



MARGALLA FINANCIAL (PRIVATE) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE HALF YEAR

ENDED

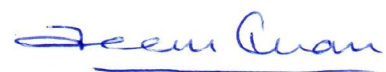
DECEMBER 31, 2019

MARGALLA FINANCIAL (PVT) LTD
UNAUDITED BALANCE SHEET
AS AT DECEMBER 31, 2019

	Note	Rupees Dec-19	Rupees Dec - 18
ASSETS			
Non Current Assets			
Plant, property and Equipment	4	4,460	17,840
Intangible Assets	5	2,500,000	4,000,000
Long Term Investments	6	30,346,030	30,346,030
Long Term Deposits and Advances	7	500,000	600,000
Current Assets			
Short Term Investments	8	6,500,943	6,041,631
Other Receivables	9	3,671,255	1,576,954
PSX Exposure Deposit		50,000	50,000
Cash & Cash Equivalent	10	296,688	882,011
		43,869,376	43,514,466
Net Assets			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
100,000 Shares of PKR 100 each		10,000,000	10,000,000
Issued, subscribed and paid up share capital			
100,000 Shares of PKR 100 each		10,000,000	10,000,000
Un Appropriated Loss/Profit		(2,494,345)	(845,564)
Deposit for Shares Issue		25,000,000	23,000,000
Unrealized Gain on Available for Sale Investments		11,346,030	11,346,030
Total Equity		43,851,685	43,500,466
Non Current Liability			
Loan From Director		-	
Current Liabilities			
Accrued and Other Payables	11		5,000
Tax Payable		17,691	9000
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		43,869,376	43,514,466



CEO



Director



MARGALLA FINANCIAL (PVT) LTD
PROFIT AND LOSS ACCCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDING 31 DECEMBER 2019

		<u>Rupees</u> <u>Dec 2019</u>	<u>Rupees</u> <u>Dec 2018</u>
Revenue	13	1,863,138	(433,830)
Administrative Expense	14	268,711	247,153
Operating Profit/Loss		<u>1,594,427</u>	<u>(680,983)</u>
Taxation		148,550	128,462
Net Profit/Loss After Taxation		<u>1,445,877</u>	<u>(809,445)</u>



CEO



Director



MARGALLA FINANCIAL PRIVATE LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	2019 Rupees	2018 Rupees
PROFIT/LOSS AFTER TAXATION		1,445,877	(809,445)
Other comprehensive income: Items that may be reclassified to profit and loss Unrealized gain on available for sale investment			
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u><u>1,445,877</u></u>	<u><u>(809,445)</u></u>

The annexed notes form an integral part of these financial statements



CEO



Director



MARGALLA FINANCIAL (PRIVATE) LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Rupees Dec 2019	Rupees Dec 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year before taxation		1,594,427	(680,983)
Adjustments for non-cash charges and other items			
Gain on investments at fair value through profit and loss		(968,465)	1,039,479
Depreciation			
Finance Cost		-	-
Cash Flows Before Working Capital Changes		625,962	358,496
Working Capital Changes			
(Increase)/Decrease in Current Assets			
Long Term Advances and deposits		100,000	
PSX Exposure Deposit		-	-
Advances, Deposits, Prepayments and Other Receivables		(634,000)	(1,400,000)
Increase / (Decrease) in Current Liabilities			
Accrued and Other Payables		(90,625)	(86,433)
		(624,625)	(1,486,433)
Cash Generated from Operations		1,337	(1,127,937)
Finance Cost			
Taxes Paid		(140,234)	(128,462)
Net Cash from Operating Activities		(138,897)	(1,256,399)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure			
Investment in Marketable Securities - Net		(215,025)	(1,401,920)
Net Cash Used in Investing Activities		(215,025)	(1,401,920)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of capital			
long Term Loan		-	-
Net Cash from Financing Activities		-	-
Net Cash Increase/(Decrease) in Cash and Cash Equivalents		(353,922)	(2,658,319)
Cash and Cash Equivalents at the beginning of Year		650,610	3,540,330
Cash and Cash Equivalents at the End of Half Year		296,688	882,011



