

ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025



Directors' Report For the Year Ended December 31, 2025

Dear Shareholders,

The Board of Directors of Alfalah Currency Exchange (Private) Limited is pleased to present the Directors' Report together with the audited financial statements for the year ended December 31, 2025.

Company Overview

Alfalah Currency Exchange (Private) Limited, a wholly owned subsidiary of Bank Alfalah Limited, operates under the regulatory framework of the State Bank of Pakistan (SBP).

During the year under review, the Company continued to strengthen its operational footprint, governance framework, and financial discipline while remaining fully compliant with SBP's Regulatory Framework for Exchange Companies.

As at December 31, 2025, the Company's paid-up capital stood at PKR 1.3 billion (2024: PKR 1.0 billion), reflecting a capital injection of PKR 300 million by the Parent Company to ensure continued compliance with minimum capital requirements.

The registered office of the Company is situated at 4th Floor, State Life Building-1, I.I. Chundrigar Road, Karachi.

Economic & Industry Perspective

The year 2025 remained a transitional phase for Pakistan's economy, marked by evolving monetary policy conditions, improved exchange rate stability, and strengthened regulatory oversight of the exchange company sector.

The State Bank of Pakistan continued to emphasize documentation, transparency, and institutional strengthening within the foreign exchange market. The Board remained aligned with these regulatory objectives, ensuring operational expansion was carried out within a robust compliance framework.

Operational & Strategic Developments

Expansion to 50 Operational Outlets

In line with SBP's regulatory requirements, the Company successfully completed the rollout of 50 operational outlets by mid-November 2025. This milestone reflects structured planning, timely execution, and close Board oversight of expansion initiatives.

The expansion materially enhanced market presence and contributed to a substantial increase in transaction volumes during the year.



Growth in Business Volumes & Core Exchange Income

During FY-2025, the Company recorded:

- **USD 69 million** in foreign currency sales volume (2024: USD 14 million)
- **PKR 116 million** in core exchange income

This represents a significant scale-up in operations, supported by improved pricing discipline and optimized treasury execution. The average spread improved to **PKR 1.69 per USD** (2024: PKR 0.89), reflecting enhanced margin management.

Capital Strengthening

During the year, the Board proactively facilitated a PKR 300 million capital injection from the Parent Company to ensure uninterrupted compliance with the minimum capital requirement of PKR 1 billion.

As at year-end, shareholders' equity stood at PKR 1,179 million (2024: PKR 1,023 million), reinforcing the Company's financial resilience.

Financial Discipline & Cost Rationalization

While total revenue for FY-2025 stood at **PKR 163 million** (Budget: PKR 282 million), the shortfall was primarily attributable to:

- Gradual operational ramp-up of newly opened outlets.
- In FY-2025, income was 55% below plan and 70% YoY, driven by lower average balances, liquidity deployment to current accounts for increased FX operations, and reduced profit rates (9%~8.5%) versus plan assumptions of PKR 500 million capital injection from start of year, ~21% policy rates, and higher planned savings placements.

The Board through management maintained strict cost oversight throughout the year. Total expenses were contained at **PKR 306 million**, significantly below the budgeted PKR 566 million, reflecting prudent expense management and controlled rollout strategy.

The Company reported a **loss after tax of PKR 145 million**, which remained 21% better than the budgeted loss of PKR 192 million.

Governance & Internal Controls

The Board remains committed to maintaining high standards of corporate governance and ethical conduct.

The Board Audit Committee and Board Finance & Investment Committee continued to provide oversight over financial reporting, risk management, and internal control systems.

Internal audit observations were actively monitored, and management ensured timely resolution of control matters during the year, providing reasonable assurance regarding operational effectiveness and compliance adherence.



Management Leadership

During the year, Mr. Farooq Qamar Khan resigned from the position of Chief Executive officer and upon his resignation, Mr. Asif Hasan Siddiqui was appointed as Chief Executive Officer effective October 28, 2025, pursuant to Board approval. The Board places on record its confidence in management's commitment toward achieving strategic objectives.

There were no changes in the composition of the Board during the year.

Auditors

The statutory auditors, **A.F. Ferguson & Co., Chartered Accountants (PwC)**, have expressed their willingness to continue as auditors for the ensuing year. The Board recommends their reappointment.

Dividend

In view of the accumulated losses, the Board does not recommend any dividend for the year ended December 31, 2025.

Outlook

Looking ahead, the Company aims to:

- Optimize productivity of the expanded 50-outlet network
- Strengthen treasury management and margin optimization
- Diversify revenue streams, including development of remittance business lines
- Enhance foreign currency export arrangements
- Maintain strict regulatory compliance and capital adequacy.
- Maintain robust governance oversight.

With the operational foundation now firmly established, the Board expects improved financial performance in the coming periods as the network matures and revenue-generating capacity strengthens.

Acknowledgement

The Board extends its sincere appreciation to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their continued guidance and support.

The Board remains committed to serving our customers with excellence and contributing to the broader economic recovery. We are dedicated to fulfilling our responsibilities towards our staff and communities, ensuring sustainable progress for all stakeholders involved.

On behalf of the Board,

Pervez Shahbaz Khan
Chairman
March 16, 2026



INDEPENDENT AUDITOR'S REPORT

To the members of Alfalah Currency Exchange (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Alfalah Currency Exchange (Private) Limited (the Company), which comprise the statement of financial position as at December 31, 2025 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including 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, 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 December 31, 2025 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

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



Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

AF & CO



A.F. FERGUSON & CO.

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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: March 25, 2026

UDIN: AR202510061b7jkkMqz9

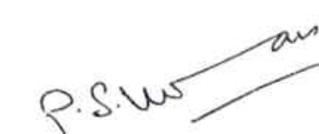
ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025 (Rupees)	2024
ASSETS			
Non-current assets			
Property and equipment	4	194,557,844	76,707,077
Right-of-use asset	5	87,703,242	44,177,841
Intangible assets	6	5,379,969	6,483,741
Long term investment	7	155,071,749	153,246,221
Long term deposits		4,488,750	-
Deferred taxation - net	8	-	-
Total non-current assets		447,201,554	280,614,880
Current assets			
Advances and prepayments	9	2,956,724	3,767,619
Advance tax - net of provision	10	14,874,346	8,604,722
Cash and bank balances	11	863,804,302	788,693,681
Total current assets		881,435,372	801,066,022
TOTAL ASSETS		1,328,636,926	1,081,680,902
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorised share capital	13.1	2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	13.2	1,300,000,000	1,000,000,000
Revenue reserves (Accumulated losses) / unappropriated profit Surplus on revaluation of investments		(122,722,819) 1,933,433	22,032,562 910,319
TOTAL EQUITY		1,179,210,614	1,022,942,881
LIABILITIES			
Non-current liabilities			
Lease liability against right-of-use asset	14	85,308,809	44,162,313
Current liabilities			
Current portion of lease liability against right-of-use asset	14	16,914,192	4,558,408
Accrued expenses and other payables	15	47,203,311	10,017,300
Total current liabilities		64,117,503	14,575,708
TOTAL LIABILITIES		149,426,312	58,738,021
TOTAL EQUITY AND LIABILITIES		1,328,636,926	1,081,680,902
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 31 and Annexure I form an integral part of these financial statements.

AH Co

CHIEF EXECUTIVE OFFICER

P.S.W. as

DIRECTOR

ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025

		For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
		(Rupees)	
	Note		
Income from exchange operations - net	17	116,168,834	11,542,459
Cost of services	18	<u>(224,396,238)</u>	<u>(41,448,671)</u>
Gross loss		<u>(108,227,404)</u>	<u>(29,906,212)</u>
Administrative expenses	19	(68,843,705)	(25,161,902)
Charge / (reversal) of credit loss allowance on cash and bank balances		(12)	8,415
Other income	20	46,451,145	72,748,941
		<u>(130,619,976)</u>	<u>17,689,242</u>
Operating (loss) / profit		<u>(12,860,969)</u>	<u>(3,611,858)</u>
Finance cost on lease liability against right-of-use asset		-	<u>(281,548)</u>
Provision for Sindh Worker's Welfare Fund		<u>(143,480,945)</u>	<u>13,795,836</u>
(Loss) / profit before taxation		<u>(1,274,436)</u>	<u>(2,317,175)</u>
Taxation	21	<u>(144,755,381)</u>	<u>11,478,661</u>
(Loss) / profit after taxation for the year / period		<u>(144,755,381)</u>	<u>11,478,661</u>
		(Rupees)	
(Loss) / earnings per share - basic and diluted	22	<u>(1.44)</u>	<u>0.11</u>

The annexed notes 1 to 31 and Annexure I form an integral part of these financial statements.

