

FIRST CAPITAL SECURITIES CORPORATION LIMITED
HALF YEARLY ACCOUNTS (UN-AUDITED)
DECEMBER 31, 2023

DIRECTORS' REVIEW

We, on behalf of the Board of Directors of First Capital Securities Corporation Limited (the "Company" or "FCSC") are pleased to present the auditors' reviewed condensed interim financial statements of the Company for the six months ended 31 December 2023.

Operational Results

The operating results of the Company are summarized as follows:

Financial Overview	31 December 2023	31 December 2022
	<i>Rupees</i>	<i>Rupees</i>
Unrealized gain/(loss) on investments	65,281,461	(6,113,428)
Dividend Income	43,512,978	-
Operating expenses	6,327,261	4,699,084
Operating profit/(loss)	58,954,200	(10,812,512)
Finance and other costs	214,281,553	143,742,181
Loss after taxation	(156,178,910)	(148,459,800)
Loss per share (basic and diluted)	(0.49)	(0.47)

The Company reported after tax loss of Rs. 156.18 million as compared to Rs. 148.46 million in the corresponding six months of last year other than unrealized gain of Rs.65.28 million on investments. Operating expenses incurred at Rs.6.33 million in comparison with Rs. 4.70 million in same period of last year. On net basis, per share loss of the Company has arrived at Rs.0.49 in comparison with Rs. 0.47 in the same period of last year.

The financial results of subsidiaries of the Company during the period under review are given hereunder:

First Capital Equities Limited ("FCEL") has reported a loss of Rs 13.59 million in FH23 as compare to Rs. 8.22 million in FH22. Due to discontinuation of operations, the brokerage income of FCEL is NIL in both periods. The Un-realized loss on re-measurement of investment is recorded at Rs. 14.70 million. Operating expenses decreased 20% during the period under review.

Lanka Securities (Pvt.) Limited ("LSL") generated a total revenue LKR. 175.06 million, and reported a net profit of LKR. 14.84 million, during half year which translates into an EPS of LKR. 0.60, During the period under review LSL declared a dividend and an amount of LKR. 43,512,978.

First Capital Investments Limited ("FCIL") reported profit after taxation of Rs. 22.24 million (EPS: 1.06) as compared to loss of Rs. 0.96 million (LPS: 0.05) in the corresponding period last year, mainly attributed to unrealized profit on re-measurement of investments of Rs. 25.42 million during the period under review. Unrealized profit on re-measurement of investments is subjected to positive return of stock market (KSE-100 index). The KSE -100 Index recorded a return of 50.66% during the first half of FY-2023. Asset Management Fee has increased to Rs. 1.09 million from Rs. 0.98 million in the corresponding period last year.

DIRECTORS' REVIEW

Evergreen Water Valley (Pvt.) Limited ("EGWV") the sales of EGWV increased by 23.816%. EGWV recorded the net sales of Rs. 68.523 million as compared to Rs. 55.342 million during the corresponding six months period Operating Profit was impacted by higher input & energy cost due to Rupee devaluation and global increase in the prices of commodities.

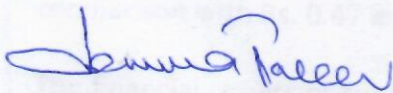
Outlook

The Company in order to strengthen itself remained completely focused on maintaining its growth momentum. The management is monitoring its resources and making earnest efforts to reap the maximum benefits from them for its shareholders. This involves optimizing revenue generation from core operations.

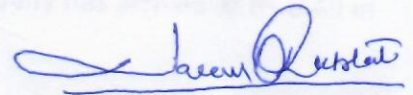
Acknowledgement

Directors of the company place on record their sincere appreciation for the assistance and co-operation provided by financial institutions, government authorities and other stake holders. The directors also appreciate the committed services of the employees of the Company.

For and on behalf of the Board of Directors



Chief Executive Officer



Director

Lahore:
28 February 2024



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of First Capital Securities Corporation Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of First Capital Securities Corporation Limited as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements").

Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the annexed condensed interim financial statements which indicates that the Company has incurred loss amounting Rs. 156.1 Million after tax during the period and the accumulated losses of the company stand at Rs. 1,381.1 Million as at December 31, 2023 (June 30, 2023: 1,224.9 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 1,902 Million (June 30, 2023: 1,735.1 Million). However, the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. These conditions along with other matters as set forth in note 11 indicate existence of the material uncertainty that may cast significant doubt about the company's ability to continue as going concern.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Maqsood.

