

November 14, 2023

Ref: FC-23/01/BL

**The Members of the Board
FALKI CAPITAL (PRIVATE) LIMITED**

AUDIT FOR THE YEAR ENDED JUNE 30, 2023

Dear Sirs,

We are pleased to enclose three copies of the draft financial statements of **FALKI CAPITAL (PRIVATE) LIMITED** "the Company" for the year ended June 30, 2023, together with our draft audit report duly initialed by us for identification purposes only. We shall be pleased to sign our audit report in its present or amended form after the draft financial statements are approved by the Board and signed on their behalf by the Chief Executive Officer and Director and on receipt/review of the following:

- a. Letter of representation addressed to us on behalf of the Board of Directors and signed by the Chief Executive Officer as per draft provided by us.
- b. Board of Directors resolution in respect of the following:
 - Contingencies and commitments as disclosed in note 9 to the annexed financial statements;
 - Short term loan to directors amounting to Rs- 1,500,000 as disclosed in note 13 to the annexed financial statements;
 - Short term loan to employees amounting to Rs- 2,077,500 as disclosed in note 13 to the annexed financial statements;
 - Remuneration of chief executive and directors as disclosed in note 30 to the annexed financial statements; and
 - Transactions and balances with related parties as disclosed in note 32 to the annexed financial statements.
- c. Director's report as required under section 223 (6) of the Companies Act, 2017:

Our observations and comments on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

- 1.1 The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Company's management.
- 1.2 The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

- 1.3 These draft financial statements shall remain and be deemed unaudited unless these have been approved by the Board, and signed by the Chief Executive Officer and Director authorized to do so and the audit report on these financial statements has been signed by us.

2. OTHER INFORMATION

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. We request you to provide us a copy of the "Annual Report/Director Report" to ensure that it is not materially inconsistent with the financial statements.

3. PROPERTY AND EQUIPMENT

- 3.1 We have observed that the Company does not have a proper capitalization policy duly approved by the Board of Directors (BOD) of the Company. In the absence of a proper capitalization policy there is a risk that certain material items of the assets may not be capitalized which may result in the distortion of the operating results of the Company. We recommend that proper capitalization policy should be formulated by the BOD in order to bring consistency in accounting for capital and revenue expenditure.

4. SHORT TERM LOAN

- 4.1 During the year, company had loan receivable from Director amounting to Rs. 1,500,000/- as disclosed in note 13 to the financial statements. No amount has been disbursed during the year.
- 4.2 During the year, company had loan receivable from its employee amounting to Rs. 2,077,500/- as disclosed in note 13 to the financial statements. During the year, Rs. 322,500/- was repaid whereas further loan of Rs. 900,000/- was disbursed to the employee.

5. STANDARD OPERATING PROCEDURES/MANUALS

The Company does not have comprehensive board-approved policies and procedures covering credit operations, credit recovery, provisioning, and accounting manual in place to provide guidelines to staff with respect to proper accounting of transactions. In the absence of defined accounting and other procedures, errors/inaccuracies may take place in the financial reporting and credit process. We recommend that comprehensive policies and procedures covering credit operations, credit recovery, provisioning, and accounting manual should be prepared, properly documented and approved by the Board.

6. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING POLICIES AND CONTROLS

We recommend that based on general guidelines of AML/TF the Company must frame its AML/CFT Risk and Compliance Policy, which shall be approved by the Board and be publicly made available. The Company shall review the said policy on an annual basis. The management must communicate updated version of the policy clearly to all employees on an annual basis along-with statement from the President.

Further, the management must take appropriate steps to identify and assess the ML/TF risks for suppliers, customers and employees (including persons, group of persons and organizations, etc.), country specific or geographic areas, services transactions and delivery channels. The management must also consider to establish an independent and well-resourced compliance function within the Company to achieve the objective of AML/CFT Risk and Compliance Policy. Based on a risk-based approach, the Company may consider forming an independent oversight committee of its operations, and each Company must select the oversight structure, which best suits its needs.

7. ANTI-FRAUD PROGRAMS AND CONTROLS

The Company needs to develop and implement a formal, comprehensive and robust system of anti-fraud programs and controls (including a whistle-blowing policy for reporting of frauds and protection of whistle-blower) that are considered an integral part of effective internal control system.

Such programs and controls are basically responses to the results of a formal periodic risk assessment procedure which is carried out by the management to develop the risk repository of the Company and possible mitigating controls. A 'whistle-blower' program allows a supplemental confidential communication channel for employees to lodge complaints, submit concerns regarding questionable matters, or report fraudulent behavior.