AH Co


CHIEF EXECUTIVE OFFICER

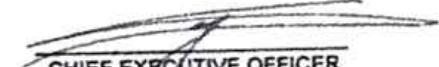

DIRECTOR

ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2025

	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
	(Rupees)	
(Loss) / profit after taxation for the year / period	(144,755,381)	11,478,661
Other comprehensive income for the year / period		
Movement in surplus on revaluation of debt investment classified as FVOCI	1,441,004	1,101,600
Less: deferred tax liability on surplus on revaluation of investment	(417,890)	(319,464)
	1,023,114	782,136
Total comprehensive (loss) / income for the year / period	(143,732,267)	12,260,797

The annexed notes 1 to 31 and Annexure I form an integral part of these financial statements.

AJH/60


 CHIEF EXECUTIVE OFFICER

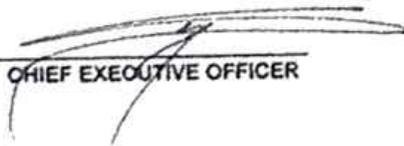

 DIRECTOR

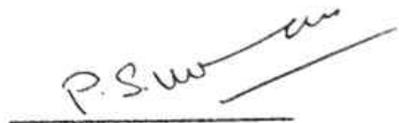
ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Issued, subscribed and paid up share capital	Revenue reserve	Surplus on revaluation of investments	Total equity
		(Accumulated losses) / unappropriated profit		
Rupees				
Balance as at November 28, 2023	-	-	-	-
Total comprehensive income for the period ended June 30, 2024	-	10,553,901	128,183	10,682,084
Transaction with owners recorded directly in equity				
Issuance of ordinary shares	1,000,000,000	-	-	1,000,000,000
Balance as at June 30, 2024	<u>1,000,000,000</u>	<u>10,553,901</u>	<u>128,183</u>	<u>1,010,682,084</u>
Total comprehensive income for the period from July 1, 2024 to December 31, 2024	-	11,478,661	782,136	12,260,797
Balance as at December 31, 2024	<u>1,000,000,000</u>	<u>22,032,562</u>	<u>910,319</u>	<u>1,022,942,881</u>
Total comprehensive income for the year ended December 31, 2025	-	(144,755,381)	1,023,114	(143,732,267)
Transaction with owners recorded directly in equity				
Issuance of ordinary shares	300,000,000	-	-	300,000,000
Balance as at December 31, 2025	<u>1,300,000,000</u>	<u>(122,722,819)</u>	<u>1,933,433</u>	<u>1,179,210,614</u>

The annexed notes 1 to 31 and Annexure I form an integral part of these financial statements.

AJH/CS


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
----- (Rupees) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(143,480,945)	13,795,836
Adjustments for:			
Depreciation on property and equipments	4.4	22,218,546	3,256,369
Depreciation on right-of-use asset	5	19,057,492	2,377,993
Amortisation on intangibles	6.3	2,210,272	706,384
Finance cost on lease liability against right of use asset	14.2	12,860,969	3,611,858
Amortisation of income on Pakistan Investment Bonds	20	(1,389,496)	-
Charge / (reversal) of credit loss allowance on cash and bank balances	20	12	(8,415)
Exchange gain on cash and bank balances	20	(2,684)	(27,101)
Profit on savings account	20	(26,098,743)	(58,575,602)
Interest income on Pakistan Investment Bonds	20	(18,962,906)	(14,173,339)
Provision for Sindh Worker's Welfare Fund		-	281,548
		9,893,462	(62,550,305)
Operating cash flows before working capital changes		(133,587,483)	(48,754,469)
Decrease in current assets			
Advances and prepayments		810,895	8,797,187
Increase in current liabilities			
Accrued expenses and other payable		37,186,012	3,698,170
Cash used in operating activities		(95,590,576)	(36,259,112)
Taxes paid		(7,761,951)	(12,910,929)
Net cash used in operating activities		(103,352,527)	(49,170,041)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(140,069,313)	(46,733,639)
Purchase of intangible assets		(1,106,500)	(656,827)
Profit received on savings account		26,098,743	58,575,602
Long term deposits		(4,488,750)	-
Interest received on Pakistan Investment Bonds		19,967,878	13,892,676
Net cash (used in) / generated from investing activities		(99,597,942)	25,077,812
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	14.2	300,000,000	-
Payment of lease liability against right-of-use asset		(21,941,582)	-
Net cash generated from financing activities		278,058,418	-
Net increase / (decrease) in cash and cash equivalents during the year / period		75,107,949	(24,092,229)
Cash and cash equivalents at beginning of the year / period		788,693,681	812,750,394
Impact of (charge) / reversal of credit loss allowance on cash and cash equivalent during the year / period		(12)	8,415
Impact of exchange gain on bank balances on cash and cash equivalent during the year / period		2,684	27,101
Cash and cash equivalents at end of the year / period	11	863,804,302	788,693,681

The annexed notes 1 to 31 and Annexure I form an integral part of these financial statements.

AHCO

CHIEF EXECUTIVE OFFICER

P.S. W
DIRECTOR

ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alfalah Currency Exchange (Private) Limited (the Company) was incorporated in Pakistan on November 28, 2023, as a private limited company under the Companies Act, 2017. The Company obtained a license for commencement of operations from the State Bank of Pakistan (SBP) on March 29, 2024. The Company is required to operate in accordance with the rules and regulations laid down by the State Bank of Pakistan (SBP) through Foreign Exchange Circular No. 9 dated July 30, 2002.
- 1.2 The registered office and head office of the Company are situated at 4th Floor, State Life Building, I.I. Chundrigar Road, Saddar Town, Karachi.
- 1.3 The Company is a wholly owned subsidiary of Bank Alfalah Limited (the "Parent Entity"), which holds 100% shares (either directly or through its nominees) in the Company.
- 1.4 The Company commenced its operations on May 14, 2024 and is engaged in the business of dealing in foreign exchange and currency export operations. The Company operates with 47 booths and 3 branches (2024: 14 booths and 0 branches). The addresses of all booths and branches are annexed as "Annexure I", which is an integral part of these financial statements.
- 1.5 The comparative information presented in the statement of profit or loss, statement of comprehensive income and statement of cash flows is based on the audited financial statements of the Company for the period from July 1, 2024 to December 31, 2024 as the Company changed its financial year from June to December in the prior period. Accordingly the comparative information is not fully comparable.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP).

Whenever the provisions of, directives and notifications issued under the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of accounting standards, the requirements of the Companies Act, 2017 and the said directives shall prevail.

2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Company's annual accounting period beginning on January 1, 2025. However, these are not considered to be relevant and do not have any material effect on the Company's financial statements and have, therefore, not been disclosed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Company for its annual periods beginning on or after January 1, 2026. However, these are not considered to be relevant or will not have any material effect on the Company's financial statement except for:

- The new standard - IFRS 18 'Presentation and Disclosure in the Financial statements' (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when applicable shall impact the presentation of the 'statement of profit or loss' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' clarify the timing of recognition and derecognition of certain financial instruments including settlement of liabilities through banking instruments and channels including electronic transfers. Further, guidance on the SPPI assessment, and disclosure requirements for instruments with cash flows modifying features and equity instruments designated at FVOCI have also been amended. These amendments are effective from January 1, 2026. The amendment when applied may impact the accounting and presentation of financial instruments.

