The surplus on revaluation of property and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

		2026	2025
	Note	----- (Rupees in '000') -----	
17	LONG TERM DEPOSITS		
		32,645	26,166

- 17.1 This represents deposits received from tenants of ISE Towers that are refundable on expiry or termination of lease agreements. The deposits are not usable for business purpose. These are carried at nominal value as impact of amortisation of these is not material in respect of these financial statements.

	Note	2026 ----- (Rupees in '000') -----	2025
18 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	18.2.1	18,192	20,685
Compensated absences	18.3.1	4,939	6,003
		<u>23,131</u>	<u>26,689</u>

18.1 Staff retirement benefits - gratuity

The scheme provides for terminal benefits for all its permanent/contractual employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2026 using the Projected Unit Credit Method.

18.1.1 Risks associated with the scheme

The Company faces the following risks on account of gratuity:

(a) Final salary risk

The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

(b) Demographic Risks

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Discount rate - The plan liabilities are calculated using a discount rate set with reference to government bond yields. The term of the assumed yield of the government bond is consistent with the estimated term of the post-employment benefit obligation. This is in compliance with Pakistan Society of Actuaries Guidance Note 4 and the subsequent notes on discount rate assumptions issued by the Pakistan Society of Actuaries.

- 18.1.2 Actuarial assumptions have been disclosed in the note 18.2.5 of these financial statements.

	Note	2026 ----- (Rupees in '000') -----	2025
18.2 Staff retirement benefits - gratuity			
18.2.1 Movement in present value of defined benefit obligation			
Opening present value of defined benefit obligation		20,685	25,871
Current service cost for the year		3,089	2,981
Interest cost for the year		1,942	2,866
Remeasurement loss on obligation	18.2.3	789	1,856
Benefits paid during the year		(1,373)	(12,890)
Benefits payable		(6,940)	-
		<u>18,192</u>	<u>20,685</u>
18.2.2 Amount recognised in the statement of profit or loss			
Current service cost		3,089	2,981
Interest cost		1,942	2,866
Charge for the year		<u>5,031</u>	<u>5,847</u>
18.2.3 Remeasurement chargeable to other comprehensive income			
Loss on remeasurement of obligation		<u>789</u>	<u>1,856</u>

18.2.4 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation as at June 30, 2026 is as follows:

	Increase in Assumption ----- (Rupees in '000') -----	Decrease in Assumption
Discount rate	17,345	19,138
Salary increase	19,186	17,286

18.2.5 Principal actuarial assumptions

	2026	2025
Mortality table		
Discount rate (%)	11.75	14.75
Expected rate of increase in salary (%)	14.64	21.11
Average expected remaining working life time of employee (Years)	14.5	8.1
Weighted average duration of the defined benefits obligation (Years)	5	5
Mortality Rate	SLIC (2001-05)	SLIC (2001-05)

2027
Rupees

18.2.6 Estimated expense related to gratuity to be charged to the statement of profit or loss for the year 2026-27

Current service cost	2,708,119
Past service cost	1,937,652
	<u>4,645,771</u>

18.2.7 Expected benefit payments for the next 10 years and beyond

Years

2027	3,400,722
2028	2,102,524
2029	3,836,448
2030	6,702,704
2031	4,391,276
2032	2,365,841
2033	2,055,070
2034	2,148,824
2035	3,938,229
2036	2,100,641
2037 and onwards	68,388,867

2026 **2025**
----- (Rupees in '000') -----

18.3 Compensated absences

18.3.1 Movement in present value of defined benefit obligation

Opening present value of defined benefit obligation	6,003	6,637
Current service cost for the year	325	164
Interest cost for the year	546	827
Benefits paid during the year	(392)	(2,055)
Remeasurement loss on obligation	771	430
Benefits payable	(2,314)	-
Closing present value of defined benefit obligation	<u>4,939</u>	<u>6,003</u>

18.3.2 Amount recognised in the statement of profit or loss

Current service cost	325	164
Remeasurement loss on obligation	771	430
Interest cost for the year	546	827
	<u>1,642</u>	<u>1,421</u>

800270.

