FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	Dec-20
		RUPEES
SHARE CAPITAL AND RESERVES		
SHARE CAPITAL		
Authorized Share Capital	5	35,000,000
Issued and paid-up & Subscribed Capital		35,000,000
Unappropriated Profit / (Loss)		(1,762,132)
		33,237,868
Gain on demutualization	6	20,346,030
NON - CURRENT LIABILITIES		
Loan from directors	7	700,000
Security Payable		269,600
CURRENT LIABILITIES		
Accrued expenses	8	157,141
Trade creditors & other payable	9	2,168,322
Profit with held(DFC) Contract		-
		2,325,462
		56,878,960
ASSETS		
NON - CURRENT ASSETS		
Tangible assets		
Property, plant & equipment	10	11,658,662
Intangible assets:		
TREC	6.1	2,500,000
Software		525,000
		3,025,000
Long term security deposit		531,500
CURRENT ASSETS		
Investment-available for sale due to demutualization		30,346,030
Advances and Deposits	12	3,693,183
Marketable Securities	13	988,141
Trade debtors	14	758
Income Tax Refundable	15	1,013,057
Cash and bank balance	16	5,622,629
		41,663,798
		56,878,960

The annexed notes form 1 to 34 an integral part of these financial statements.

DIRECTOR

FALKI CAPITAL (PVT.) LTD.

CHIEF EXECUTIVE OFFICER

FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS
FOR ~~THE~~ HALF YEAR ENDED DECEMBER 31, 2020

	Note	Dec-20
		RUPEES
Revenue	**17**	41,444
Less: Operational expenses	**18**	(2,341,179)
Operating (loss)		(2,299,735)
Profit / (Loss) on sale/remeasurement of investment classified as fair value through profit or loss		215,191
		(2,084,544)
Other income	**19**	3,010,624
Ptofit / (Loss) before tax		926,080
Less: Taxation	**20**	
Profit / (Loss) after tax		926,080
		-

The annexed notes form 1 to 34 an integral part of these financial statements.

DIRECTOR

FALKI CAPITAL (PVT.) LTD.

CHIEF EXECUTIVE OFFICER

FALKI CAPITAL (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR ~~THE~~ HALF YEAR ENDED DECEMBER 31, 2020

	Dec-20
	RUPEES
Profit / (Loss) after tax for the year	926,080
Other comprehensive income	
Items that may be subsequently reclassified in profit or loss	-
Items that will not be subsequently reclassified in to profit or loss	-
Other comprehensive income	-
Total comprehensive Profit / (Loss) for the year	926,080

The annexed notes form 1 to 34 an integral part of these financial statements.

FALKI CAPITAL (PVT.) LTD.

DIRECTOR

CHIEF EXECUTIVE OFFICER

FALKI CAPITAL (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR ~~THE~~ HALF YEAR ENDED DECEMBER 31, 2020

Particulars	Share capital	Accumulated Profit / (loss)	Total
		(Rupees)	
Balance as on July 01, 2018	35,000,000	(277,222)	34,722,778
Profit / (Loss) for the year	-	(1,383,098)	(1,383,098)
Balance as on June 30, 2019	35,000,000	(1,660,320)	33,339,680
Balance as on July 01, 2019	35,000,000	(1,660,320)	33,339,680
Profit / (Loss) for the year	-	(1,027,892)	(1,027,892)
Balance as on June 30, 2020	35,000,000	(2,688,212)	32,311,788
Profit / (Loss) for the year	-	-	-
Balance as on June 30, 2020	35,000,000	(2,688,212)	32,311,788
Profit / (Loss) for the year		926,080	
Balance as on December 31, 2020	35,000,000	(1,762,132)	32,311,788

The annexed notes form 1 to 34 an integral part of these financial statements.

DIRECTOR

FALKI CAPITAL (PVT.) LTD.