The management is currently in the process of assessing the impact of these amendments on the financial statements of the Company.

AHCO

2.4 Basis of measurement

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

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.6 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the application of the Company's accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision of accounting estimates is recognised in the year in which the estimates are revised if the revision affects only that period, or in the period of revision and future period if the revision affects both the current and future period. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) Residual values, useful lives and depreciation rates of property and equipment (notes 3.1 and 4);
- ii) Useful lives and amortisation of intangible assets (notes 3.3 and 6);
- iii) Determination of lease term and incremental rate for lease contracts of properties used and valuation of right-of-use assets and their related lease liability (notes 3.4, 5 and 14);
- iv) Classification, valuation and impairment of financial assets (notes 3.5.1.1, and 3.5.1.2);
- v) Assumptions and estimations in recognition of current tax and deferred taxation (notes 3.6 and 8);
- vi) Provisions and contingent liabilities (notes 3.15 and 3.16); and
- vii) Impairment of non-financial assets (note 3.17).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to the statement of profit or loss over the estimated useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 4.2 to these financial statements. Depreciation is charged on additions from the month in which the asset becomes available for use, while no depreciation is charged for the month in which the asset is derecognised / disposed of.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Property and equipment are derecognised when disposed of or when no future economic benefits are expected from their use.

Gain or loss on disposal is recognised in the statement of profit or loss at the time of disposal.

Residual values and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate.

All repairs and maintenance costs that do not meet the recognition criteria are charged to the statement of profit or loss during the year in which they are incurred.

3.2 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when the assets become available for use.

3.3 Intangible assets

Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged from the month when these assets are available for use on a straight-line basis at the rates specified in note 6.1. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

AH co

3.4 Right-of-use asset and lease liability

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

In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payments that are based on an index or a rate that are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

The lease liability is remeasured when the Company reassesses the reasonable certainty to exercise extension or termination options upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase an underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in the index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and the corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight line method in accordance with the rates specified in note 5 and after taking into account residual values, if any. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The right of use asset is adjusted for certain remeasurements of the lease liability.

3.5 Financial Instruments

3.5.1 Financial assets

3.5.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

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

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-end mutual funds.

DA 60

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated as FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.5.1.2.

b) Fair value through other comprehensive income (FVOCI):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses, recognised and measured as described in note 3.5.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to the statement of profit or loss.

c) Fair value through profit or loss (FVPL):

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI is recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

3.5.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company considers that a financial asset other than balances with banks is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. For balances with banks the ECL is based on external ratings. Further, financial assets are written off by the Company, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.5.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Company transfers substantially all the risks and rewards of ownership; or
- (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and has not retained control.

4/11/20

When the Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards, these transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

- (i) has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) is prohibited from selling or pledging the assets; and
- (iii) has an obligation to remit any cash it collects from the assets without material delay.

Any gain or loss on derecognition of financial assets is taken to the statement of profit or loss.

3.5.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.5.2 Financial liabilities

Financial liabilities are measured at fair value upon initial recognition and subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.5.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the statement of profit or loss.

3.5.3 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are recognised directly in the statement of profit or loss.

3.5.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5.5 Business model

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.5.6 Solely payment of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

476

3.5.7 Reclassifications

The Company reclassifies debt investments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none have occurred during the period.

3.6 Taxation - Income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income (OCI) or directly in equity, in which case the tax is also recognised in OCI or directly in equity.

Current

Provision for current tax is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

3.7 Deposit and other receivables

Deposit and other receivables are carried at amortised cost, less expected credit loss allowance determined in accordance with the accounting policy as mentioned in note 3.5.1.2.

3.8 Accrued expenses and other payables

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

3.9 Revenue recognition

The Company is in the business of providing services of dealing in foreign currency. Revenue from contracts with customers is recognised at a point in time when the service is provided to the customer at an amount that reflects the net consideration to which the Company expects to be entitled in exchange for the service.

The Company recognises revenue based on the following principles:

- identification of customer contracts;
- identification of performance obligations;
- determination of transaction price in the contract;
- allocation of the transaction price to performance obligations; and
- recognition of revenue when the performance obligations are fulfilled.

Revenue from services

- Exchange income is recognised at the time an exchange transaction is executed; and
- Exchange differences on translation of monetary assets and liabilities in foreign currencies are recognised as gains / (losses) on revaluation at the end of each day.

Returns on financial assets

- Income on investments is recognised using the effective yield method over the term of investment; and
- Income on savings accounts is recognised on an accrual basis.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost less credit loss allowance at amortised cost. These include cash in hand, balances with banks in savings account and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Investments normally only qualify as cash and cash equivalents if they have an original maturity of three months or less.

APCO

3.11 Foreign currencies

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

3.12 (Loss) / Earnings per share

The Company presents basic and diluted earnings / loss per share for its shareholders. Basic earnings / loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings / loss per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.13 Advances and prepayments

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, an assessment is made at each reporting date to determine whether there is an indication that an asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying amount.

3.14 Share capital and reserves

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue reserves comprise of unappropriated profit. The purpose of general reserves includes, but is not limited to, fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, etc.

3.15 Provisions

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event 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 of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.16 Contingent liabilities

Contingent liabilities are disclosed when:

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

3.17 Impairment of non-financial assets

The carrying amount of the assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

4	PROPERTY AND EQUIPMENT	Note	2025 ----- (Rupees) -----	2024 -----
	Capital work in progress	4.1	14,061,999	2,555,404
	Property and equipment	4.2	180,495,845	74,151,673
			<u>194,557,844</u>	<u>76,707,077</u>

Handwritten signature/initials

4.1 Capital work-in-progress:	2025	2024
	----- (Rupees) -----	
Leasehold improvements	10,218,284	1,788,783
Equipment	3,843,715	766,621
	<u>14,061,999</u>	<u>2,555,404</u>

4.1.1 Movement in capital work in progress is as follows:

Balance at the beginning of the year / period	2,555,404	20,318,940
Additions during the year / period	30,411,029	19,645,526
Transferred to property and equipment during the year / period	(18,904,434)	(37,409,062)
Balance at the end of the year / period	<u>14,061,999</u>	<u>2,555,404</u>

4.2 Property and equipment

	December 31, 2025							Rate of depreciation (% per annum)
	Cost			Accumulated depreciation			Net book value as at December 31, 2025	
	As at January 1, 2025	Additions	As at December 31, 2025	As at January 1, 2025	Charge for the year	As at December 31, 2025		
	----- Rupees -----							
Leasehold improvements	20,366,143	23,828,139	44,194,282	121,813	2,565,023	2,686,836	41,507,446	10%
Furniture and fixtures	8,380,020	12,733,678	21,113,698	124,516	1,214,542	1,339,058	19,774,640	10%
Equipment	36,686,384	63,608,842	100,295,226	1,753,062	11,997,479	13,750,541	86,544,685	20%
Computers and printers	12,829,790	28,392,058	41,221,848	2,209,425	6,421,780	8,631,205	32,590,643	25%
Motor vehicle	112,000	-	112,000	13,847	19,722	33,569	78,431	20%
	<u>78,374,337</u>	<u>128,562,717</u>	<u>206,937,054</u>	<u>4,222,663</u>	<u>22,218,546</u>	<u>26,441,209</u>	<u>180,495,845</u>	

	December 31, 2024							Rate of depreciation (% per annum)
	Cost			Accumulated depreciation			Net book value as at December 31, 2024	
	As at July 1, 2024	Additions	As at December 31, 2024	As at July 1, 2024	Charge for the period	As at December 31, 2024		
	----- Rupees -----							
Leasehold improvements	-	20,366,143	20,366,143	-	121,813	121,813	20,244,330	10%
Furniture and fixtures	529,920	7,850,100	8,380,020	15,493	109,024	124,517	8,255,503	10%
Equipment	3,487,960	33,198,424	36,686,384	203,670	1,549,392	1,753,062	34,933,322	20%
Computers and printers	9,859,282	2,970,508	12,829,790	747,131	1,462,294	2,209,425	10,620,365	25%
Motor vehicle	-	112,000	112,000	-	13,846	13,847	98,153	20%
	<u>13,877,162</u>	<u>64,497,175</u>	<u>78,374,337</u>	<u>966,294</u>	<u>3,256,369</u>	<u>4,222,664</u>	<u>74,151,673</u>	

4.3 There were no disposals of property and equipment made during the year (for the period from July 1, 2024 from December 31, 2024: Nil).