18.3.3 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation as at June 30, 2026 is as follows:

	Increase in Assumption ----- (Rupees in '000') -----	Decrease in Assumption ----- (Rupees in '000') -----
Discount rate	4,685	5,224
Salary increase	5,209	4,694

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
19 ACCRUED AND OTHER PAYABLES			
Proceeds from sale of assets of security brokers in default		-	31,345
Payable on account of cancellation of sub lease	19.1	11,375	11,375
Accrued liabilities		2,152	4,242
Corporate social responsibility (CSR)	19.2	6,084	6,768
Audit fee payable		460	460
Other payables		1,485	5,905
Payable to ISERMC	19.3	71,197	-
		<u>92,753</u>	<u>60,096</u>
19.1	This represents the amount payable to an ex-sub lessee upon cancellation of sub lease agreement in accordance with terms contained therein, consequent upon failure of sub lessee to pay the balance amount to the Company. The amount equivalent to 10% of the sale consideration stands forfeited as per terms of the agreement.		
19.2	During the year, a contribution of Rs. 2 million has been made to the CSR. Moreover, an amount of Rs. 2.68 million has been utilised out of this as annual scholarship payment to eligible students.		
19.3	This represents dividends received by the Company on behalf of ISERMC in respect of long term investments and CDC charges paid by ISERMC on behalf of the Company.		

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
20 ADVANCES AND DEPOSITS			
Advance rent	20.1	181,505	181,638
Deposit from members against exposure and clearing house		970	970
Security deposits		-	68
Retention money		9,527	8,602
		<u>192,002</u>	<u>191,278</u>

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		2026	2025
	Note	----- (Rupees in '000') -----	
20.1 Advance rent			
Opening balance		181,638	137,128
Received during the year		416,283	398,300
Income recognised during the year		(416,416)	(353,790)
Closing balance		<u>181,505</u>	<u>181,638</u>
21 TAX PAYABLE TO GOVERNMENT			
Income tax:			
Opening balance		15,404	31,663
Provision for taxation for the year	29.2	188,619	168,409
Prior year adjustment	30	211	-
		<u>204,235</u>	<u>200,072</u>
Advance income tax paid during the year		(204,084)	(184,668)
Closing balance		<u>151</u>	<u>15,404</u>
22 UNCLAIMED DIVIDEND			
Unclaimed dividend		<u>58,521</u>	<u>37,561</u>
Movement is as follows:			
Opening balance		37,561	32,312
Dividends declared		771,093	238,672
Dividends paid		(750,133)	(233,423)
		<u>58,521</u>	<u>37,561</u>

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

Legal cases by the Company:

Writ petition was filed by the Company against the recovery of property tax amounting to Rs. 11.72 million, notice issued by the Metropolitan Corporation Islamabad (MCI) before the Islamabad High Court (IHC), Islamabad. On the first hearing, the IHC suspended the recovery notice with the direction that the Company should keep on depositing the property tax at the previous rate with the MCI.

Legal cases against the Company while operating as Stock Exchange:

Certain cases relating to defaulted TREC Holders have been filed in which the Company is not a direct party. According to the legal advisor, the Company is not exposed to any loss in these cases. In addition, the defendants are the direct parties who may be held responsible for an obligation that may arise.

No pecuniary impact on the Company is expected from the disposal of above pending cases.

23.2 The details of tax contingencies have been discussed below:

23.2.1 The department raised a tax demand of Rs. 3.256 million for tax year 2003 and 2004, which was annulled by the CIR. The department appealed before ATIR. However, no related record is available on IRIS and ATIR has confirmed that no such appeal is presently pending. Accordingly, management considers that no liability is expected to arise in respect of the matter as it is considered barred by time limitation.