CEO



Director



MARGALLA FINANCIAL (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued Subscribed & Paid Up Capital	Un-Appropriated Profit/(Loss)	Share Deposit Money	Un-realized Gain on Available for Sale Investment	Total
	(RUPEES)				
Balance as at June 30,2017	10,000,000	642,358	23,000,000	11,346,030	44,988,388
Introduced during the year					
Comprehensive (Loss) for Year ended Jun 30, 2018		(678,478)		-	
Balance as at Jun 30,2018	10,000,000	(36,120)	23,000,000	11,346,030	44,309,910
Introduced during the year			2,000,000		
Comprehensive (Loss) for Year ended Jun 30, 2019		(3,904,102)		-	
Balance as at June 30, 2019	10,000,000	(3,940,222)	25,000,000	11,346,030	42,405,808
Introduced during the Half year					
Comprehensive Income for Half Yr ended Dec 31, 2019		1,445,877		-	
Balance as at Dec 31,2019 - Unaudited	10,000,000	(2,494,345)	25,000,000	11,346,030	43,851,685



CEO



Director



MARGALLA FINANCIAL (PRIVATE) LIMITED

Notes to the financial statements

For the Half-Year ended December 31, 2019

1. STATUS AND NATURE OF BUSINESS

Margalla Financial (Private) Limited is a private company limited by shares and incorporated in Pakistan under the Companies Ordinance 1984 on June 03, 2014. The registered office of the company is located at House No. 172, Street 20, Sector G-10/2, Islamabad.

The company is primarily engaged in the business of stock, brokerage, investment advisory, consultancy, portfolio management and in secondary capital market operations. It is also actively taking part in the Initial Public Offerings (IPOs) and providing all relative service to the general public to promote investment.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of Companies Ordinance 1984 shall prevail.

The financial statements of the company have been prepared in accordance with the provisions of the repealed Companies Ordinance 1984 as per the directives of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of Financial Statement

These accounts have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

3.2 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with the accounting and financial reporting standards requires the management to make judgments, estimates and assumptions that affect the reporting amounts of assets and liability, income and expenses. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- i) Useful lives, pattern of economic benefits and impairments
- ii) Taxation

3.3 Property and Equipment

a) Cost

Operating fixed assets are stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the year / period in which they are incurred.

b) Depreciation

Depreciation is charged to income on the straight-line method so as to write off the cost of an asset over its estimated useful life. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted.

c) Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year/period the asset is derecognized.

3.4 Impairment

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash at bank in current accounts. It is carried in the balance sheet at book value which approximate its fair value.

3.6 Taxation

The charge for current taxation is based on taxable income at the current rates after taking into accounts the tax credits and tax rebates available.

In order to facilitate the process of demutualization and corporatization of the Stock Exchanges, any gain on transfer of capital assets of the existing stock exchanges to new corporatized stock exchange has been exempted under newly inserted clause (110A) of the Income Tax Ordinance, 2001, amended through Finance Act 2007. Similarly, any gain on transfer of a capital asset, being a membership right held by such member of any existing stock exchange for acquisition of shares or trading rights by such member in a newly corporatized stock exchange has also been exempted under clause (110B) of Part I of second schedule to the Income Tax Ordinance 2001, as shown in statement of comprehensive income.

3.7 Investment at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition it is designated by the company as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

3.8 Settlement Date Accounting

All "regular way" purchases and sales of financial assets are recognized on settlement date, i.e. the date on which the asset is delivered to or by the company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

3.9 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the balance sheet date.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. Investments in associates are accounted for using the equity method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as a reclassification adjustment.

Interest on available-for-sales securities, if any, is calculated using the effective interest method and is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the company's right to receive payments is established.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment.

3.10 Revenue Recognition

Capital gains or losses on sale of investments are recognized in the year in which they arise.

Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided.

Revenue is recognized as and when services are rendered.

4. PLANT, PROPERTY AND EQUIPMENT

PARTICULARS	COST			Rate (Annual)	Depreciation			W.D.V as on 31.12.19
	As On 01.07.19	Additions/ (Deletions)	As on 31.12.19		As on 01.07.19	For the Half Yr	As on 31.12.19	
Computers and Accessories	44,600	0	44,600	30%	40,140	0	40,140	4,460
Rupees (2019)	44,600		44,600		26,760	13,380	40,140	4,460
Rupees (2018)	44,600		44,600		13,380	13,380	26,760	17,840

5. INTANGIBLE ASSETS

		Rupees 2019	Rupees 2018
Trading Rights Entitlement Certificate	5.1	2,500,000	4,000,000
		<u>2,500,000</u>	<u>4,000,000</u>

5.1 This represents Trading Rights Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirement of Stock Exchanges (Corporatisation, Demutualization, and Integration) Act 2012 (The Act). The company has also received shares of ISE Towers REIT Management Company after completion of demutualization process. The TREC has been recorded at Rs. 2.50 million (for details refer to note 6.1). The board of directors of PSX have implemented the requirement of creating the charge/hypothecation on TREC in compliance of the regulation 2.1 of the risk management regulation.