4.4 Depreciation charge for the year / period has been allocated as follows:	Note	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
		----- (Rupees) -----	
Cost of services	18	13,331,118	1,953,821
Administrative expenses	19	8,887,428	1,302,548
		<u>22,218,546</u>	<u>3,256,369</u>

5 RIGHT-OF-USE ASSET

	December 31, 2025							Lease term (in years)
	Cost			Accumulated depreciation			Net book value as at December 31, 2025	
	As at January 1, 2025	Additions	As at December 31, 2025	As at January 1, 2025	Charge for the year	As at December 31, 2025		
	----- Rupees -----							
Right-of-use asset	48,537,494	-	48,537,494	4,359,653	4,755,984	9,115,637	39,421,857	10 years
- Head office building	-	62,582,893	62,582,893	-	14,301,508	14,301,508	48,281,385	5 years
- Branch offices	48,537,494	-	48,537,494	4,359,653	19,057,492	23,417,145	87,703,242	

AAICO

December 31, 2024							
Cost			Accumulated depreciation			Net book value as at December 31, 2024	Lease term (in years)
As at July 1, 2024	Additions	As at December 31, 2024	As at July 1, 2024	Charge for the period	As at December 31, 2024		

Rupees

Right-of-use asset							
- Head office building	48,537,494	-	48,537,494	1,981,660	2,377,993	4,359,653	44,177,841

5.1 There were no terminations of leases made during the year (for the period from July 1, 2024 to December 31, 2024: Nil).

5.2 Depreciation charge for the year / period has	Note	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
		----- (Rupees) -----	
Cost of services	18	17,155,098	1,426,796
Administrative expenses	19	1,902,394	951,197
		<u>19,057,492</u>	<u>2,377,993</u>

6 INTANGIBLE ASSETS	Note	2025	2024
		----- (Rupees) -----	
Intangible assets	6.1	<u>5,379,969</u>	<u>6,483,741</u>

6.1 Intangible assets

December 31, 2025								
Cost			Accumulated depreciation			Net book value as at December 31, 2025	Rate of amortisation (% per annum)	
As at January 1, 2025	Additions	As at December 31, 2025	As at January 1, 2025	Charge for the year	As at December 31, 2025			

Rupees

Licensing fee*	1,000,000	-	1,000,000	250,002	749,998	1,000,000	-	-
Software	6,358,400	566,500	6,924,900	667,252	1,378,806	2,046,058	4,878,842	20%
Trademark & copyrights	-	540,000	540,000	-	72,000	72,000	468,000	20%
Company domain	47,328	-	47,328	4,733	9,468	14,201	33,127	20%
	<u>7,405,728</u>	<u>1,106,500</u>	<u>8,512,228</u>	<u>921,987</u>	<u>2,210,272</u>	<u>3,132,259</u>	<u>5,379,969</u>	

December 31, 2024								
Cost			Accumulated depreciation			Net book value as at December 31, 2024	Rate of amortisation (% per annum)	
As at July 1, 2024	Additions	As at December 31, 2024	As at July 1, 2024	Charge for the period	As at December 31, 2024			

Rupees

Licensing fee	1,000,000	-	1,000,000	83,334	166,668	250,002	749,998	33.33%
Software	5,150,000	1,208,400	6,358,400	132,269	534,983	667,252	5,691,148	20%
Company domain	-	47,328	47,328	-	4,733	4,733	42,595	20%
	<u>6,150,000</u>	<u>1,255,728</u>	<u>7,405,728</u>	<u>215,603</u>	<u>706,384</u>	<u>921,987</u>	<u>6,483,741</u>	

* The licensing fee was initially amortised over the tenure of three years as the license was issued by the SBP for three years and was subject to a renewal. However, during the current year, the SBP has issued a revised license for an indefinite life. Accordingly, the Company has charged off the remaining amount of Rs 0.75 million in the statement of profit or loss during the current year.

6.2 There were no disposals of intangible assets made during the year (for the period from July 1, 2024 to December 31, 2024: Nil).

6.3 Amortisation charge for the year / period has been allocated as follows:	Note	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
		----- (Rupees) -----	
Cost of services	18	1,326,163	423,830
Administrative expenses	19	884,109	282,554
		<u>2,210,272</u>	<u>706,384</u>

AR 10

7	LONG TERM INVESTMENT	Note	2025 ----- (Rupees) -----	2024
	Pakistan Investment Bonds - held at FVOCI	7.1 & 7.2	147,586,860	147,586,860
	Surplus on revaluation of investment		2,723,144	1,282,140
	Amortisation of discount		1,389,496	-
	Accrued interest income on PIB		3,372,249	4,377,221
			<u>155,071,749</u>	<u>153,246,221</u>

7.1 This represents 5 years floating rate Pakistan Investment Bonds with a face value of Rs. 153,000,000. These bond carry a coupon rate of 10.87% (2024: 14.15%) per annum, receivable on a semi-annual basis, and will mature on April 18, 2029. The yield to maturity rate is 11.84% (2024: 15.19%).

7.2 This investment has been deposited with the State Bank of Pakistan to meet the Statutory Liquidity Reserve (SLR) requirements under EPD Circular Letter No.5 of 2021.

8 DEFERRED TAXATION - NET

2025				
	As at January 1, 2025	Recognised in P&L	Recognised in OCI	As at December 31, 2025
-----Rupees-----				
Deferred tax asset arising from deductible temporary differences:				
Pre commencement expenses	3,673,296	5,019,411	-	8,692,707
Lease liability against right-of-use asset	14,129,009	29,644,670	-	43,773,679
Expected credit loss allowance on cash and bank balances	29,124	29,127	-	58,251
Business losses	-	3,409,957	-	3,409,957
	<u>17,831,429</u>	<u>38,103,165</u>	<u>-</u>	<u>55,934,594</u>
Deferred tax liabilities arising from taxable temporary differences:				
Property and equipment	4,648,034	12,251,335	-	16,899,369
Right-of-use asset	12,811,574	25,433,940	-	38,245,514
Surplus on revaluation of investment	371,821	-	417,890	789,711
	<u>17,831,429</u>	<u>37,685,275</u>	<u>417,890</u>	<u>55,934,594</u>
	<u>-</u>	<u>417,890</u>	<u>(417,890)</u>	<u>-</u>

2024				
	At July 1, 2024	Recognised in P&L	Recognised in OCI	At December 31, 2024
-----Rupees-----				
Deferred tax asset arising from deductible temporary differences:				
Pre commencement expenses	1,908,029	1,765,267	-	3,673,296
Lease liability against right-of-use asset	13,081,570	1,047,439	-	14,129,009
Expected credit loss allowance on cash and bank balances	31,564	(2,440)	-	29,124
	<u>15,021,163</u>	<u>2,810,266</u>	<u>-</u>	<u>17,831,429</u>
Deferred tax liabilities arising from taxable temporary differences:				
Property and equipment	1,467,614	3,180,420	-	4,648,034
Right-of-use asset	13,501,192	(689,618)	-	12,811,574
Surplus on revaluation of investment	52,357	-	319,464	371,821
	<u>15,021,163</u>	<u>2,490,802</u>	<u>319,464</u>	<u>17,831,429</u>
	<u>-</u>	<u>319,464</u>	<u>(319,464)</u>	<u>-</u>

8.1 As at December 31, 2025, the Company has aggregate deferred tax asset arising from business losses amounting to Rs. 48.099 million (2024: Rs. 4.439 million). The Company has recognised deferred tax asset on deductible temporary differences only to the extent of taxable temporary differences.