23.2.2 The department raised a tax demand of Rs. 15.770 million for tax year 2011, which was confirmed by the CIR. The Company appealed before ATIR, where the case is pending. A rectification application u/s 221 is pending. However, no support record is available and ATIR has confirmed that no such appeal is presently pending. Accordingly, the matter has been removed from pending tax contingencies.

23.2.3 The department raised a tax demand of Rs. 7.559 million for tax year 2015 u/s 161/205 of the Income Tax Ordinance, 2001, the Company appeal was remanded back by the CIR. The Company appealed before ATIR, where the case is pending.

23.2.4 The department raised a tax demand of Rs. 46.122 million by amending the assessment for tax year 2017 u/s 122(5A) of the Income Tax Ordinance, 2001. The Company appeal was rejected by the CIR. The Company appealed before ATIR, where the case is pending.

23.2.5 The department raised a tax demand of Rs. 31.698 million by amending the assessment for tax year 2018 u/s 221(1) of the Income Tax Ordinance, 2001. The Company's appeal was rejected by the Commissioner Inland Revenue; however, ATIR subsequently remanded the matter to the assessing officer for de novo proceedings, which are currently pending.

23.2.6 The department raised a tax demand of Rs. 28.729 million by amending the assessment for tax year 2019 u/s 221(1) of the Income Tax Ordinance, 2001. The Company appeal was rejected by the CIR. The Company appealed before ATIR, where the case is pending. Moreover, a demand of Rs. 16.09 million raised by the department under Sales Tax Act, 1990 is pending before CIR.

23.2.7 The department raised a tax demand of Rs. 1.527 million by amending the assessment for tax year 2020 u/s 122(5A) of the Income Tax Ordinance, 2001. The matter is presently before the Islamabad High Court.

23.2.8 The department raised a tax demand of Rs. 10.922 million by amending the assessment for tax year 2021 u/s 122(5A) of the Income Tax Ordinance, 2001. The Company filed an appeal before the Islamabad High Court, which is currently pending. Adjustment of the available tax refund against the demand is in process, following which the appeal will be withdrawn.

23.3 Commitments

- a) Company's commitments for capital expenditure are Rs. 63.08 million (2025: Rs. 94.14 million).

		2026	2025
	Note	----- (Rupees in '000') -----	
24 OPERATING INCOME			
Rental income from investment property	24.1	470,463	401,558
Other rental		9,256	9,713
		<u>479,719</u>	<u>411,271</u>
24.1 Maturity Analysis of lease rental from investment property is as follows:			
Not later than 1 year		481,473	456,707
Later than one year but not later than two years		380,983	348,153
Later than two years but not later than five years		363,060	416,554
Later than five years		21,727	37,697
		<u>1,247,243</u>	<u>1,259,111</u>
25 DEPRECIATION AND AMORTISATION			
Depreciation	5.1	50,406	46,639
Amortisation	6.1	1,248	330
		<u>51,654</u>	<u>46,969</u>
26 OTHER ADMINISTRATIVE EXPENSES			
Directors' meeting fee		6,375	7,650
Salaries and benefits	26.1	27,252	24,581
Expenses against the scheme (note 1.2)		17,890	-
Legal and professional charges		8,158	7,067
Electricity, gas and water		4,304	4,388
Rent, rates and taxes		3,730	3,700
Repairs and maintenance		3,532	716
Insurance		3,418	3,006
Seminars, meetings and entertainment		2,511	2,190
Corporate social responsibility		2,000	2,000
MIS / technology charges		1,599	978
Travelling and lodging		1,421	1,411
Printing and stationery		1,286	1,001
Auditors remuneration	26.2	1,162	759
Publicity and advertisements		975	264
Real estate agent fee		975	1,453
Contract services		794	694
Postage, telephone and fax		750	588
Allowance for expected credit loss	11.5	664	106
News papers, books and periodicals		64	90
Litigation settlement expense		-	14,555
Miscellaneous expenses		1,706	660
		<u>90,566</u>	<u>77,857</u>

- 26.1 This includes gratuity expense and compensated absences charged during the year amounting to Rs. 5.03 million (2025: Rs. 5.85 million) and Rs. 1.64 (2025: Rs. 1.42) million respectively.