CHIEF EXECUTIVE OFFICER

FALKI CAPITAL (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR ~~THE~~ HALF YEAR ENDED DECEMBER 31, 2020

10 PROPERTY PLANT& EQUIPMENT

PARTICULARS	COST AS ON July 01, 2020	ADDITION	AS ON Dec 31, 2020	RATE %	DEPRECIATION AS ON July 01, 2020	FOR THE YEAR	AS ON Dec 31, 2020	W.D.V AS ON 31-12-2020
					RUPEES			
VEHICLES	41,000	-	41,000	20	37,038	396	37,434	3,565
OFFICE EQUIPMENTS	1,194,691	15,565	1,210,256	10	613,137	29,856	642,993	567,263
FURNITURE & FIXTURES	539,095	-	539,095	10	327,957	10,557	338,514	200,581
OFFICE PEREMISES	16,400,000	-	16,400,000	5	5,233,587	279,160	5,512,747	10,887,253
2020	18,174,786	15,565	18,190,351		6,211,719	319,969	6,531,688	11,658,662

PARTICULARS	COST AS ON July 01, 2019	ADDITION	AS ON June 30, 2020	RATE %	DEPRECIATION AS ON July 01, 2019	FOR THE YEAR	AS ON June 30, 2020	W.D.V AS ON 30-06-2020
					RUPEES			
VEHICLES	41,000	-	41,000	20	36,047	991	37,038	3,961
OFFICE EQUIPMENTS	1,194,691	-	1,194,691	10	548,520	64,617	613,137	581,554
FURNITURE & FIXTURES	539,095	-	539,095	10	304,497	23,460	327,957	211,138
OFFICE PEREMISES	16,400,000	-	16,400,000	5	4,645,881	587,706	5,233,587	11,166,413
2020	18,174,786	-	18,174,786		5,534,945	676,773	6,211,719	11,963,066

PARTICULARS	COST AS ON July 01, 2018	ADDITION	AS ON June 30, 2019	RATE %	DEPRECIATION AS ON July 01, 2018	FOR THE YEAR	AS ON June 30, 2019	W.D.V AS ON 30-06-2019
					RUPEES			
VEHICLES	41,000	-	41,000	20	34,809	1,238	36,047	4,952
OFFICE EQUIPMENTS	1,194,691	-	1,194,691	10	476,723	71,797	548,520	646,171
FURNITURE & FIXTURES	539,095	-	539,095	10	278,431	26,066	304,497	234,598
OFFICE PEREMISES	16,400,000	-	16,400,000	5	4,027,243	618,638	4,645,881	11,754,119
2019	18,174,786	-	18,174,786		4,817,206	717,739	5,534,945	12,639,840

FALKI CAPITAL (PVT.) LTD.

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR ~~THE~~ HALF YEAR ENDED DECEMBER 31, 2020

1 Corporate and general information

1.1 Legal status and operations

The company was incorporated in Pakistan on June 8th 2006 as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017).

The main business of the company is to assist, regulate or control the business of buying, selling securites, facilitating public securites and to initiate activites in relation to stock exchange and money market etc.

The geographical location and address of the Company's office is as under:
The registered office of the Company is situated at Plot No.558, Street No.20, Chaklala Scheme III, Commercial area Rawalpindi.

2 Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standard for Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

FALKI CAPITAL (PVT.) LTD.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

2.4.2 Provisions

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

2.4.3 Impairment

The carrying amount of the Company's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to profit and loss account.

2.4.4 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following key amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Company's financial statement.

-The Company has adopted IFRS 16 'Leases' with effect from July 01, 2019. IFRS 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases. Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at

FALKI CAPITAL (PVT.) LTD.

the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

The Company's lease portfolio includes lease contracts which are extendable through mutual agreement between counter parties or cancellable by both parties immediately or on a short notice. Accordingly, the Company has concluded that where the lease term of contracts is short-term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

The Company has adopted IFRS 16 using the modified retrospective approach and the Company has assessed that the adoption of IFRS 16 does not have any material financial impact on these financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

-IFRIC 23 'Uncertainty over income tax treatments' (effective from accounting period beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

-Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

-Amendments to IAS 12 Income Taxes The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events

3.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

FALKI CAPITAL (PVT.) LTD.

3.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

The following new standards and interpretations are not effective for the financial year beginning on January 1, 2020 and have not been early adopted by the Company.