AA 16

	Note	2025 ----- (Rupees) -----	2024 ----- (Rupees) -----
9 ADVANCES AND PREPAYMENTS			
Advance for branch license fee		200,000	1,800,000
Other advances		397,162	66,000
Prepaid insurance		2,210,222	1,901,619
Prepaid software charges		131,840	-
Prepaid expenses		17,500	-
		<u>2,956,724</u>	<u>3,767,619</u>
10 ADVANCE TAX - NET OF PROVISION			
Advance withholding tax		16,647,574	11,230,916
Provision for tax		(1,973,228)	(2,626,194)
		<u>14,674,346</u>	<u>8,604,722</u>
11 CASH AND BANK BALANCES			
Balances with banks in:			
- savings account - in local currency	11.1	301,146,036	618,226,260
- current accounts - in local currency	11.1	296,955,894	79,821,936
- current accounts - in foreign currencies	11.1	145,883,139	45,849,372
With the State Bank of Pakistan In			
- current accounts - in local currency	11.2	54,483,640	5,008,638
Cash in hand			
- in local currency		6,416,124	15,084,129
- in foreign currencies		59,019,907	24,803,772
		<u>863,904,740</u>	<u>788,794,107</u>
Less: credit loss allowance on cash and bank balances		(100,438)	(100,426)
		<u>863,804,302</u>	<u>788,693,681</u>

11.1 These balances are maintained with Bank Alfalah Limited - a related party. The savings account carries expected profit rates at the rates ranging from 8.5% to 10% (2024: 13.5%) per annum.

11.2 This represents the deposit maintained with the State Bank of Pakistan to meet the Statutory Liquidity Reserve (SLR) requirement of 15 percent of paid-up capital in accordance with the requirements stipulated in the Regulatory Framework for Exchange Companies (RFEC).

	Note	2025 ----- (Rupees) -----	2024 ----- (Rupees) -----
12 CASH AND CASH EQUIVALENTS			
Cash and bank balances	11	<u>863,804,302</u>	<u>788,693,681</u>

13 SHARE CAPITAL AND RESERVES

13.1 Authorised share capital

2025 2024
---- (Number of shares) ----

<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>
--------------------	--------------------	--------------------------------	----------------------	----------------------

AA

13.2 Issued, subscribed and paid-up capital

2025		2024	
---- (Number of shares) ----		----- (Rupees) -----	
<u>130,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs 10 each issued as fully paid in cash	<u>1,300,000,000</u> <u>1,000,000,000</u>

13.2.1 Details of shares issued during the year

Date of Board resolution	Shares issued	Consideration (Rupees)
December 22, 2025	<u>30,000,000</u>	<u>300,000,000</u>

13.3 Particulars of the shareholders

	2025		2024	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Bank Alfalah Limited	129,999,997	100%	99,999,997	100%
Directors*	3	-	3	0%
	<u>130,000,000</u>	<u>100.00%</u>	<u>100,000,000</u>	<u>100%</u>

* Nil due to rounding off

13.4 The minimum authorised and paid-up capital of an exchange company, as required by the State Bank of Pakistan, is Rs. 1,000 million vide its foreign exchange circular letter No. 02 of 2024. The minimum capital requirement has been calculated as paid-up capital less accumulated losses.

14 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSET

It represents an obligation in respect of right-of-use asset (head office and branch premises) leased through tenancy agreements for periods ranging from five to ten years at an incremental borrowing rates ranging from 12.36% to 15.41% (2024: 15.41%) per annum which have been used as a discounting factor. Rentals are payable annually in advance or arrears as per terms of the tenancy agreements.

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

	Note	2025	2024
		-----Rupees-----	
Present value of minimum lease payments	14.2	102,223,001	48,720,721
Less: current portion of lease liability		(16,914,192)	(4,558,408)
		<u>85,308,809</u>	<u>44,162,313</u>

14.1 It represents an obligation in respect of right-of-use asset (head office) leased through a tenancy agreement for a period of ten years at an incremental borrowing rate of 15.41%, which has been used as a discounting factor. Rentals are payable annually in advance as per terms of the tenancy agreements.

14.2 Movement of lease liability against right-of-use asset	2025	2024
	-----Rupees-----	
Balance at the beginning of the year / period	48,720,721	45,108,863
Addition during the year / period	62,582,893	-
Finance cost during the year / period	12,860,969	3,611,858
Rental paid during the year / period	(21,941,582)	-
Balance at the end of the year / period	<u>102,223,001</u>	<u>48,720,721</u>

December 31, 2025				
Not later than one year	Later than one year but not later than five years	Later than five years	Total	
-----Rupees-----				
Minimum lease payments	29,623,745	93,874,124	28,790,748	152,288,617
Less: finance charges	(12,709,553)	(33,869,316)	(3,486,747)	(50,065,616)
	<u>16,914,192</u>	<u>60,004,808</u>	<u>25,304,001</u>	<u>102,223,001</u>

AA 60

December 31, 2024				
Not later than one year	Later than one year but not later than five years	Later than five years	Total	
-----Rupees-----				
Minimum lease payments	7,035,336	35,916,094	52,584,754	95,536,184
Less: finance charges	(2,476,928)	(27,403,678)	(16,934,857)	(46,815,463)
	<u>4,558,408</u>	<u>8,512,416</u>	<u>35,649,897</u>	<u>48,720,721</u>

		2025	2024
		----- (Rupees) -----	
15	ACCRUED EXPENSES AND OTHER PAYABLES		
	Tax consultant fee payable	950,000	800,000
	Audit fee payable	2,970,000	1,603,801
	Provision for Sindh Workers' Welfare Fund	1,195,488	1,195,488
	Accrued expenses	39,764,472	6,405,314
	Other payables	2,323,351	12,697
		<u>47,203,311</u>	<u>10,017,300</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 There were no contingencies as at December 31, 2025 and December 31, 2024.

16.2 Commitments

Commitments in respect of capital expenditures amounted to Rs 14.04 million as at December 31, 2025 (2024: Rs. 45.72 million).

		Note	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
			----- (Rupees) -----	
17	INCOME FROM EXCHANGE OPERATIONS - NET			
	Income from exchange operations - net	17.1	<u>116,168,834</u>	<u>11,542,459</u>

17.1 This represents income from the sale and purchase of foreign currencies and unrealised revaluation gains / losses on foreign currencies.

		Note	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
			----- (Rupees) -----	
18	COST OF SERVICES			
	Salaries, allowances and other benefits		144,428,205	27,624,238
	Branch license fee		2,400,000	400,000
	Insurance expenses		7,008,695	2,396,748
	Rent expenses		11,868,098	2,748,263
	Depreciation on property and equipment	4.4	13,331,118	1,953,821
	Depreciation on right-of-use asset	5	17,155,098	1,426,796
	Amortisation on intangible assets	6.3	1,326,163	423,830
	Software services charges		1,549,120	-
	Travelling expenses		5,070,674	2,181,495
	IT services expenses		1,009,870	242,500
	Communication expenses		3,131,648	265,394
	Booth renovation cost		3,482,262	-
	Utilities expenses		3,705,715	783,709
	Printing and stationery charges		2,468,188	513,238
	Entertainment expenses		643,432	147,542
	Security and guarding services		1,293,173	-
	Outsourced staff expenses		832,951	-
	Office supplies expenses		2,436,372	338,720
	Other expenses		1,255,456	2,377
			<u>224,396,238</u>	<u>41,448,671</u>