Date: February 29, 2024

Lahore

UDIN: RR202310122t4kmTxc5J

Nasir Javaid Maqsood Imran
Nasir Javaid Maqsood Imran
Chartered Accountants

Offices also at:

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FIRST CAPITAL SECURITIES CORPORATION LIMITED

**CONDENSED UN CONSOLIDATED
FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023**

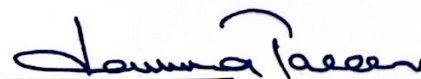
- ✓ **CONDENSED INERIM STATEMENT OF FINANCIAL POSITION**
- ✓ **CONDENSED INERIM STATEMENT OF PROFIT OR LOSS**
- ✓ **CONDENSED INERIM STATEMENT OF COMPREHENSIVE INCOME**
- ✓ **CONDENSED INERIM STATEMENT OF CASH FLOWS**
- ✓ **CONDENSED INERIM STATEMENT OF CHANGES IN EQUITY**
- ✓ **CONDENSED INERIM NOTES TO THE FINANCIAL STATEMENTS**

FIRST CAPITAL SECURITIES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----			
NON-CURRENT ASSETS			
Property, plant and equipment	6	140,001,889	141,113,083
Investment properties	7	3,026,342,900	3,026,342,900
Long term investments	8	1,650,648,041	1,638,426,553
Long term deposits		37,500	37,500
		<u>4,817,030,330</u>	<u>4,805,920,036</u>
CURRENT ASSETS			
Loans, advances, prepayments and other receivables	9	53,248,801	48,976,354
Short term investments		33,713,320	24,166,325
Advance tax		14,535,711	7,957,517
Cash and bank balances		37,038,869	204,991
		<u>138,536,701</u>	<u>81,305,187</u>
CURRENT LIABILITIES			
Trade and other payables	10	84,360,443	74,323,674
Current portion of long term loan	11	681,818,182	681,818,182
Current portion of accrued markup	12	1,274,381,310	1,060,226,781
		<u>2,040,559,935</u>	<u>1,816,368,637</u>
NET CURRENT ASSETS		<u>1,902,023,234</u>	<u>1,735,063,450</u>
		2,915,007,096	3,070,856,586
NON-CURRENT LIABILITIES			
Long term loan	11	1,096,241,818	1,096,241,818
Staff retirement benefits payable		2,986,938	2,657,518
Deferred tax liability	13	30,753,840	30,753,840
		<u>1,129,982,596</u>	<u>1,129,653,176</u>
Contingencies and commitments			
NET ASSETS		<u>1,785,024,500</u>	<u>1,941,203,410</u>
REPRESENTED BY			
EQUITY			
SHARE CAPITAL AND RESERVES			
Authorized share capital: 320,000,000 (June 2022: 320,000,000) ordinary shares of Rs. 10 each		3,200,000,000	3,200,000,000
Issued, subscribed and paid-up capital		3,166,101,120	3,166,101,120
Retained earnings		(1,381,076,620)	(1,224,897,711)
		<u>1,785,024,500</u>	<u>1,941,203,410</u>

The annexed notes 1 to 19 form an integral part of these financial statements.

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 Chief Executive Officer


 Chief Financial Officer



 Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	HALF YEAR ENDED		QUARTER ENDED	
	DEC. 31, 2023	DEC. 31, 2022	DEC. 31, 2023	DEC. 31, 2022
.....Rupees.....				
Revenue				
Money market services	-	-	-	-
Dividend Income	43,512,978	-	43,512,978	-
Realized (loss)/gain on disposal of 'investments at fair value through profit or loss'	-	-	-	-
Unrealized gain on re-measurement of 'investments at fair value through profit or loss'	21,768,483	(6,113,428)	34,388,404	(7,048,460)
Loss on disposal of investment properties	-	-	-	-
Change in fair value of investment properties	-	-	-	-
	65,281,461	(6,113,428)	77,901,382	(7,048,460)
Expenses				
Impairment loss	-	-	-	-
Operating and administrative expenses	(6,327,261)	(4,699,084)	(3,064,493)	(2,242,426)
Operating profit	58,954,200	(10,812,512)	74,836,889	(9,290,886)
Other income	5,726,118	6,094,893	2,872,216	2,907,598
Finance cost	(214,281,553)	(143,742,181)	(190,301,123)	(71,871,091)
Loss before taxation	(149,601,235)	(148,459,800)	(112,592,018)	(78,254,379)
Taxation	(6,577,675)	-	(6,577,675)	-
Loss after taxation	(156,178,910)	(148,459,800)	(119,169,693)	(78,254,379)
Loss per share - basic and diluted	(0.49)	(0.47)	(0.38)	(0.25)