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
26.2 Auditor's remuneration:			
Annual audit fee		440	440
Half yearly review fee		160	160
Special audit		300	-
Out of pocket expenses		262	159
		<u>1,162</u>	<u>759</u>

27 OTHER INCOME

Income from financial assets:

Profit on bank deposits and investments		62,696	119,793
Dividend income from investment at FVOCI		18,625	21,675

Income from non financial assets:

Office transfer fee		1,553	1,925
Income from branding		989	989
Asset service charges from tenants / occupants		42,215	38,298
Others	27.1	22,144	17,202
		<u>148,222</u>	<u>199,882</u>

- 27.1 It includes car parking fee and split unit charges charged from tenants during the year.

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
28 SHARE OF PROFIT FROM ASSOCIATED COMPANIES			
Share in profits for the year - NCCPL	8.1.1	149,565	149,550
Share in profits for the year - PMEX	8.1.2	67,427	73,522
		<u>216,992</u>	<u>223,072</u>

29 LEVY

Final tax	29.1	<u>25,750</u>	<u>5,238</u>
-----------	------	---------------	--------------

- 29.1 This represents portion of final tax paid under section 150 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 / IAS 37.

- 29.2 Reconciliation between current tax charged under the Income Tax Ordinance, 2001 with current tax recognised in the statement of profit or loss, is as follows:

	Note	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
Current tax liability for the year		188,619	170,193
Portion of current tax liability as per tax laws, representing income tax under IAS 12	30	<u>(162,869)</u>	<u>(164,955)</u>
Final tax differential		<u>25,750</u>	<u>5,238</u>

30 TAXATION

Current tax:

For the year		162,869	164,955
For prior year		<u>211</u>	<u>(1,784)</u>
		163,080	163,171
Deferred tax	10.3	<u>(3,624)</u>	<u>(2,351)</u>
		<u>159,456</u>	<u>160,820</u>

- 30.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2026 ----- (Rupees in '000') -----	2025 ----- (Rupees in '000') -----
Tax on profit before taxation and levy at applicable tax rate of 29% (2025: 29%)	262,336	260,984
Tax effect of unrealized income	(119,240)	(117,121)
Tax effect of income subject to final tax	42,005	10,830
Tax effect of tax classified as final tax differential	(4,872)	(3,981)
Tax effect of income from mutual funds	(1,701)	(2,305)
Tax effect of taxable profit subject adjustment against taxable losses	(37,510)	(16,802)
Tax effect of admissible expenses to separate block	(27,824)	(23,854)
Super tax on profit before tax and levy at applicable tax rate of 10% (2025:10%)	53,038	57,203
Prior year	211	(1,784)
Effect of deferred tax	<u>(3,624)</u>	<u>(2,351)</u>
	<u>162,819</u>	<u>160,819</u>

		2026	2025 Restated
31	EARNINGS PER SHARE		
	Profit after tax (Rupees in '000')	719,402	733,888
	Weighted average number of ordinary shares in issue (Numbers)	400,520,333	400,520,333
	Basic and diluted earnings per share (Rupees)	<u>1.80</u>	<u>1.83</u>

31.1 There is no dilutive effect on the basic earnings per share of the Company.

		2026	2025 Restated
	Note	----- (Rupees) -----	
31.2	Earnings per share comprises as follows:		
	Distributable profit		
	- Profit before share of associate	0.77	0.75
	- Share of profit from associated companies	<u>0.54</u>	<u>0.56</u>
		1.31	1.31
	Undistributable - unrealized fair value gains	31.2.1 <u>0.49</u>	<u>0.52</u>
		<u>1.80</u>	<u>1.83</u>

31.2.1 Under the provisions of Companies Act, 2017, unrealized gain on fair value of investment property is not available for distribution to shareholders as dividend.