ARCO

	Note	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
----- (Rupees) -----			
19 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits		39,091,857	18,416,159
Auditor's remuneration	19.1	2,970,000	1,603,800
Tax consultancy expenses		1,007,696	800,000
Depreciation on property and equipments	4.4	8,887,428	1,302,548
Depreciation on right-of-use asset	5	1,902,394	951,197
Amortisation on intangible assets	6.3	884,109	282,554
Regulatory penalty		3,871,000	-
Utilities expenses		462,291	522,473
Marketing expenses		328,850	-
Printing and stationery charges		1,645,459	342,159
Entertainment expenses		428,954	98,362
Security and guarding services		862,116	-
Outsourced staff expenses		555,300	-
Office supplies expenses		1,624,248	225,814
Bank charges		276,560	50,872
Fees and subscription		1,492,168	-
EOBI Employer contribution expenses		602,000	-
Repair and maintenance		521,403	150,628
Other expenses		1,429,872	415,336
		<u>68,843,705</u>	<u>25,161,902</u>
19.1 Auditor's remuneration			
Audit fee		2,500,000	1,350,000
Out of pocket expenses		250,000	135,000
Sindh sales tax		220,000	118,800
		<u>2,970,000</u>	<u>1,603,800</u>
20 OTHER INCOME			
Profit on savings account with Bank Alfalah Limited - a related party		26,098,743	58,575,602
Interest income on Pakistan Investment Bonds		18,962,906	14,173,339
		<u>45,061,649</u>	<u>72,748,941</u>
Amortisation of discount - Pakistan Investment Bonds		1,389,496	-
		<u>46,451,145</u>	<u>72,748,941</u>
21 TAXATION			
Current		1,973,228	2,636,639
Prior year		(280,902)	-
Deferred	8	(417,890)	(319,464)
		<u>1,274,436</u>	<u>2,317,175</u>
21.1	The numerical reconciliation between the average tax rate and the applicable tax rate for the current period has not been presented, as the provision for income tax represents minimum corporate tax under Section 113 as stipulated in the Income Tax Ordinance, 2001.		
22 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED			
22.1 Basic			
Basic (loss) / earnings per share have been computed by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of shares outstanding as at the year / period end as follows:			
		For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
(Loss) / profit after taxation attributable to ordinary shareholders (in Rupees)		<u>(144,755,381)</u>	<u>11,478,661</u>
Weighted average number of ordinary shares (number of shares)		<u>100,246,575</u>	<u>100,000,000</u>
Basic (loss) / earnings per share (in Rupees)		<u>(1.44)</u>	<u>0.11</u>

ARCO

22.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2025 and December 31, 2024 (which would have had a dilutive effect on the earnings per share if the option to convert was exercised).

23 NUMBER OF EMPLOYEES	2025	2024
	----- Number -----	
Permanent employees as at year / period end	154	63
Average number of employees during the year / period	46	48

24 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	For the year ended December 31, 2025				For the period from July 1, 2024 to December 31, 2024			
	Chief Executive Officer	Directors (24.2)	Executives	Total	Chief Executive Officer	Directors (24.2)	Executives	Total
	----- Rupees -----							
Managerial remuneration	9,876,062	-	31,248,663	41,124,725	5,505,944	-	15,390,311	20,896,255
Allowances	17,150,147	-	38,102,148	55,252,295	4,407,358	-	5,625,933	10,033,291
	<u>27,026,209</u>	<u>-</u>	<u>69,350,811</u>	<u>96,377,020</u>	<u>9,913,302</u>	<u>-</u>	<u>21,016,244</u>	<u>30,929,546</u>
Number of person(s)	<u>1</u>	<u>3</u>	<u>11</u>	<u>15</u>	<u>1</u>	<u>3</u>	<u>7</u>	<u>11</u>

24.1 'Executive' means an employee other than the Chief Executive Officer and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year.

24.2 Directors are not entitled to any remuneration for attending board meetings.

24.3 Managerial remuneration includes charges in respect of reimbursement, to the Parent Company, of salary and other benefits, if any, paid by that Parent Company to the Chief Executive Officer and certain other executives as they are on secondment from the Parent Company.

25 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise transactions with Bank Alfalah Limited being the Parent Company, associated undertakings, directors and entities owned by the directors of the Company where they also hold directorships and key management personnel and their close family members. Transactions with related parties are entered into the normal course of business on agreed terms and conditions. Remuneration to key management personnel is disclosed in note 24 to the financial statements. The aggregate value of transactions and outstanding balances as at December 31, 2025 with related parties other than those which have been disclosed elsewhere in these financial statements are as follows:

25.1 Transactions during the year / period	For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
	----- (Rupees) -----	
Bank Alfalah Limited - the Parent Company		
Profit earned on savings account	26,098,743	58,575,602
Shared cost services	14,770,913	3,381,764
Reimbursement of salaries & other benefits	33,201,891	27,419,084
Alfalah Insurance Company Limited - an associate of the parent company		
Insurance expense	6,712,387	2,396,748
Insurance paid	1,963,312	1,654,701
KMP of the Alfalah Insurance Company Limited		
Sale of foreign currencies		
- Khurram Hussain	6,425,000	-

AA06

For the year ended December 31, 2025	For the period from July 1, 2024 to December 31, 2024
----- (Rupees) -----	

Pervez Shahbaz Khan - Director of the Company	28,045,710	-
Farooq Qamar Khan - the former CEO of the Company		
Purchase of foreign currencies	-	324,490
Sale of foreign currencies	-	2,320,450
Asif Hasan Siddiqui - the acting CEO of the Company		
Sale of foreign currencies	1,412,750	-
Immediate family members of the CEO of the Company		
- Rohail Hassan Siddiqui	1,017,060	-
KMPs of the Company		
Sale of foreign currencies		
- Atiq Uddin Qureshi	734,240	259,095
- Rizwan Ali	96,850	-
- Afshan Sameen	153,170	-
Purchase of foreign currencies		
- Atiq Uddin Qureshi	598,500	-
Atif Aslam Bajwa - the CEO of the Parent Company		
Sale of foreign currencies	28,105,415	2,748,600
Immediate family members of the CEO of the Parent Company		
Sale of foreign currencies	10,401,075	2,750,400
KMPs of the Parent Company		
Sale of foreign currencies		
- Faisal Farooq Khan	27,889,897	-
- Faisal Rabbani	4,963,800	-
- Muhammad Yahya Khan	27,903,768	7,745,474
- Mehreen Ahmed	28,006,400	-
- Farooq Ahmed Khan	27,963,150	15,503,700
- Mohib Hasan Khan	11,180,450	8,293,420
- Asim Wajid Jawad	7,933,877	100,000
- Muhammad Akram Sawleh	140,625	458,100
- Muhammad Ashraf	12,066,850	4,949,450
- Syed Muhammad Asif	281,450	364,750
- Zeeshan Siddiqui	1,294,000	1,393,750
- Tahir Khurshid	-	1,335,600
- Anjum Hai	8,450,275	-
- Fakhar Ahmed	5,638,000	-
- Zahid Anjum	12,806,838	-
- Muhammad Umar Farooq Malick	499,350	-
- Mohammad Raheel	823,020	-
- Mian Ejaz Ahmad	2,231,345	-
Purchase of foreign currencies		
- Muhammad Ashraf	-	531,050
- Muhammad Imran	5,118,300	-
25.2 Amounts outstanding as at the year / period end	2025	2024
	----- (Rupees) -----	
Bank Alfalah Limited - Parent Company		
Cash at bank - savings account - in local currency	301,146,036	618,226,260
Cash at bank - current accounts - in local currency	296,955,894	79,821,936
Cash at bank - current accounts - in foreign currencies	145,883,139	45,849,372
Alfalah Insurance Company Limited - an associate of the Parent Company		
Prepaid insurance	1,963,312	1,654,701

26 FINANCIAL INSTRUMENTS BY CATEGORY

	2025		
	At amortised cost	At fair value through OCI	Total
	(Rupees)		
Financial assets			
Long term investment	-	155,071,749	155,071,749
Long term deposits	4,488,750	-	4,488,750
Advances	397,162	-	397,162
Cash and bank balances	863,804,302	-	863,804,302
	<u>868,690,214</u>	<u>155,071,749</u>	<u>1,023,761,963</u>
Financial liabilities			
Lease liability against right-of-use asset	102,223,001	-	102,223,001
Accrued expenses and other payables	46,007,823	-	46,007,823
	<u>148,230,824</u>	<u>-</u>	<u>148,230,824</u>

	2024		
	At amortised cost	At fair value through OCI	Total
	(Rupees)		
Financial assets			
Long term investment	-	153,246,221	153,246,221
Long term deposits	-	-	-
Advances	66,000	-	66,000
Cash and bank balances	788,693,681	-	788,693,681
	<u>788,759,681</u>	<u>153,246,221</u>	<u>942,005,902</u>
Financial liabilities			
Lease liability against right-of-use asset	48,720,721	-	48,720,721
Accrued expenses and other payables	8,821,812	-	8,821,812
	<u>57,542,533</u>	<u>-</u>	<u>57,542,533</u>

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

27.1 Financial risk factors

The Company is exposed to the following risks in respect of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

The Board of Directors (the Board) of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management is responsible for identifying, monitoring and managing the Company's financial risk exposure.