This, coupled with strong communication of the message to employees to encourage reporting irregularities, can prove to be the most effective anti-fraud control mechanism. In absence of a whistle-blower program, malpractices concealed through undue influence or coercion could go unnoticed as the employees are not provided with a secure communication medium.

In the absence of anti-fraud programs and control any concerns relating to fraud and irregularities, breaches of ethics, internal control issues and other related matters may not be highlighted or submitted, investigated and dealt with appropriately. This in-turn undermines the confidence of stakeholders and provides an opportunity for wrong-doers.

8. RISK REGISTER

Mostly large enterprises have a procedure for managing corporate risks through Corporate Risk Register. The procedure is intended to identify, record, and communicate risks in terms of their comparative importance to the Company. The corporate risk register also forms the basis for reporting risk issues in the annual report. The information is usually stored in a central register, catalogue, or inventory of risks.

This should contain information suitably sorted, standardized, and merged for relevance to the appropriate level of management. Its key function is to provide management, the board, and key stakeholders with significant information on the main risks faced by the business. Every risk in the register should have the following features: opening date, title, short description, probability, and importance.

A risk might also have a dedicated manager responsible for its resolution. We have observed that the Company is not maintaining a risk register.

9. UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN)

To enhance public trust on auditor's report, the Institute of Chartered Accountants of Pakistan (ICAP) has issued a Directive 4.27, whereby it is required that every practicing-chartered accountant will place UDIN generated from ICAP portal on the following reports:

- Auditors' Report on General Purpose Financial Statements
- Auditors' Report on Interim Financial Information
- Auditors' Report on Statement of Compliance with Code of Corporate Governance.

In order to obtain the UDIN, auditors are required to upload certain financial information of the reporting entity. Accordingly, we are required to upload the information on ICAP's portal for generation of UDIN. The ICAP, in its frequently asked questions, has assured that Client's confidential data would be entered by the concerned engagement partner himself and such data would not be available for any unauthorized use.

Compliance of the above ICAP Directive is mandatory and non-compliance of results in professional misconduct under Chartered Accountants Ordinance, 1961. We hereby bring this into the attention of the management and the Board of Directors of the Company.

10. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies as on the date of the financial statements. Kindly confirm the representations made by management.

11. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties during the year except other than those disclosed as per the note 32 to these financial statements. Kindly confirm the representations made by management.

12. COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

We have been informed by the management that there were no instances of non-compliance with statutory laws and regulations that would have financial reporting implications except those reported above. Kindly confirm the representations made by management.

13. FRAUD

We have been informed by the management that there were no suspected instances or instances of fraud that would have financial reporting implications or required disclosure in these financial statements. Kindly confirm the representations made by management.

14. INDEPENDENCE

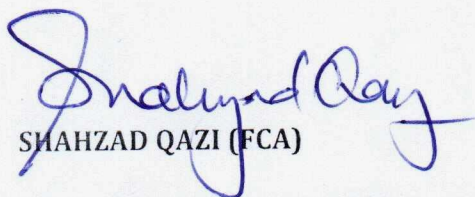
We confirm that in our professional judgment, the Firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

15. SUBSEQUENT EVENTS

We have been informed by the management that there were no subsequent events which required disclosure or adjustment in the financial statements.

We take this opportunity to thank your staff for the courtesy and cooperation extended to us in the course of our audit.

Yours faithfully,


SHAHZAD QAZI (FCA)

Crowe Hussain Chaudhury & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FALKI CAPITAL (PRIVATE) LIMITED**Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **FALKI CAPITAL (PRIVATE) LIMITED** ("the Company"), which comprise the statement of financial position as at June 30, 2023 and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and 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 director's 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.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

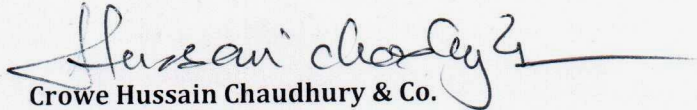


Report on Other Legal and Regulatory Requirements

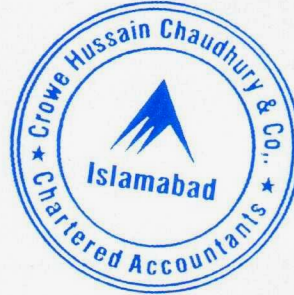
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account, 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) by the company.

The engagement partner on the audit resulting in this independent auditor's report is Shahzad Qazi (FCA).