		2026	2025
	Note	----- (Rupees in '000') -----	
32	ADJUSTMENT FOR NON-CASH INCOME AND EXPENSES		
	Depreciation and amortisation	25 51,655	46,969
	Profit on bank deposits and investments	27 (62,696)	(119,793)
	Dividend income from FVOCI investments	27 (18,625)	(21,675)
	Share of profits from associated companies	28 (216,992)	(223,072)
	Fair value gain on investment property	7.1 (195,130)	(172,070)
	Fair value gain on FVTPL investment	(6,806)	(10,200)
	Provision for gratuity	18.2.2 5,031	5,847
	Provision for compensated absences	18.3.2 1,642	1,421
	Financial charges	41	449
	Provision for expected credit loss	26 <u>664</u>	<u>106</u>
		<u>(441,216)</u>	<u>(492,018)</u>

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	2026	2025
Note	----- (Rupees in '000') -----	

33 FINANCIAL INSTRUMENTS

33.1 Financial instruments by category

Financial assets:

FVOCI investments

Long term investments	8.2	-	228,984
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FVTPL investment

Short term investment	13	40	147,218
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Amortised costs

Receivables	11	130,042	83,231
Long term advances and deposits	9	24,585	38,550
Advances	12.1	2,581	2,371
Short term investment	13	404,148	829,160
Cash and bank balances	14	94,936	11,344
		656,291	964,656
Financial assets		656,331	1,340,858

Financial liabilities:

Amortised costs

Long term deposits	17	32,645	26,166
Accrued and other payables	19	92,753	60,096
Unclaimed dividend	22	58,521	37,561
Advances and deposits		10,497	9,640
Financial liabilities		194,416	133,463

On balance sheet gap

Financial commitments		(63,080)	(94,140)
Total gap		398,835	1,113,254

33.2 Financial risk management objectives and policies

The Company is exposed to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout the financial statements.

33.2.1 Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to meet its contractual obligation to the Company. It arises principally from the accounts receivable, advances, security deposits, accrued interest, short term investment and other receivables.

(a) Exposure to credit risk

The maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, summarized as follow:

	Carrying amount	
	2026	2025
	----- (Rupees in '000') -----	
Receivables	131,109	82,387
Advances	2,581	2,371
Short term investment	404,148	829,160
Bank balances	94,872	11,265
	<u>632,710</u>	<u>925,183</u>

The maximum exposure to credit risk for financial assets at the reporting date by type of counter-party was:

	Carrying amount	
	2026	2025
	----- (Rupees in '000') -----	
Financial institutions	499,020	840,425
Others	133,690	84,758
	<u>632,710</u>	<u>925,183</u>

(b) Credit quality of financial assets

The Company's management considers that all the above financial assets are not impaired and are of good credit quality. The management continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Receivables

To manage exposure to credit risk in respect of accounts receivables management performs credit reviews taking into account the counter party's financial position, past experience and other factors. The aging of past due accounts receivables from companies at the reporting date was:

	2026		2025	
	Gross	ECL	Gross	ECL
	(Rupees in '000')			
Past due 0-50 days	43,915	-	81,690	-
Past due 51 days - 1 year	85,604	-	-	-
Past Due 1 year to 2 years	23	23	27	14
More than 2 years	500	500	1,514	830
	<u>130,042</u>	<u>523</u>	<u>83,231</u>	<u>844</u>

Bank balances

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings:

	Credit rating agency	Rating short term	Rating long term	Rupees in ('000')
Financial institution:				
MCB Bank Limited	JCR-VIS	A1+	AAA	31,238
Allied Bank Limited	PACRA	A1+	AAA	1,119
United bank Limited	JCR-VIS	A1+	AAA	34
Bank Makramah Limited	JCR-VIS	A2	A-	31
Askari Bank Limited	PACRA	A1+	AA+	28
Bank Alfalah Limited	PACRA	A1+	AAA	21
JS Bank Limited	PACRA	A1+	AA	27,086
National Bank of Pakistan	JCR - VIS	A1+	AAA	33,223
Meezan Bank Limited	JCR-VIS	A1+	AAA	2,042
Samba Bank Limited	JCR-VIS	A1+	AA	50
				<u>94,872</u>