The annexed notes 1 to 19 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	HALF YEAR ENDED		QUARTER ENDED	
	DEC. 31, 2023	DEC. 31, 2022	DEC. 31, 2023	DEC. 31, 2022
Rupees.....			
Loss after taxation	(156,178,910)	(148,459,800)	(119,169,693)	(78,254,379)
Other comprehensive (loss)/Income for the period:				
Items that may subsequently reclassified to profit or loss:
Other comprehensive loss for the period - net of tax
Total comprehensive loss for the period - net of tax	(156,178,910)	(148,459,800)	(119,169,693)	(78,254,379)

The annexed notes 1 to 19 form an integral part of these financial statements.

NSM


 Chief Executive Officer


 Chief Financial Officer


 Director

FIRST CAPITAL SECURITIES CORPORATION LIMITED
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE PERIOD ENDED DECEMBER 31, 2023

	Share Capital	Revenue reserve		Total
		Fair value reserve	Retained earnings	
----- Rupees -----				
Balance as at July 01, 2022	3,166,101,120		(1,153,151,394)	2,012,949,726
Loss for the period	-	-	(148,459,800)	(148,459,800)
Other comprehensive loss for the period - net of tax	-	-	-	-
Total comprehensive loss for the period - net of tax	-	-	(148,459,800)	(148,459,800)
Balance at December 31, 2022	3,166,101,120	-	(1,301,611,194)	1,864,489,926
Profit for the period	-	-	75,554,775	75,554,775
Other comprehensive income for the period - net of tax	-	-	1,158,709	1,158,709
Total comprehensive income for the period - net of tax	-	-	76,713,484	75,554,775
Balance at June 30, 2023	3,166,101,120	-	(1,224,897,710)	1,940,044,701
Profit for the period	-	-	(156,178,910)	(156,178,910)
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive loss for the period - net of tax	-	-	(156,178,910)	(156,178,910)
Balance at December 31, 2023	3,166,101,120	-	(1,381,076,620)	1,785,024,500

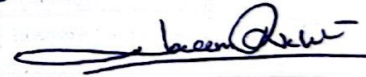
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Chief Executive Officer



Chief Financial Officer

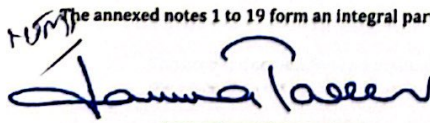


Director


FIRST CAPITAL SECURITIES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Six months period ended December 31, 2023	Six months period ended December 31, 2022
-----Rupees-----		
Cash flows from operating activities		
Loss before taxation	(149,601,235)	(148,459,800)
Adjustments for:		
Finance cost	214,281,553	143,742,181
Dividend income	(43,512,978)	
Unrealized loss/(gain) on re-measurement of investments at 'fair value through profit or loss'	(21,768,483)	6,113,428
Depreciation	1,111,194	1,198,831
Interest income	-	(394,893)
Other Income		
Provision for staff retirement benefits	329,420	363,452
	150,440,706	151,022,999
Profit before working capital changes	839,471	2,563,199
Effect on cash flow due to working capital changes		
<i>(Increase)/decrease in current assets:</i>		
Trade debts	-	-
Loans, advances, prepayments and other receivables	(4,272,447)	(16,790,463)
<i>(Decrease)/increase in current liabilities:</i>		
Trade and other payables	10,036,769	(10,444)
	5,764,322	(16,800,907)
Cash used in operations	6,603,793	(14,237,708)
<i>Increase in non-current liabilities:</i>		
Finance cost paid	(127,023)	(2,609)
Taxes paid/adjusted-net	(13,155,869)	(59,234)
	(13,282,892)	(61,843)
Net cash outflow from operating activities	(6,679,099)	(14,299,551)
Cash flows from investing activities		
Dividend received	43,512,978	
Interest received	-	394,893
Net cash generated from investing activities	43,512,978	394,893
Cash flows from financing activities		
Loan acquired during the period	-	-
Net cash generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	36,833,879	(13,904,658)
Cash and cash equivalents at the beginning of the period	204,991	14,947,715
Cash and cash equivalents at the end of the period	37,038,870	1,043,057