Crowe Hussain Chaudhury & Co.
Chartered Accountants

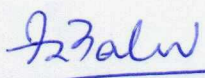
Place: Islamabad
Date: - **22 NOV 2023**
UDIN: AR202310328mF11oSMqE

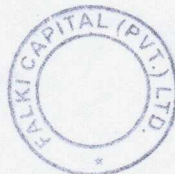


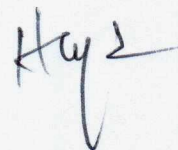
FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

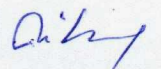
	Note	2023 RUPEES	2022 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital	5	35,000,000	35,000,000
Issued, paid-up & Subscribed Capital		35,000,000	35,000,000
Unappropriated (Loss)		(347,279)	(2,032,342)
		34,652,721	32,967,658
Gain on demutualization	6	20,346,030	20,346,030
NON - CURRENT LIABILITIES			
Security Payable		269,600	269,600
CURRENT LIABILITIES			
Accrued expenses	7	499,548	166,394
Trade creditors & other payables	8	7,480	316,150
		507,028	482,543
Contingencies & Commitments	9	-	-
		55,775,379	54,065,832
ASSETS			
NON - CURRENT ASSETS			
Property & equipment	10	10,165,051	10,734,911
Intangible assets			
TREC	6.1	2,500,000	2,500,000
Software		525,000	525,000
		3,025,000	3,025,000
Long term security deposit		100,000	100,000
		13,290,051	13,859,911
CURRENT ASSETS			
Investment-available for sale due to demutualization		30,346,030	30,346,030
Advances, deposits and other receivables	11	2,193,143	3,681,611
Marketable Securities	12	241,062	498,669
Short term Loan	13	3,577,500	3,000,000
Income Tax Refundable	14	1,353,358	950,218
Short term Investment		3,333,633	-
Cash and bank balance	15	1,440,602	1,729,393
		42,485,328	40,205,921
		55,775,379	54,065,832

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


CHIEF EXECUTIVE OFFICER



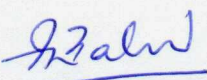



DIRECTOR

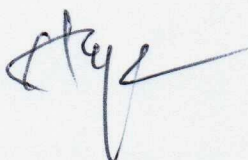
FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

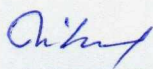
		2023	2022
	Note	RUPEES	RUPEES
Revenue	16	31,506	64,499
Operational expenses	17	<u>(4,877,768)</u>	<u>(4,472,863)</u>
Operating (loss)		(4,846,262)	(4,408,364)
(Loss)/gain on sale/remeasurement of investment classified as fair value through profit or loss	18	2,295	(8,228)
Other income	19	<u>7,254,678</u>	<u>6,345,162</u>
Profit before tax		2,410,711	1,928,571
Taxation	20	(725,649)	(1,219,675)
Profit after tax		<u><u>1,685,062</u></u>	<u><u>708,896</u></u>
Earning per share	22	0.481	0.203

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


CHIEF EXECUTIVE OFFICER



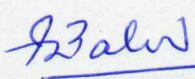



DIRECTOR

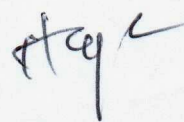
**FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

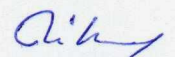
	Note	2023 RUPEES	2022 RUPEES
Profit for the year		1,685,062	708,896
<i>Other comprehensive income</i>			
Items that may be subsequently reclassified in profit or loss		-	-
Items that will not be subsequently reclassified in to profit or loss		-	-
Other comprehensive income		-	-
Total comprehensive profit for the year		<u>1,685,062</u>	<u>708,896</u>

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


CHIEF EXECUTIVE OFFICER






DIRECTOR

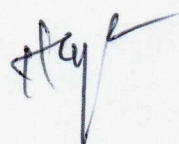
FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

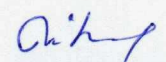
	2023	2022
Notes	RUPEES	RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,410,711	1,928,571
Adjustments for non cash items		
Depreciation	569,860	603,782
Operating profit before working capital changes	2,980,571	2,532,352
(Increase) / decrease in current assets		
Advances, deposits and other receivables	1,488,468	(396,611)
Purchase of T bills	(3,333,633)	-
Short Term Loan	(577,500)	-
	(2,422,665)	(396,611)
Increase / (decrease) in current liabilities		
Accrued Expenses	333,156	1,099
Short Term Loan	-	(3,000,000)
Trade Creditors & Other Payable	(308,669)	(1,120,121)
	24,486	(4,119,022)
Cash generated from operating activities	582,393	(1,983,281)
Income Tax paid	(1,128,790)	(1,333,162)
Net cash (outflow) from operating activities	(546,397)	(3,316,443)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term security deposit	-	431,500
Marketable Securities	257,607	289,137
Net cash inflow from investing activities	257,607	720,637
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from Directors	-	(700,000)
Net cash (outflow) from financing activities	-	(700,000)
Net cash (outflow) during the year	(288,790)	(3,295,806)
Cash and cash equivalent at the beginning of the year	1,729,393	5,025,199
Cash and cash equivalent at the end of the year	15 1,440,602	1,729,393