(c) Equity price risk

Equity price risk is the risk that the fair value of the equities changes as the result of changes in the level of equity indices and the value of individual stocks. The Company does not have exposure in listed equities as at June 30, 2026.

33.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in releasing funds to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed condition, without incurring losses or risking damage to Company's reputation. Following are the contractual maturities of financial liabilities including interest payment excluding the impact of netting agreements:

Maturity analysis of financial liabilities					
	Carrying amount	Contractual cash flows	6 Months or less	1-2 years	2-5 years
------(Rupees in '000') -----					
2026:					
Long term deposits	43,142	43,142	-	-	43,142
Accrued and other payables	92,753	92,753	92,753	-	-
Unclaimed dividend	58,521	58,521	58,521	-	-
	<u>194,416</u>	<u>194,416</u>	<u>151,274</u>	<u>-</u>	<u>43,142</u>
2025:					
Long term deposits	35,806	35,806	-	-	35,806
Accrued and other payables	60,096	60,096	60,096	-	-
Unclaimed dividend	37,561	37,561	37,561	-	-
	<u>133,463</u>	<u>133,463</u>	<u>97,657</u>	<u>-</u>	<u>35,806</u>

33.2.3 Market risk

Market risk is the risk that the value of the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

(a) Currency risk

The Company is exposed to currency risk on bank balance that are denominated in a currency other than the functional currency of the Company that is U.S Dollar. However, the Company is not currently exposed to material currency risk, therefore, no sensitivity analysis has been presented.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in the market interest rates. Majority of the interest rate exposure arises from long term loan from bank, lease obligation and deposits in profit or loss sharing accounts with banks.

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

Effective interest rate		Carrying amount	
2026	2025	2026	2025
----- (Interest rate) -----		----- (Rupees in '000') -----	

Variable rate instruments

Financial assets

Saving accounts - Conventional	8.5%	9.5%	92,830	11,265
Saving accounts - Islamic	6.5%	7.4%	2,042	31

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect the statement of profit or loss.

(d) Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss and fund balance 100 bps increase and 100 bps decrease			
	2026		2025	
	----- (Rupees in '000') -----			
	Increase	Decrease	Increase	Decrease
Cash flow sensitivity - variable rate instruments	949	(949)	113	(113)

34 CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to maintain creditor and market confidence.

The Company monitors capital on the basis of the carrying amount of reserves as presented on the face of statement of financial position. There have been no changes to the Company's approach to the capital management during the current year.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, when necessary. In order to maintain or adjust the capital structure, the Company may sell assets to reduce debt and manage capital expenditures. The Company is not subject to externally imposed capital requirements.

Consistent with industry practice, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed. However, at period end Company has no borrowings.

35 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and key management personnel. Investments in and balances with associated companies and other related parties are disclosed in the relevant notes to these financial statements. Other transactions with related parties are as follows:

Related party transaction with Associates

Associated companies (related parties by virtue of common directorship)

	2026	2025
	----- (Rupees in '000') -----	
National Clearing Company of Pakistan Limited (NCCPL)		
Utility charges	4,068	5,612
Amount received against utility charges	(4,070)	(5,217)
Closing balance against utilities	393	395
Dividend received	114,622	72,199

Pakistan Mercantile Exchange Limited (PMEX)

Utility charges	756	754
Amount received against utility charges	(756)	(693)
Closing balance against utilities	61	61
Rent received	3,405	3,095

	2026	2025
	----- (Rupees in '000') -----	
ISE REIT Management Company Limited (ISERMC)		
Dividend received on behalf of ISERMC	71,053	-
CDC merger fee paid by ISERMC on behalf of the Company	144	
CDC and SECP fees paid on behalf of ISERMC	13,649	-
Related party transaction with Directors		
Utility charges	47,788	12,236
Amount received against utility charges	(46,032)	(8,765)
Closing balance against utilities	5,227	3,471
Rent received	2,726	-

36 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS-9. The carrying amount of accounts receivables and payables are assumed to approximate their fair values.