27.2 Credit risk

Credit risk is the risk which arises from the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is mainly exposed to a credit risk on bank balances, advances, deposits and other receivables. The Company seeks to minimise the credit risk exposure by dealing mostly with regular and long standing counter parties who pay on due dates.

The maximum exposure to credit risk at the reporting date is as follows:

	2025		2024	
	Balance as per statement of financial position	Maximum exposure to credit risk	Balance as per statement of financial position	Maximum exposure to credit risk
	(Rupees)			
Long term investment	155,071,749	-	153,246,221	-
Long term deposits	4,488,750	4,488,750	-	-
Advances	397,162	397,162	66,000	66,000
Cash and bank balances	863,804,302	743,985,069	788,693,681	743,897,568
	<u>1,023,761,963</u>	<u>748,870,981</u>	<u>942,005,902</u>	<u>743,963,568</u>

AA 6

Difference in the balance as per the statement of financial position and maximum exposure is due to the fact that long term investments in government securities are not exposed to credit risk. In advances, deposits and other receivables, advances pertaining to advances to staff are not exposed to credit risk. Further, the cash in hand and deposits with the State Bank of Pakistan are also not exposed to credit risk.

Quality of financial assets

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as follows:

27.2.1 The credit quality of balances with banks can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating Agency	Rating	2025		2024	
			Amount (Rupees)	% of total credit risk balances	Amount (Rupees)	% of total credit risk balances
Bank Alfalah Limited - parent company	PACRA	AAA	743,985,069	99.35%	743,897,568	99.99%

27.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet its obligations and commitments associated with financial instruments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring future cash flows on a day-to-day basis.

The table below summaries the maturity profile of the financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

	2025				
	Total	Upto three months	More than three months and upto one year	More than one year and upto five years	More than five years
Financial liabilities	Rupees				
Lease Liability against right-of-use asset	102,223,001	-	16,914,192	60,004,808	25,304,001
Accrued expenses and other payables	46,007,823	46,007,823	-	-	-
	<u>148,230,824</u>	<u>46,007,823</u>	<u>16,914,192</u>	<u>60,004,808</u>	<u>25,304,001</u>
	2024				
	Total	Upto three months	More than three months and upto one year	More than one year and upto five years	More than five years
Financial liabilities	Rupees				
Lease Liability against right-of-use asset	48,720,721	-	4,558,408	8,512,416	35,649,897
Accrued expenses and other payables	8,821,812	8,821,812	-	-	-
	<u>57,542,533</u>	<u>8,821,812</u>	<u>4,558,408</u>	<u>8,512,416</u>	<u>35,649,897</u>

27.4 Market risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

27.4.1 Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

9/17/20

a) **Sensitivity analysis for variable rate instruments**

Presently, the Company holds balances with banks and investments in Pakistan investment bonds which expose the Company to cash flow interest rate risk. In the case of a 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net profit for the period and net assets of the Company would have been higher / lower by Rs. 4.56 million (2024: Rs. 7.71 million).

b) **Sensitivity analysis for fixed rate instruments**

The Company does not hold any fixed rate instruments as at December 31, 2025 (2024: Nil).

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Company's yield / profit rate sensitivity relating to financial assets and financial liabilities as at December 31, 2025 and December 31, 2024 can be determined as follows:

		2025				
Effective yield / profit rate (%)		Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments		(Rupees)				
Financial assets						
Long term investment	10.87% to 14.15%	-	-	155,071,749	-	155,071,749
Long term deposits		-	-	-	4,488,750	4,488,750
Advances		-	-	-	397,162	397,162
Cash and bank balances	8.5% to 10%	301,146,036	-	-	562,658,266	863,804,302
		301,146,036	-	155,071,749	567,544,178	1,023,761,963
Financial liabilities						
Lease liability against right-of-use asset	12.36% to 15.41%	-	16,914,192	85,308,809	-	102,223,001
Accrued expenses and other payables		-	-	-	46,007,823	46,007,823
		-	16,914,192	85,308,809	46,007,823	148,230,824
On-balance sheet gap (a)		301,146,036	(16,914,192)	69,762,940	521,536,355	875,531,139
Off-balance sheet financial instruments						
Off-balance sheet gap (b)		-	-	-	-	-
Total yield / profit rate sensitivity gap (a+b)		301,146,036	(16,914,192)	69,762,940		
Cumulative interest rate sensitivity gap		301,146,036	284,231,844	353,994,784		

		2024				
Effective yield / profit rate (%)		Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments		(Rupees)				
Financial assets						
Long term investment	15.20%	-	-	153,246,221	-	153,246,221
Long term deposits		-	-	-	-	-
Advances		-	-	-	66,000	66,000
Cash and bank balances	13.50%	618,226,260	-	-	170,467,421	788,693,681
		618,226,260	-	153,246,221	170,533,421	942,005,902
Financial liabilities						
Lease liability against right-of-use asset	15.41%	-	4,558,408	44,162,313	-	48,720,721
Accrued expenses and other payables		-	-	-	8,821,812	8,821,812
		-	4,558,408	44,162,313	8,821,812	57,542,533
On-balance sheet gap (a)		618,226,260	(4,558,408)	109,083,908	161,711,609	884,463,369
Off-balance sheet financial instruments						
Off-balance sheet gap (b)		-	-	-	-	-
Total yield / profit rate sensitivity gap (a+b)		618,226,260	(4,558,408)	109,083,908		
Cumulative interest rate sensitivity gap		618,226,260	613,667,852	722,751,760		

ADP/10

27.4.2 Foreign currency risk

The Company's exposure to foreign exchange risk is as follows:

	2025				Total
	USD	SAR	AED	Others	
----- Equivalent in Rupees -----					
On balance sheet					
financial instruments					
Financial assets					
Cash and bank balances	99,363,507	35,505,375	17,156,127	52,878,037	204,903,046
Net currency exposure	<u>99,363,507</u>	<u>35,505,375</u>	<u>17,156,127</u>	<u>52,878,037</u>	<u>204,903,046</u>
Currency exchange rates -					
December 31, 2025	<u>280.39</u>	<u>74.74</u>	<u>76.47</u>	<u>Various</u>	

	2024				Total
	USD	SAR	AED	Others	
----- Equivalent in Rupees -----					
On balance sheet					
financial instruments					
Financial assets					
Cash and bank balances	35,157,799	4,328,422	8,443,063	22,723,860	70,653,144
Net currency exposure	<u>35,157,799</u>	<u>4,328,422</u>	<u>8,443,063</u>	<u>22,723,860</u>	<u>70,653,144</u>
Currency exchange rates -					
December 31, 2024	<u>278.55</u>	<u>74.14</u>	<u>75.84</u>	<u>Various</u>	

Every 1% increase or decrease in exchange rates, with all other variables held constant, would increase or decrease profit before tax for the period by Rs 2.05 million (2024: Rs. 0.71 million).

27.4.3 Price risk

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

27.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance potential financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. Senior management ensures that the Company's employees have adequate training and experience and foster effective communication related to operational risk management.

27.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As of the reporting date, the Company is not leveraged.