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


CHIEF EXECUTIVE OFFICER






DIRECTOR

FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

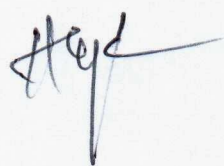
Particulars	Share capital	Accumulated Profit / (Loss)	Total
Balance as on July 01, 2021	35,000,000	(2,741,237)	32,258,763
Profit for the year	-	708,896	708,896
Other comprehensive income	-	-	-
Transactions with owners:	-	-	-
Balance as on June 30, 2022	<u>35,000,000</u>	<u>(2,032,342)</u>	<u>32,967,658</u>
Balance as on July 01, 2022	35,000,000	(2,032,342)	32,967,658
Profit for the year	-	1,685,062	1,685,062
Other comprehensive income	-	-	-
Transactions with owners:	-	-	-
Balance as on June 30, 2023	<u>35,000,000</u>	<u>(347,279)</u>	<u>34,652,721</u>

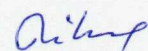
The annexed notes form 1 to 34 an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER







DIRECTOR

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 securities, facilitating public securities and to initiate activities 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 Flat 1, 1st floor plaza 61-d, 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.

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.

Abdul



Ayfe

Ahmed

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2.4.1 Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property 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 or 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 AND AMENDED STANDARDS AND INTERPRETATION

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

Certain standards, amendments and interpretations to IFRS are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Commission's operations or are not expected to have significant impact on the Commission's financial statements other than certain additional disclosures;

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 37: Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 16: Property, Plant and Equipment (Amendments)	January 1, 2022
Annual Improvement to IFRS Standards 2018-2020	January 1, 2022

3.2 Standards, interpretations and amendments to approved accounting standards that are not yet

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

[Handwritten signature]



[Handwritten signature]

[Handwritten signature]

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 1: Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12: Income Taxes (Amendments)	January 1, 2023
IAS 12: Deferred tax related to assets and liabilities arising from a single transaction (Amendments)	January 1, 2023
IFRS 16: Lease Liability in a Sale and Leaseback (Amendments)	January 1, 2024

The company is in process to assess the impact of these amendments.

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 and Equipment

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

The cost of an item of property and equipment shall be recognized as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of an item can be measured reliably

These are stated at cost less accumulated depreciation and accumulated impairment losses if any.

Depreciation is charged using the reducing balance method using rates specified in note 10.

Depreciation on additions is charged from the month in which the asset is put in use and on disposal up to the month the respective asset was in use.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gain and losses on disposal of fixed assets are included in the profit or loss account.

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.

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.

4.3 Revenue recognition

Revenue is recognized when services have been rendered.

Income on bank deposits and short term investments are recognized using the effective yield method.

4.4 Basic and Diluted earnings per share

The Company presents basic 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 shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

Isbalw



Haye

Qibay

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.5 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.

4.6 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.

4.7 Leases

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. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Company as a lessee

Recognition and measurement

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of income and expenditure account.

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of income and expenditure account.

Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

Abdul



Hays

Aisy

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.8 Financial instruments

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

4.8.1 Financial asset

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

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through income or expenditure account. Currently, the Company classifies its financial assets at amortized cost and fair value through income and expenditure account. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

Initial recognition and measurement

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price.

Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure

Financial assets measured at fair value through income and expenditure account are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the income and expenditure account.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the other comprehensive income.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in income and expenditure account.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Isalud



Haye

Osley

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.8.2 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

b) Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income and expenditure account. Difference between carrying amount and consideration paid is recognized in the statement of income and expenditure account when the liabilities are derecognized.

4.8.3 Off-setting of financial assets and financial liabilities

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

4.9 Impairment

Non-financial assets

The Company assesses at each statement of financial position date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to their recoverable amount and the difference is charged to statement of income and expenditure account, unless the asset is carried at revalued amount, any impairment loss of a revalued asset is treated as revaluation decrease.

4.10 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

F. F. F.



[Handwritten signature]

[Handwritten signature]

FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

5 SHARE CAPITAL	2023	2022
	RUPEES	RUPEES

Authorized share capital comprises of 3,500,000 (2022: 3,500,000) Ordinary shares of Rs. 10 each.