	Effective date
-Definition of a Business - Amendments to IFRS 3	January 1, 2020
-Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020
-Definition of Material - Amendments to IAS 1 and IAS 8	January 1, 2020
-IFRS 17 Insurance Contracts	January 1, 2022

The above standards and interpretations are not expected to have any material impact on the company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

4.1 PROPERTY , PLANT AND EQUIPMENT

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Items of property, plant and equipment other than land, buildings and capital work in progress are measured at cost less accumulated depreciation

Depreciation

Depreciation is charged so as to write off the cost or revalued amount of assets over their estimated useful lives, using the written down method.

4.2 Income tax

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any.

4.3 Non Current Assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is provided on reducing balance method over the estimated useful lives of the assets at rates specified in note 8 to the financial statements.

4.4 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax

FALKI CAPITAL (PVT.) LTD.

department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.5 Revenue recognition

Revenue is recognized when services have been rendered.
Income on bank deposits and short term investments are recognised using the effective yield method.

4.6 Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value and / or amortized cost respectively, whichever is applicable. The Company derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

4.7 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.8 Basic and Diluted earnings per share

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

4.9 Provisions

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

4.10 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of income and expenditure and other comprehensive income.

FALKI CAPITAL (PVT.) LTD.

expenditure and other comprehensive income.

(i) Financial assets

Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

a) Amortized cost where the effective interest rate method will apply;
b) fair value through profit or loss;
c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of expenditure and income and other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of expenditure and income and other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of expenditure and income and other comprehensive income and presented in other other income/ (charges). Impairment losses are presented as separate line item in the statement of income and expenditure and other comprehensive income.

FALKI CAPITAL (PVT.) LTD.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in statement of expenditure and income and other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of expenditure and income and other comprehensive income and recognised in other income/ (charges). Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as separate line item in the statement of income and expenditure and other comprehensive income.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of expenditure and income and other comprehensive income and presented net within other other income/ (charges) in the period in which it arises.

De-recognition of financial assets

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

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

At each reporting date, the Company assesses whether the financial assets carried at amortized cost

FALKI CAPITAL (PVT.) LTD.

are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Following are financial instruments that are subject to the ECL model:

- Deposits and short term prepayments
- Trade debts
- Cash and bank balances
- Loans and advances
- Other receivables

Simplified approach for advances, deposits and other receivables

The Company recognises life time ECL on advances, deposits and other receivables, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Advances, deposits and other receivables are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of expenditure and income and other comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.
As explained in note 4 to these financial statements, previously, impairment (loss allowance) was measured under incurred loss model of IAS 39.

(ii) Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

FALKI CAPITAL (PVT.) LTD.

b) Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of income and expenditure and other comprehensive income, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income and expenditure and other comprehensive income.

(iii) Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.11 Leases

Right of use of Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets
If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment.

Lease liabilities

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

FALKI CAPITAL (PVT.) LTD.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable before July 01, 2019

Determining whether an arrangement contains a lease: At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Lease assets: Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Lease payments: Payments made over operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

4.12 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

FALKI CAPITAL (PVT.) LTD.

5 Share Capital

	Dec-20
	RUPEES

Authorized share capital comprises of 3,500,000 (2019: 3,500,000) Ordinary shares of Rs. 10 each.

Issued, subscribed and paid up capital

2020 Numbers	2019 Numbers	Ordinary shares	
3,500,000	3,500,000	Ordinary shares of Rs. 10 each paid in cash	35,000,000
			35,000,000

6 SURPLUS / GAIN ON REVALUATION OF SHARES /TREC ON DEMUTUALIZATION AN EXCHANGE

Pursuant to the promulgation of the stock Exchange (Corporation, Demutualization and integration) Act,2012 (The Act) the ownership in a stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the company has received equity shares of ISE and trading Right Entitlement (TRECs) in lieu of it membership card of ISE.The company's entitlement in respect of ISE's shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and company has been allotted 3,034,603 shares of the face value of Rs 10/- each, out of which 1,820,761 shares are kept in the blocked account and the divorcement of the same will be made in accordance with the requirement of the Act within two years from the date of demutualization.

In the absence of an active market of the shares of ISE and TREC, the company has taken the cost of the shares (at issued price of Rs 10 each) and TREC at 4.00 million which is the value approved by the Board of Directors of ISE and endorsed by the SECP. Consequently the company has recorded surplus of RS:21.846 million on conversion of membership card of ISE to shares and TREC in The equity as effect of Corporatization Demutualization Act, and this surplus on revaluation is approved by SECP.