The annexed notes 1 to 19 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

1 Legal status and nature of business

- 1.1** First Capital Securities Corporation Limited ("the Company") was incorporated in Pakistan on 11 April 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at First Capital House, 96-B/1 Lower Ground Floor, M.M . Alam Road Gulberg-III, Lahore. The Company is involved in making long and short term investments, money market operations and financial consultancy services.
- 1.2** These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company in which investments in subsidiaries and associates have been accounted for at fair value.
- 1.3** There were no change in composition of the group during the half year ended December 31, 20223

2 Going concern assumption

During the period the Company incurred profit amounting Rs. 42.4 Million after tax and the accumulated losses of the company stand at Rs. 1,182.5 Million as at December 31, 2023 (June 30, 2023: Rs. 1,224.8 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 1,703.5 Million (June 30, 2023: Rs. 1735.1 Million) Owing to the factors mentioned above the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause sufficient doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows. Management is confident that the Company will not face any cash flow deficit.

Based on above mentioned assumption of the management these financial statements have been prepared on the going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

3 Basis of preparation

- 3.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 3.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with Company's unconsolidated annual audited financial statements for the year ended June 30, 2023.

The figures included in the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2023 and 2022 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2023 and 2022.

- 3.3 Change in accounting standards, interpretations and amendments to published accounting and reporting standards**

a) Amendments to published accounting and reporting standards which became effective during the period:

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

b) Amendments to published accounting and reporting standards which became effective during the period:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2023.

MSM



5 **Significant accounting judgments and estimates**

The preparation of Interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these unconsolidated condensed interim financial statements. Judgements and estimates made by the management in the preparation of these unconsolidated condensed Interim financial statements are the same as those applied in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2023.

	Note	Un-Audited Dec. 31, 2023	Audited 30-Jun-23
-----Rupees-----			
6 Property, plant and equipment			
Property, plant and equipment	6.1	7,576,783	8,687,977
Capital work in progress	6.2	132,425,106	132,425,106
		<u>140,001,889</u>	<u>141,113,083</u>
6.1 Opening book value		8,687,977	10,998,232
Net (Disposal)/Additions for the period/year		-	-
		<u>8,687,977</u>	<u>10,998,232</u>
Depreciation expense for the period/year		1,111,194	2,310,255
Closing book value		<u>7,576,783</u>	<u>8,687,977</u>

6.2 This represents advance against purchase of property in Pace Tower Gulberg, Lahore and Pace Circle, Lahore amounting to Rs 107,090,858 (June 30, 2023: Rs 107,090,858) and Rs. 25,334,248 (June 30, 2023: Rs. 25,334,248) respectively. Construction work on these properties is in progress as at December 31, 2023.

	Note	Un-Audited Dec. 31, 2023	Audited 30-Jun-23
-----Rupees-----			
7 Investment properties			
Opening balance		3,026,342,900	2,685,278,881
Addition during the period/year		-	10,973,258
Disposal During the period		-	-
Fair value adjustment		-	330,090,761
		<u>3,026,342,900</u>	<u>3,026,342,900</u>
Closing balance	7.1		

7.1 The carrying amount of Investment property is the fair value of property as determined by approved independent valuer KG Traders Pvt Limited, Fairwater Property Valuer & Surveyors Pvt Limited as at June 30, 2023. Fair value is determined keeping in view the location of the land and inquiries in the vicinity, the trend and tone of sale / purchase of property in the respective areas.

7.2 Investment property amounting Rs. 2,400 Million (June 30, 2023: 2,400 Million) is mortgaged with Silk Bank Limited (Eman Islamic Banking) against diminishing musharka agreement. The Company does not hold the title of investment property amounting Rs. 2,685 Million (June 30, 2022: Rs. 2,685 Million), title of property amounting Rs. 2,440 Million, Rs 212.6 Million and Rs. 32.6 Million is held in the name of Pace (Pakistan) Limited, First Capital Equities Limited and Capital Heights (Pvt.) Limited respectively. The transfer of this property is in process as at period end. However, the Company has complete control and possession of said property.