5.1 Issued, subscribed and paid up capital

2023	2022			
Numbers	Numbers	Ordinary shares		
3,500,000	3,500,000	Ordinary shares of Rs. 10 each paid in cash	35,000,000	35,000,000
			<u>35,000,000</u>	<u>35,000,000</u>

6 SURPLUS / GAIN ON REVALUATION OF SHARES /TREC ON DEMUTUALIZATION AND CORPORATIZATION OF STOCK 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 Securities and Exchange Commission of Pakistan.

	Notes	2023	2022
		RUPEES	RUPEES
Shares		30,346,030	30,346,030
Office premises		16,400,000	16,400,000
TREC	6.1	2,500,000	2,500,000
Software		40,000	40,000
		<u>49,286,030</u>	<u>49,286,030</u>
Other intangible assets		<u>(28,940,000)</u>	<u>(28,940,000)</u>
		<u>20,346,030</u>	<u>20,346,030</u>

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

7 ACCRUED EXPENSES

	2023	2022
	RUPEES	RUPEES

Audit Fee	200,000	140,000
Utilities & others	299,548	26,394
	<u>499,548</u>	<u>166,394</u>

Ahmad



Ali

Ali

FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

8 TRADE CREDITORS & OTHER PAYABLES	2023	2022
	RUPEES	RUPEES
Sale Tax /FED Tax/Misc.	2,056	9,713
Advance rent	-	305,013
Payable to NCCPL/PSX/KSE	1,424	1,424
Payroll tax	4,000	-
	<u>7,480</u>	<u>316,150</u>

9 CONTINGENCIES & COMMITMENTS

There is no material contingency and material commitment as at June 30, 2023 (2022 : Nil)

11 ADVANCES, DEPOSITS AND OTHER RECEIVABLES	2023	2022
	RUPEES	RUPEES
Eclear Services Ltd	2,103,673	3,681,611
Other receivables	89,470	-
	<u>2,193,143</u>	<u>3,681,611</u>

12 MARKETABLE SECURITIES	Position	Value	Var	Net Value
		RUPEES		RUPEES
Pakistan Oil Fields Limited	600	241,062	15%	204,903
		<u>241,062</u>		<u>204,903</u>

12.1 Concentrated proprietary positions

If the market value of any security is between 25% and 51% of the total proprietary positions, then 5% of the value of such security is maintained. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security is maintained.

Marketable Securities	Position	Value	Additional Var	CPP
Pakistan Oil Fields Limited	600	241,062	10%	24,106

13 SHORT TERM LOAN	2023	2022
	RUPEES	RUPEES
Loan to Director	1,500,000	1,500,000
Loan to employees	2,077,500	1,500,000
	<u>3,577,500</u>	<u>3,000,000</u>

14 INCOME TAX REFUNDABLE		2023	2022
	Notes	RUPEES	RUPEES
Opening		950,218	836,731
Add: Deducted during the year	14.1	1,128,790	1,156,837
		<u>2,079,007</u>	<u>1,993,568</u>
Less: Provision for the year			
Current		(725,649)	(1,219,675)
Prior		-	176,325
		<u>1,353,358</u>	<u>950,218</u>

Isbalw



Handwritten signature

Handwritten signature

FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

10 PROPERTY AND EQUIPMENT

Particulars	Vehicles	Office Equipments	Furniture & Fixtures	Office Premises	Rupees	
						Total
Year ended June 30, 2022:						
Opening Net Book Value	3,169	537,407	190,024	10,608,093		11,338,693
Additions	-	-	-	-		-
Disposals - carrying amount	-	-	-	-		-
Depreciation charge for the year	(634)	(53,741)	(19,002)	(530,405)		(603,782)
Closing Net Book Value	2,536	483,667	171,022	10,077,688		10,734,911

The carrying amount as at June 30, 2022 is aggregate of:

Cost	41,000	1,210,256	539,095	16,400,000		18,190,351
Accumulated depreciation	(38,464)	(726,589)	(368,073)	(6,322,312)		(7,455,439)
	2,536	483,667	171,022	10,077,688		10,734,911

Year ended June 30, 2023:

Opening Net Book Value	2,535	483,667	171,022	10,077,688		10,734,911
Additions	-	-	-	-		-
Disposals - carrying amount	-	-	-	-		-
Depreciation charge for the year	(507)	(48,367)	(17,102)	(503,884)		(569,860)
Closing Net Book Value	2,029	435,300	153,920	9,573,803		10,165,051

The carrying amount as at June 30, 2023 is aggregate of:

Cost	41,000	1,210,256	539,095	16,400,000		18,190,351
Accumulated depreciation	(38,971)	(774,956)	(385,175)	(6,826,197)		(8,025,300)
	2,029	435,300	153,920	9,573,803		10,165,051

Rate of depreciation per annum (%)