		Dec-20
		RUPEES
Shares		30,346,030
Office premises		16,400,000
TREC	6.1	2,500,000
Software		40,000
		49,286,030
Other intangible assets		(28,940,000)
		20,346,030

6.1 Pakistan Stock Exchange has issued notice dated September 15, 2017 regarding the rationalizing of notional value of TRE certificate for the purpose of base minimum Capital to take the value of TREC ar Rs. 2.5m.

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7 Loan from directors

This represents interest free and unsecured loan obtained from one of the director of the Company on June 29, 2018 to enhance the liquidity. The loan is reschduled on July 01, 2020 for two more years on and will be repaid after the period of two years therefore the fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of loan is not considered material and hence not recognized.

8 ACCRUED EXPENSES

	Dec-20
	RUPEES
Utilities & Other	157,141
	157,141

9 TRADE CREDITORS & OTHER PAYABLE

	Dec-20
	RUPEES
Payable to Clients	1,589,118
Sale Tax /FED Tax	15,256
Advance Rent	554,567
Other Payable	8,678
Payable to NCCPL/PSX	220
Payable to PSX	484
	2,168,322

11 Contigencies & Comitments

There were no Contigencies & Comitments as at June 30, 2020 (2019 : Nil)

12 Advances and Deposits

	Dec-20
	RUPEES
Ready Market Exposure Deposit	2,850,000
Future Market Exposure Deposit	435,000
Advance Withholding Tax	247,654
Advance Fixed and Final	160,529
	3,693,183

16 CASH AND BANK BALANCE

		Dec-20
		RUPEES
Cash In Hand		187,897
Cash at Bank	16.1	5,434,732
		5,622,629

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FALKI CAPITAL (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR ~~THE~~ HALF YEAR ENDED DECEMBER 31, 2020

16.1 Cash at Bank	Dec-20 RUPEES
Clients Account	2,636,833
House Account	2,797,899
	5,434,732

17 Revenue	Dec-20 RUPEES
Clients	41,444
Institutions	-
	41,444

18 OPERATING EXPENSES	Dec-20 RUPEES
Salaries & Wages	1,315,000
Membership fee / PSX & Others	64,100
Bank Charges	1,000
Telephone, Postage & Internet charges	104,429
Entertainment & Petty	34,152
Utility Bills	
Proprietary Trading Expense	6,751
Trading Expenses	159,402
Auditors' Remuneration	
Regulatory Penality	260,025
Misc. Expenses	1,117
Depreciation	319,969
Rent Expenses	
Property Tax Acc Since 2020	24,476
Property Maintenance Exp	50,758
Provision for doubtful debts	
	2,341,179

19 (LOSS) ON SALE/REMEASUREMENT OF INVESTMENT CLASSIFIED AS FAIR VALUE THROUGH PROFIT OR LOSS	2020 RUPEES
Opening Stock	1,400,690
(Sale)/Purchase of share	(627,741)
	772,949
Less: Closing Stock	988,141
Capital Gain/Loss	215,191

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR ~~THE~~ HALF YEAR ENDED DECEMBER 31, 2020

19 OTHER INCOME

	Dec-20 RUPEES
Income from Dividends	1,067,639
Transfer and Custody Fee.	-
Other Income	53,540
Rental Income	1,883,156
Bad Debt Recovered	6,289
	3,010,624

22 BASIC EARNING/ (LOSS) PER SHARE

			Dec-20 RUPEES
22.1	Profit / (Loss) After Taxation	(Rs)	926,080
	Number of Ordinary Shares Issued	(No's)	35,000,000
	Earning Per Share		0.026

22.2 There is no dilutive effect on the basic earning per share

23 PATTERN OF EQUITY

	Dec-20 RUPEES
Fateh Khan Malik	34,990,000
Noor Jehan Malik	10,000
	35,000,000

24 GENERAL

Figures have been rounded off to Nearest Rupee.

DIRECTOR

FALKI CAPITAL (PVT.) LTD.

CHIEF EXECUTIVE OFFICER