Fair value hierarchy

IFRS - 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by valuation method. The different values have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurs.

36.1 As at June 30, 2026 and 2025 the Company held financial instruments carried at fair value which comprising long term investment. Moreover, investment property and operating fixed assets are measured at fair value.

36.2 Investments of the Company carried at fair value are categorized as follows:

As at June 30, 2026			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			
Assets			
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at fair value through profit and loss	40	-	40

As at June 30, 2025			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			
Assets			
Financial assets at fair value through other comprehensive income	-	228,984	228,984
Financial assets at fair value through profit and loss	147,218	-	-

36.3 The investment property is valued on June 30, 2026 carried out by external independent valuer M/s Asif Associates (Private) Limited.

As at June 30, 2026			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			
Assets			
Investment property carried at fair value	-	5,600,705	5,600,705

As at June 30, 2025			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----			
Assets			
Investment property carried at fair value	-	5,405,575	5,405,575

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36.4 Valuation techniques used to derive level 3 fair values - Investment in property

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Cost of construction
- Quality of maintenance
- Physical condition
- Market price analysis

36.5 A reconciliation from opening balances to closing balances of fair value measurements categorized in level 3 is provided below:

	2026	2025
	----- (Rupees in '000') -----	
Opening balance (level 3 recurring fair values)	5,405,575	5,233,505
Fair value gain arised during the year	195,130	172,070
Closing balance (level 3 recurring fair values)	<u>5,600,705</u>	<u>5,405,575</u>

36.6 There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

36.7 The Company has revalued its Leasehold land, buildings on June 30, 2026 by independent valuer M/s Asif Associates (Private) Limited on the basis of market value. The fair value of free hold land and buildings is a level 3 recurring fair value measurement.

Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortised cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

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37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

2026				2025			
Chief Executive Officer	Directors	Executives	Total	Chief Executive Officer	Directors	Executives	Total
(Rupees in '000')							

Managerial remuneration	9,285	-	9,613	18,898	8,697	-	8,349	17,046
Bonus	964	-	1,072	2,036	842	-	870	1,712
Fee	-	6,375	-	6,375	-	7,650	-	7,650
	10,249	6,375	10,685	27,309	9,539	7,650	9,219	26,408
Number of persons	1	10	3	14	1	10	3	14

37.1 The Chief Executive Officer and Executives are also entitled to gratuity and leave fare assistance as retirement benefit.

37.2 Chairman of the Board of Directors and Chief Executive Officer is also provided with the Company maintained car.

38 NUMBER OF EMPLOYEES

The average number of employees during the year June 30, 2026 was 22 (2025: 23), and the number of employees as at the reporting date were 21 (2025: 23).

39 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. However, no major reclassification has been made during the year.

40 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the year ended June 30, 2026, the Board of Directors have proposed a final cash dividend for the year ended June 30, 2026 of Rs. 0.40 per share, amounting to Rs. 226.875 million at their meeting held on OCT 05, 2026 for approval of the members at Annual General Meeting to be held on OCT 28, 2026.

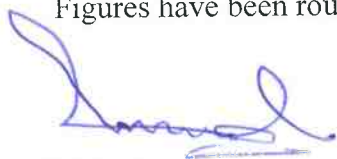
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41 DATE OF AUTHORISATION

These financial statements were authorised for issue on 05 OCT 2026 by the Board of Directors of the Company.

42 GENERAL

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



DIRECTOR



CHIEF EXECUTIVE OFFICER