20%

10%

10%

5%



Handwritten signature

Handwritten signature

Handwritten signature

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

14.1 DEDUCTED DURING THE YEAR		2023	2022
		RUPEES	RUPEES
Rental Income		649,678	645,907
Dividend Income		303,686	285,401
Advance tax paid quarterly		96,700	194,842
Advance withholding tax on utilities and purchases		2,350	6,061
Advance withholding tax Profit on Debt		76,376	24,626
		<u>1,128,790</u>	<u>1,156,837</u>

15 CASH AND BANK BALANCE		2023	2022
	Notes	RUPEES	RUPEES
Cash in hand		230,711	229,309
Cash at bank	15.1	1,209,891	1,500,084
		<u>1,440,602</u>	<u>1,729,393</u>

15.1 Cash at Bank		2023	2022
		RUPEES	RUPEES
House Account		1,209,891	1,500,084
		<u>1,209,891</u>	<u>1,500,084</u>

16 REVENUE		2023	2022
		RUPEES	RUPEES
Retail including Directors/ Falki Capital		31,506	64,499
		<u>31,506</u>	<u>64,499</u>

17 OPERATING EXPENSES		2023	2022
	Notes	RUPEES	RUPEES
Salaries & Wages		3,545,000	2,907,000
Membership fee / PSX & Others		50,025	65,025
Bank Charges		3,212	2,439
Telephone, Postage & Internet Charges		227,596	185,352
Property Repair & Maintenance		30,180	24,442
Property Management Expense		-	244,000
Trading Expenses		41,759	91,852
Auditors' Remuneration	17.1	200,000	140,000
Printing and Stationary		3,100	-
Misc. Expenses		70,950	109,038
Depreciation	10	569,860	603,780
Rent Expenses		-	31,500
Legal & Presumptive Expenses		57,720	35,765
Non Refundable Taxes		62,031	-
Property Tax		16,335	32,670
		<u>4,877,768</u>	<u>4,472,863</u>

17.1 Auditors' Remuneration

Audit services			
Annual audit fee		200,000	140,000
		<u>200,000</u>	<u>140,000</u>

[Handwritten Signature]



[Handwritten Signature]

FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

18 (LOSS)/GAIN ON SALE/REMEASUREMENT OF INVESTMENT CLASSIFIED AS FAIR VALUE THROUGH PROFIT OR LOSS	2023	2022
	RUPEES	RUPEES
Opening Stock	498,669	787,806
(Sale)/Purchase of shares	(259,902)	(280,909)
	<u>238,767</u>	<u>506,897</u>
Less: Closing Stock	241,062	498,669
	<u>2,295</u>	<u>(8,228)</u>

19 OTHER INCOME	2023	2022
	RUPEES	RUPEES
Income from Dividends	2,032,317	1,902,662
Income from Exposure Deposit	234,693	-
Other Income	-	164,173
Income from T-Bill	351,478	-
Rental Income	4,636,190	4,278,327
	<u>7,254,678</u>	<u>6,345,162</u>

20 TAXATION	2023	2022
	RUPEES	RUPEES
Current year	725,649	1,219,675
	<u>725,649</u>	<u>1,219,675</u>

20.1 During the year, company is being subject to tax u/s 113C of the Income Tax Ordinance, 2001. Therefore, deferred tax has not been provided as temporary differences are not expected to arise. Also, reconciliation between tax expense and accounting profit is not provided.

21 CAPITAL ADEQUACY LEVEL	2023	2022
	RUPEES	RUPEES
Total Assets	55,775,379	54,065,832
Less: Total Liabilities	(776,628)	(752,143)
Capital Adequacy Level	<u>54,998,751</u>	<u>53,313,689</u>

21.1 While determining the value of total assets of FALKI CAPITAL (PRIVATE) LIMITED, Notional value of the TRE Certificate held by such Participation as at year ended June 30, 2023 as determined by Pakistan Stock Exchange has been considered.

22 BASIC EARNING PER SHARE		2023	2022
22.1 Profit after Tax	(Rs)	1,685,062	708,896
Number of Ordinary Shares Issued	(No's)	3,500,000	3,500,000
Earning Per Share		<u>0.481</u>	<u>0.203</u>

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

23 PATTERN OF EQUITY	2023	2022
	RUPEES	RUPEES
Fateh Khan Malik	34,990,000	34,990,000
Noor Jehan Malik	10,000	10,000
	<u>35,000,000</u>	<u>35,000,000</u>

S. Saleem



Hayat

A. Khan

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

24 PROVIDENT FUND

No Provident fund has been maintained by the Company.