	Note	Un-Audited Dec. 31, 2023	Audited 30-Jun-23
-----Rupees-----			
8 Investments			
Carrying value of Investments at the beginning of the period / year		1,638,426,553	1,713,194,347
Unrealized Gain/(loss) on re-measurement of investments at fair value through profit or loss	8.1	12,221,488	(74,767,794)
Carrying value at the end of the period / year		<u>1,650,648,041</u>	<u>1,638,426,553</u>
Investments classified in current assets			
Closing book value		<u>1,650,648,041</u>	<u>1,638,426,553</u>

N/S

8.1 This includes unrealized gain on remeasurement of investment in related parties amounting Rs. Nil (June 2023: Rs.Nil) on investment in subsidiary and Rs. 12.2 Million (June 2023: Rs. (74.8 Million)) on investment in associate.

8.2 Investments in related parties and other

	Un-Audited Dec. 31, 2023	Audited 30-Jun-23
	-----Rupees-----	
Subsidiary companies - Unquoted	532,139,243	532,139,243
Associated companies - Unquoted	840,756,374	840,756,374
Associated company - Quoted	84,645,120	72,423,632
Subsidiary company - Quoted	<u>193,107,304</u>	<u>193,107,304</u>
	<u>1,650,648,041</u>	<u>1,638,426,553</u>

8.3 There is no change in holding in subsidiaries and associated undertakings during the period.

9 Loans, advances, prepayments and other receivables

	Un-Audited Dec. 31, 2023	Audited 30-Jun-23
	-----Rupees-----	
	Note	
Due from related	9.1	
	<u>53,248,801</u>	<u>48,976,354</u>
	<u>53,248,801</u>	<u>48,976,354</u>

9.1 Due from related parties - unsecured, considered good

Media Times Limited	399,100	399,100
Evergreen Water Valley (Private) Limited	<u>52,849,701</u>	<u>48,577,254</u>
	<u>53,248,801</u>	<u>48,976,354</u>

10 Trade and other payables

Creditors		14,043,070	10,967,038
Accrued liabilities		18,253,997	16,259,375
Security deposit from tenants		486,660	486,660
Payable Against Purchase of Investment Property	10.1	6,681,123	6,681,123
Final settlements payable	10.2	22,190,476	22,019,278
Withholding income tax payable		6,235,473	5,207,459
Sales tax payable		244,082	244,082
Provision For Taxation		16,201,698	9,624,023
Other liabilities		23,864	126,135
		<u>84,360,443</u>	<u>71,615,173</u>

10.1 This presents amount payable to Pace (Pakistan) Limited (related party, associated undertaking) against purchase of property.

10.2 This represent amount payable to employees who have left the company on account of final settlement of gratuity.

11 Long term loan

	Note	Un-Audited Dec. 31, 2023	Audited 30-Jun-23
		-----Rupees-----	
Payable against diminishing musharka--secured	11.1	1,600,000,000	1,600,000,000
Payable against long term loan from non-financial institutions--unsecured	11.2	<u>178,060,000</u>	<u>178,060,000</u>
		<u>1,778,060,000</u>	<u>1,778,060,000</u>
Less Current portion of loan		(681,818,182)	(681,818,182)
Non current portion of loan		<u>1,096,241,818</u>	<u>1,096,241,818</u>

11.1 This represents balance payable against two diminishing musharka facilities obtained from Silk Bank Limited (Eman Islamic Banking) Facility 1 and 2 amounting to Rs. 1,100 Million and Rs. 500 Million respectively. Principal amount of Facility 1 and 2 is repayable in 11 equal semi-annual instalments commencing from June 14, 2022 and August 08, 2022 respectively. The Company has not paid instalments due on June 2022 and December 2022 amounting Rs. 200 million for Facility 1 and Installment of 45.4 million on August 2022 for Facility 2. In case of failure to make due payments by the Company, Bank can charge penalty at the rate of 6 month KIBOR (Ask side) plus 5% per annum on overdue amount. Silk Bank Limited has charge by way of hypothecation over following assets:

- Diminishing Mushrka Asset
- Current Assets of the company

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11.2 This represents loan received on interest at the rate of KIBOR Plus 5% obtained from WTL Services (Private) Limited.