28 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of financial assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced other than those mentioned in note 28.1.

28.1 Fair value hierarchy

International Financial Reporting Standard 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 fair value hierarchy has the following levels:

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

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable either, directly or indirectly.

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

As at December 31, 2025 and December 31, 2024 the Company holds the following financial instruments measured at fair values:

	2025				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees)				
Financial assets - measured at fair value through other comprehensive income					
Long term investment	155,071,749	-	155,071,749	-	155,071,749

	2024				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	(Rupees)				
Financial assets - measured at fair value through other comprehensive income					
Long term investment	153,246,221	-	153,246,221	-	153,246,221

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Pakistan Investment Bonds	The fair value of Pakistan Investments Bonds quoted is derived using PKFRV rates. The PKFRV rates are announced by the Financial Market Association through Reuters (FMA). The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.

There were no transfers between level 1 and 2 during the year / period ended December 31, 2025 and December 31, 2024.

29 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or classifications were made in these financial statements.

Handwritten signature/initials

30 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee, except otherwise stated.

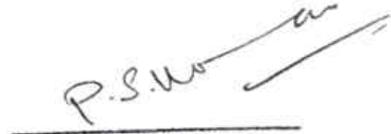
31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on MARCH 16, 2026.



CHIEF EXECUTIVE OFFICER

AKC



DIRECTOR

ALFALAH CURRENCY EXCHANGE (PRIVATE) LIMITED
LIST OF BRANCH AND BOOTH ADDRESSES
ANNEXURE I TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Branch Name	Outlet Type	Address
SKY Tower Booth, Karachi	Booth	Ground Floor, Sky Tower A, HC-3, Block-4, Scheme-3, Dolmen Mall, Clifton, Karachi
Khayaban Shamsheer Booth, Karachi	Booth	Plot # 38-C, Shop#1&2, Stadium Lane 1, DHA Phase V, Karachi
LDA Plaza Booth, Lahore	Booth	LDA Plaza, Kashmir Road, Lahore
MM Alam Tower Booth, Lahore	Booth	28-K, MM Alam Road, Lahore
Muree Cantt Booth, Rawalpindi	Booth	125-D, Al-Karim Plaza, Muree Road, Rawalpindi
Awan Arcade Booth, Islamabad	Booth	Awan Arcade, Blue Area, Islamabad
Abdali Road Booth, Multan	Booth	62-A Abdali Road Branch Multan
Susan Road Booth, Faisalabad	Booth	Susan Road, Opposite Markaz Dawat E Islami Faisalabad
Bosan Road Booth, Multan	Booth	Property No. 16-E / II-III, Officer Colony Bosan Road Multan.
Peoples Colony Booth, Faisalabad	Booth	Plot No. 7/B, D Ground Peoples Colony, Tehsil & District Faisalabad.
Jhelum Cantt Branch	Branch	Bunglow No.67, Kazam Kamal Road, Jhelum Cantt.
Lala Musa Booth	Booth	Property/Plot Khewat No. 1, Khatooni No. 95, Khasrat No. 343,345,346, Muhallah Jamia Masjid, G.T Road, Lala Musa, Mahal Kahira, Tehsil Kharian, District Gujrat.
Kharian Booth	Booth	Abdul Ahad Tower, Khewat at No. 532, Khatooni No. 1053, Khasra No. 1886, Main G.T Road, Kharian
Main Booth, Karachi	Booth	B.A. Building, I.I.Chundrigar Road, Karachi
Kutchery Road Booth, Mandi Bahauddin	Booth	Kutchery Road, Mandi Bahauddin
Paris Road Booth, Sialkot	Booth	68-Paris Road, Sialkot
WTC Booth, Clifton, Karachi	Booth	World Trade Centre Branch (8323), Plot No. FL-10, World Trade Centre (W.T.C), Corner Showroom, KDA Scheme – 5, Block-5 Clifton, Karachi.
IBG- Kutchery Bazar Branch, Faisalabad	Branch	P-36, Kutchery Bazar, Faisalabad
Gujrat Booth	Booth	Dewan Khan Marriage Hall, Near Kartaba Islamic Centre G.T Road, Situated at Mouza Jatwakul, Tehsil & District Gujrat.
Korangi Corporate Booth, Karachi	Booth	Plot No 37/10, Sector 15 Korangi Industrial Area, Karachi.
Khayaban e Nishat Booth, Karachi	Booth	Commercial Plot No. C-1-C Khayaban-e-Nishat, Lane-1, Phase VI DHA, Karachi
DHA Phase VI Booth, Karachi	Booth	Plot No. 70/A, Sector A Commercial, DHA Phase VI, Lahore
Peco Road Booth, Lahore	Booth	Plot No. 5-A/C, Phase - 3, Government Employees Co-Operative Limited, Peco Road, Kot Lakhpat, Lahore.
F-10 Markaz Booth, Islamabad	Booth	4-D, Urfi Centre, Markaz F-10, Islamabad
Shaheen Complex Booth, Karachi	Booth	Showroom No G-06, Shaheen Complex, M.R. Kiyani Road, Karachi.
Dina Booth	Booth	Noman Butt Plaza, Near Grain Market, G.T Road, Dina.
Shahdin Manzil Booth, Lahore	Booth	Shahdin Manzil, Faysal Chowk, Mall Road, Lahore
Gujranwala Main Booth	Booth	Opposite Iqbal High School, G.T. Road, Gujranwala
Chenab Nagar Booth	Booth	P-4, Block 14, Gole Bazar, Chenab Nagar, Rabwah, District Chiniot
Wah Cantt Booth	Booth	Plot No.1/100/7, Officers Colony, The Mall Wah Cantt
Bahawalpur Booth	Booth	Opposite BVH, Circular Road, Bahawalpur
Main Booth, Sahiwal	Booth	Khewat # 145, Khatooni # 162, Mouza Liaquat Road, Five Ways Chowk Sahiwal
Muridke Booth	Booth	G.T. Road, Muridke
Okara Booth	Booth	Plot No. 25-28, M.A Jinnah Road Okara
Hazro Booth	Booth	273-M, Main Hattian Road, Hazro
Sangham Chowk Booth, Dera Ghazi Khan	Booth	Sangham Chowk, Multan Road Dera Ghazi Khan
Mansehra Booth	Booth	Khata/ Khatooni No.3292/5486, Khasra No. 10270/325, Near Bedra Chowk, Mansehra 2, Tehsil & District Mansehra - KPK
Kotla Booth	Booth	Plot No. 132 Khasra No, 1105, 1106, 1115 Plaza Bhimber Road Kotla Distt. Gujrat
Abbottabad Booth	Booth	Plot No. 854, Main Mansehra Road, Abbottabad
Hyderabad Booth	Booth	Plot No.476/1 & 476/2, adjacent to Hotel Faran, Saddar, Hyderabad
Peshawar Branch	Branch	Shop No. 3 & 4 ground floor CB Plaza, Cantt Mall Peshawar Cantt
Burewala Booth	Booth	95-C, Al-Aziz Market, College Road, Burewala
Khanewal Booth	Booth	Cinema Road, Chak # 89-10/R, Khanewal
Toba Tek Signgh Booth	Booth	105-Farooq Road, Mohallah Jamia Masjid, Toba Tek Singh
Pir Mahal Booth	Booth	Plot No.8,9, Mohala Kosarabad, Rajana Road, Pir Mehal
Jhang Booth	Booth	9-D Yousuf Shah Road Branch Jhang Saddar
Sahiwal Al razzaq Executive Booth, Sahiwal	Booth	Khewat no. 174/169, Khatooni 499-509 at Chak no. 87- A/6, Al- Razzaq Executive Block, Madhali Road, Sahiwal
Haripur Booth	Booth	Main Shahrah-e-Hazara, G.T. Road, Haripur
Tufail Road Booth, Lahore	Booth	160-C Tufail Road Lahore Cantt
Shandar Chowk Booth, Jhelum	Booth	Khuwaja Market Shandar Chowk Jhelum.

AN/16