6. LONG TERM INVESTMENT

Available for Sale

		Rupees 2019	Rupees 2018
Shares in ISE Towers REIT	6.1	30,346,030	30,346,030
		<u>30,346,030</u>	<u>30,346,030</u>

6.1 Pursuant to promulgation of the Stock Exchange (Corporatization, Demutualization, and Integration) Act 2012 (The ACT), the ownership in a stock exchange has been segregated from the right to trade on the Exchange. According the company has received equity shares of ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited) and Trading Rights Entitlement Certificate (TREC) in lieu of membership card of ISE. The company entitlement in respect of ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited) shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and the company has been allocated 3,034,603 shares of the face value of Rs. 10/- each. These include 60% shares of ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited), held in separate blocked CDC account to restrict the sale of these shares by the members whereas stock exchange will dispose off these shares under the provisions of the Act. However the proceeds of these shares and right to dividend/bonus are vested with the company whereas voting rights attached to these shares are suspended.

In absence of an active market for TREC, the company has taken the cost of TREC at Rs. 2.5 million, which is the value approved by the board of directors of PSX and intimated to SECP. This fact indicates an acceptable level of value of TREC which is also used by the stock exchange for risk management and to safe guard investors' interests.

Consequently the company has recorded a surplus of Rs. 11,346,030/- on conversion.

In order to facilitate the process of demutualization and corporatization of the Stock Exchanges, any gain on transfer of capital assets of the existing stock exchanges to new corporatized stock exchange has been exempted under newly inserted clause (110A) of the Income Tax Ordinance, 2001, amended through Finance Act 2007. Similarly, any gain on transfer of a capital asset, being a membership right held by such member of any existing stock exchange for acquisition of shares or trading rights by such member in a newly corporatized stock exchange has also been exempted under clause (110B) of Part I of second schedule to the Income Tax Ordinance 2001, as shown in statement of comprehensive income.

7. LONG TERM ADVANCES AND DEPOSITS

	Rupees Dec 2019	Rupees Dec 2018
CDC Deposit	100,000	100,000
NCCPL Deposit	200,000	300,000
PSX Clearing House Deposit	200,000	200,000
	<u>500,000</u>	<u>600,000</u>

8. SHORT TERM INVESTMENTS

	Rupees Dec 2019	Rupees Dec 2018
Investment in Marketable Securities	6,500,943	6,041,631

9. OTHER RECEIVABLES

	Rupees Dec 2019	Rupees Dec 2018
Income Tax Refundable	10,301	
Directors Current Account	3,660,954	1,576,954
Dividend Warrants in Hand		
	<u>3,671,255</u>	<u>1,576,954</u>

10. CASH AND CASH EQUIVALENTS

Cash In Bank

	Rupees Dec 2019	Rupees Dec 2018
Current Account	292,668	878,491
Client Account	4,020	3,520
	<u>296,688</u>	<u>882,011</u>

Cash in Hand

	<u>0</u>	
	<u>296,688</u>	<u>882,011</u>

11. ACCRUED AND OTHER PAYABLES

	Rupees Dec 2019	Rupees Dec 2018
Audit Fee Payable	0	0
Legal & Pro Charges Payable	0	5,000
	<u>0</u>	<u>5,000</u>

12. COMMITMENTS AND CONTINGENCIES

The company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 1,415,702 ordinary shares of ISE Towers REIT Management Limited with PSX in compliance with Base Minimum Capital (BMC) requirement under regulation 2.1 of the Regulations Governing Risk Management of the Pakistan Stock Exchange Limited (PSX).

13. REVENUE

	Rupees
	Dec 2019
Commission Income	0
Dividend Income	876,605
Realized Gain on Investments	83,187
Unrealized Gain on Investments at fair value	900,643
Profit on NCCPL Deposit	2703
Bank Profit	0
	<hr/>
	1,863,138

14. ADMINISTRATIVE EXPENSES

	Rupees Dec 19
CDC Charges	5,100
NCCPL Charges	54,939
SECP Annual License Fee	50,000
PSX Annual Charges	10,000
PSX Laga Charges	0
Professional Consultancy Fee	35,000
Misc Expenses	5,199
LSEFL Backoffice Services	63,420
PSX IT Charges	9,213
Nayatel P2P Charges	35,840
Total	<u>268,711</u>

15. NUMBER OF EMPLOYEES

Nil

16. GENERAL

16.1 Figures have been rounded to the nearest rupee, unless stated otherwise.



CEO



Director