25 NET CAPITAL BALANCE

Following additional disclosure, not elsewhere disclosed in these financial statements, are being provided to comply with the requirement of National Clearing Company of Pakistan (NCCPL) subsequently approved by Securities and Exchange Commission of Pakistan (SECP) vide letter no. SMD/SE/220/2016.

A-Description of Current Assets	Valuation basis	Amount
1. Cash in hand or in bank	As per book value	1,440,602
2. Trade Receivables	Book Value less those overdue for more than fourteen days	-
3. Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount	204,903
4. Securities purchased for customers	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days	-
5. Listed TFCs/ Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to Market less 10% discount	-
6. FIBs	Marked to Market less 5% discount	-
7. Treasury Bill	At market value	3,333,633
8. Any other current asset specified by the Commission	As per the valuation basis determined by the Commission	2,193,143
Total Assets		7,172,281
B-Description of Current liabilities	Valuation basis	Amount
1. Trade payables	Book Value less those overdue for more than 30 days	-
2. Other liabilities	As classified under the generally accepted accounting principles	507,028
Total Liabilities		507,028
Net Capital Balance		6,665,253

73alw



Qilmy

Hgc

FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

26 LIQUID CAPITAL

	Head of Account	Notes	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets					
1.1	Property & Equipment		10,165,050	100%	-
1.2	Intangible Assets		3,025,000	100%	-
1.3	Investment in Govt. Securities (150,000*99)		3,333,633		3,333,633
1.4	Investment in Debt Securities				
	If listed than:				
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		-	5%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	8%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		-	10%	-
	If unlisted than:				
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		-	10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	13%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		-	15%	-
1.5	Investment in Equity Securities				
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.		241,062	36,159	204,902
	ii. If unlisted, 100% of carrying value.		30,346,030	100%	-
1.6	Investment in subsidiaries			100%	-
1.7	Investment in associated companies/undertaking				
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.		-	-	-
	ii. If unlisted, 100% of net value.		-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.		100,000	100%	-
1.9	Margin deposits with exchange and clearing house.		2,103,673	-	2,103,673
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	-	-
1.11	Other deposits and prepayments		3,577,500	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)		-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		-	100%	-
1.13	Dividends receivables.		-	-	-

Azhar 

Aibey
Hayes

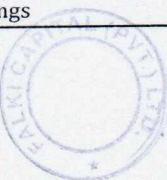
FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)		-	-	-
1.15	Receivables other than trade receivables		1,442,828	100%	-
1.16	Receivables from clearing house or securities exchange(s)				
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		-	100%	-
1.17	Receivables from customers				
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>		-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>		-	5%	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>		-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>		-	-	-
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.		-	-	-
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>		-	100%	-
1.18	Cash and Bank balances				
	i. Bank Balance-proprietary accounts		1,209,891	-	1,209,891
	ii. Bank balance-customer accounts		-	-	-
	iii. Cash in hand		230,711	-	230,711
1.19	Total Assets		55,775,379		7,082,811

2. Liabilities

2.1	Trade Payables				
	i. Payable to exchanges and clearing house		-	-	-
	ii. Payable against leveraged market products		-	-	-
	iii. Payable to customers		-	-	-
2.2	Current Liabilities				
	i. Statutory and regulatory dues		-	-	-
	ii. Accruals and other payables		507,028	-	507,028
	iii. Short-term borrowings		-	-	-

Abalw



Flax

Arif

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	iv. Current portion of subordinated loans		-	-	-
	v. Current portion of long term liabilities		-	-	-
	vi. Deferred Liabilities		-	-	-
	vii. Provision for bad debts		-	-	-
	viii. Provision for taxation		-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements		-	-	-
2.3	Non-Current Liabilities		-	-	-
	i. Long-Term financing		-	-	-
	ii. Staff retirement benefits		-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	269,600	-	-	269,600
2.4	Subordinated Loans		-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted		-	-	-
2.5	Total Liabilities		776,628		776,628

3. Ranking Liabilities Relating to :

3.1	Concentration in Margin Financing				
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.		-	-	-
3.2	Concentration in securities lending and borrowing				
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed		-	-	-
3.3	Net underwriting Commitments				
	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting		-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments		-	-	-
3.4	Negative equity of subsidiary				
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary.		-	-	-
3.5	Foreign exchange agreements and foreign currency positions				
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency		-	-	-
3.6	Amount Payable under REPO				
			-	-	-

Handwritten signature



Handwritten signature

Handwritten signature

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.7	Repo adjustment In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.				
3.8	Concentrated proprietary positions If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security		-	24,106	24,106
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met		-	-	-
3.10	Short sell positions i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.		-	-	-
3.11	Total Ranking Liabilities		-	24,106	24,106
				<u>54,998,750</u>	<u>6,282,076</u>