12 **Accrued markup**

	Note	Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----			
Rental payable against diminishing musharka	11.1	1,178,272,987	982,277,261
Interest payable against long term loan from non-financial institutions	11.2	96,108,323	77,949,520
		<u>1,274,381,310</u>	<u>1,060,226,781</u>
Less Current portion of accrued markup		(1,274,381,310)	(1,060,226,781)
Non current portion of accrued markup		-	-

13 **Deferred tax liability**

	Note	Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----			
Deferred tax liability	13.1	<u>30,753,840</u>	<u>30,753,840</u>
		<u>30,753,840</u>	<u>30,753,840</u>

13.1 **Deductible temporary differences**

		Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----			
Taxable temporary differences			
Revaluation gain on investment property		<u>(30,753,840)</u>	<u>(30,753,840)</u>
		<u>(30,753,840)</u>	<u>(30,753,840)</u>
Deferred tax asset/(liability)		<u>(30,753,840)</u>	<u>(30,753,840)</u>

14 **Contingencies and commitments**

Note for Accounts 7E of the Income Tax Ordinance 2001

Section 7E was introduced in the Income Tax Ordinance 2001 whereby, for tax year 2022 and onwards, every resident person has been treated to have derived as Income, an amount equal to five per cent of the fair market value of the capital asset situated in Pakistan and this amount is subject to a tax rate of 20%, subject to some exclusions provided therein.

However writ petitions has been filed in High Courts all over Pakistan in Lahore High Court, Sindh High Court, Islamabad High Court, Peshawar High Court and Baluchistan High Court challenging that the said tax charged u/s 7E is unconstitutional, inter alia, as the Federal insertion of section 7E through Finance Act, 2022 to the Income Tax Ordinance, 2001 ("Ordinance. The vires of the impugned legislation has been challenged mainly on three grounds; firstly, legislative incompetence of Parliament; secondly, the said levy is discriminatory and thirdly; being confiscatory").

Baluchistan High Court has given the verdict in favour of the tax payer, likewise the Peshawar High Court while given the verdict in favour of the tax payer held as follows:

- i In view of the clear bar as provided under Entry No. 50 of the Fourth Schedule to the Constitution, the Parliament has no jurisdiction to impose income tax on immoveable property;
- ii The Parliament has the jurisdiction to tax Capital Value of Assets in terms of Entry No. 50 of the Fourth Schedule to the Constitution
- iii Capital Value of Assets means an inseparable complete whole of the property (both moveable and immoveable);
- iv The impugned legislation (section 7E introduced through Finance Act, 2022 to the Ordinance), which imposes on immoveable property through a deeming clause does not qualify the test of Capital Value of Assets, therefore, is beyond the legislative competence of the Parliament; hence, the same is hereby struck down.

Lately the DB of Lahore High Court in the ICA of FBR, given the verdict in favour of the FBR.

The matter of charge of Tax under section 7E of the Income Tax Ordinance 2001 is also pending with Honourable Supreme Court of Pakistan also, which is pending for adjudication

As the taxation of 7E of the Income Ordinance is pending for adjudication before superior courts, therefore no tax provision has been provided in these Financials on this account.

15 **Transactions and balances with related parties**

The related parties comprise the subsidiaries and associates of the Company, associated undertakings other related companies, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties other than those disclosed elsewhere in the condensed interim unconsolidated financial information are as follows:

	Half year ended		Quarter ended	
	Dec. 31, 2023	December 31, 2022	Dec. 31, 2023	December 31, 2022
-----Rupees-----				
Subsidiary companies				
Rental income earned	5,700,000	5,700,000	2,850,000	2,850,000
Associated companies				
Paid on behalf of the Company				
Dividend income	43,512,978	.	43,512,978	.
Key management personnel				
Salaries and other employee benefits	2,132,640	2,132,640	1,066,320	1,066,320

15.1 The amount due to / due from related parties are disclosed in respective notes to unconsolidated condensed interim financial information.

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16 **FAIR VALUE MEASUREMENT**

The carrying values of financial assets and liabilities approximate their fair values. The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs

The long and short term equity investments and investment properties are carried at fair value.

There is no movement between level 1, 2 and 3 during the period.

17 **Authorization of unconsolidated condensed interim financial statements**

This unconsolidated condensed interim financial statements were authorized for issue on 28-2-2024 by the Board of Directors.

18 **Corresponding figures**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made.

19 **General**

Figures have been rounded off to the nearest rupee.

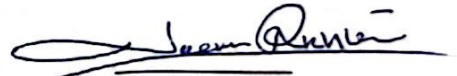
NSM,



Chief Executive Officer



Chief Financial Officer



Director