Calculations Summary of Liquid Capital

- (i) Adjusted value of Assets (serial number 1.19)
- (ii) Less: Adjusted value of liabilities (serial number 2.5)
- (iii) Less: Total ranking liabilities (series number 3.11)

[Handwritten signature]



[Handwritten signature]

[Handwritten signature]

FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

27 FINANCIAL INSTRUMENTS

	Amortized cost		Fair value through profit or loss		Total	
	2023	2022	2023	2022	2023	2022
(Rupees)						
Financial assets						
Investment-available for sale due to demutualization	30,346,030	30,346,030	-	-	30,346,030	30,346,030
Long term security deposit	100,000	100,000	-	-	100,000	100,000
Advances, deposits and other receivables	2,193,143	3,681,611	-	-	2,193,143	3,681,611
Marketable Securities	-	-	241,062	498,669	241,062	498,669
Short term Loan	3,577,500	3,000,000	-	-	3,577,500	3,000,000
Short term Investment	3,333,633	-	-	-	3,333,633	-
Cash and Bank Balances	1,440,602	1,729,393	-	-	1,440,602	1,729,393
	<u>40,990,908</u>	<u>38,857,034</u>	<u>241,062</u>	<u>498,669</u>	<u>41,231,970</u>	<u>39,355,703</u>
Financial liabilities						
Trade creditors & other payables	7,480	316,150	-	-	7,480	316,150
Accrued expenses	499,548	166,394	-	-	499,548	166,394
	<u>507,028</u>	<u>482,543</u>	<u>-</u>	<u>-</u>	<u>507,028</u>	<u>482,543</u>

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

28.1 Risk management policies

The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing to meet their objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

28.1.1 Credit risk

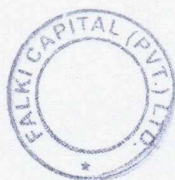
Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2023	2022
	RUPEES	RUPEES
Investment-available for sale due to demutualization	30,346,030	30,346,030
Long term security deposit	100,000	100,000
Advances, deposits and other receivables	2,193,143	3,681,611
Marketable Securities	241,062	498,669
Short term Loan	3,577,500	3,000,000
Short term Investment	3,333,633	-
Cash and bank balance	1,440,602	1,729,393
	<u>41,231,970</u>	<u>39,355,703</u>

[Handwritten signature]



[Handwritten signature]

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year, no assets have been impaired.

28.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
Rupees							
2023							
Accrued expenses	499,548	499,548	499,548	-	-	-	-
Trade creditors & other payable	7,480	7,480	7,480	-	-	-	-
	507,028	507,028	507,028	-	-	-	-
	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
Rupees							
2022							
Accrued expenses	166,394	166,394	166,394	-	-	-	-
Trade creditors & other payable	316,150	316,150	316,150	-	-	-	-
	482,543	482,543	482,543	-	-	-	-

28.1.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial

a) **Currency risk**

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from borrowings and investments.

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transactions.

30 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

Total amount of Rs. 1,200,000/- has been paid to CEO at the rate of Rs. 100,000 per month during the financial year. Additionally, no directors have been paid any remuneration.

FALKI CAPITAL (PRIVATE) LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

31 NUMBERS OF EMPLOYEES

	2023 Number	2022 Number
Average number of employees during the year	5	6
Number of employees as at June 30,	5	6

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise related director and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Significant balances and transactions with related parties are as follows:

Name of the related party	Relationship	Transactions during the year and year end balances	2023 RUPEES	2022 RUPEES
Fateh Khan Malik	Director	Loan disbursed during the year	-	1,500,000
		Balance payable at June 30,	1,500,000	1,500,000
Faysal Fateh Malik	Key management personnel	Loan disbursed during the year	900,000	1,500,000
		Loan repaid during the year	322,500	-
		Balance payable at June 30,	2,077,500	1,500,000

Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

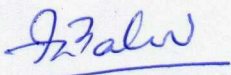
Aggregate % of Shareholding	Basis of Relationship	% of Shareholding
Fateh Khan Malik	Director	99.97%
Faysal Fateh Malik	Key management personnel	-

33 DATE OF AUTHORIZATION FOR ISSUE

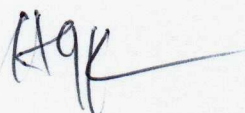
These financial statements were authorized for issue on 20 NOV 2023 by the Board of Director of the Company.

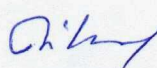
34 GENERAL

Figures have been rounded off to nearest rupee.


 CHIEF EXECUTIVE OFFICER






 DIRECTOR