

MARGALLA FINANCIAL (PRIVATE) LIMITED

UNAUDITED FINANCIAL STATEMENTS

**FOR THE HALF YEAR
ENDED**

DECEMBER 31, 2021

MARGALLA FINANCIAL (PVT) LTD
BALANCE SHEET (UNAUDITED)
AS AT DECEMBER 31, 2021

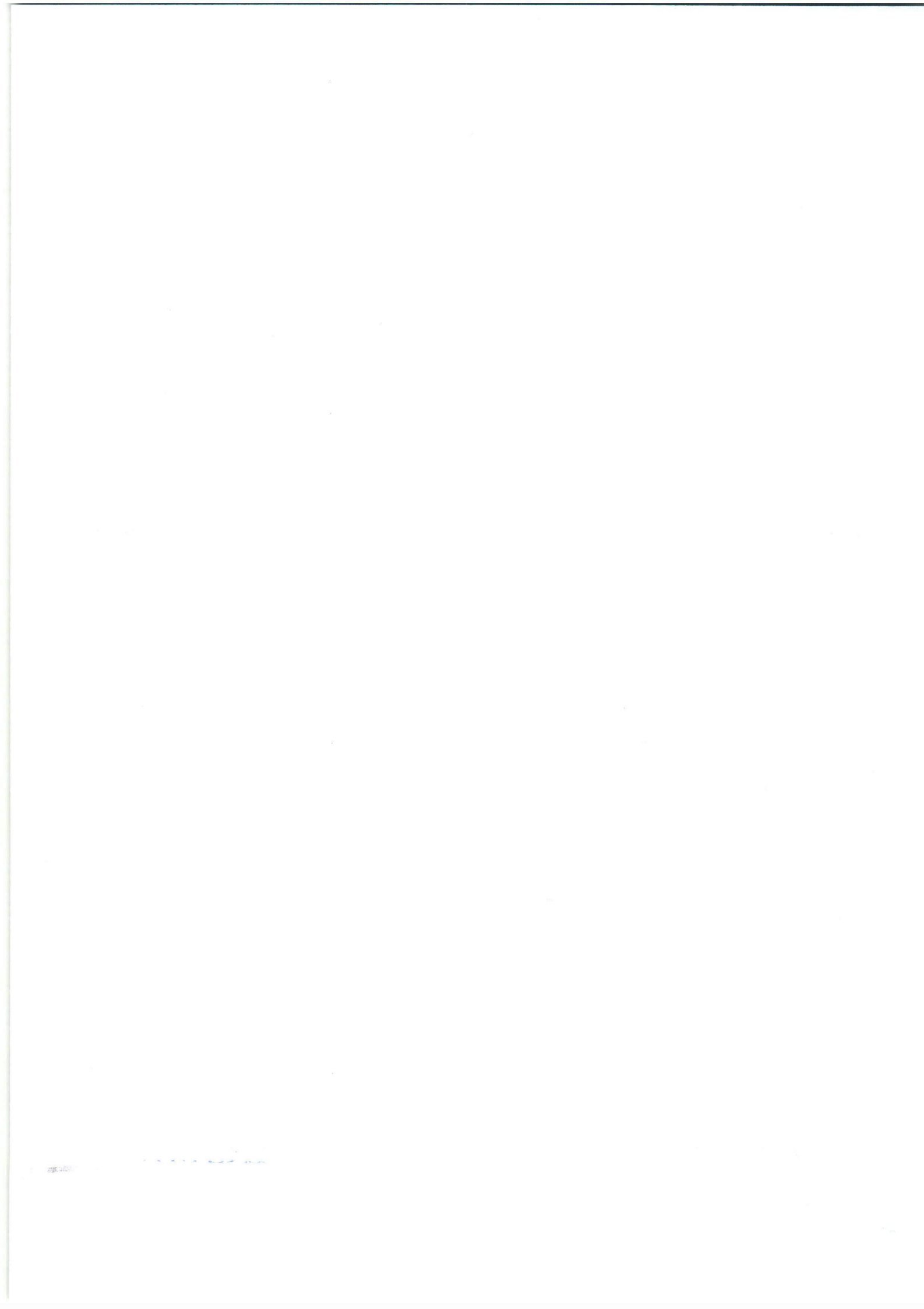
	Note	Rupees Dec-'21	Rupees Jun - '21
ASSETS			
Non-Current Assets			
Plant, property and Equipment	4	8,253	4,460
Intangible Assets	5	2,500,000	2,500,000
Long Term Investments	6	50,890,292	50,890,292
Long Term Deposits and Advances	7	500,000	500,000
Current Assets			
Short Term Investments	8	5,520,704	7,322,942
Other Receivables	9	6,843,963	5,988,043
PSX Exposure Deposit		-	50,000
Cash & Cash Equivalent	10	753,379	194,417
Net Assets		67,016,591	67,450,154
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		20,523,243	20,848,949
Deposit for Shares Issue		25,000,000	25,000,000
Unrealized Gain on Available for Sale Investments		11,346,030	11,346,030
Total Equity		66,869,273	67,194,979
Non-Current Liabilities			
Loan From Director		-	
Current Liabilities			
Accrued and Other Payables	11	88,434	
Tax Payable	12	58,884	255,175
Contingencies and Commitments	13		
TOTAL EQUITY AND LIABILITIES		67,016,591	67,450,154



CEO



Director



MARGALLA FINANCIAL (PVT) LTD
PROFIT AND LOSS ACCCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDING 31 DECEMBER 2021

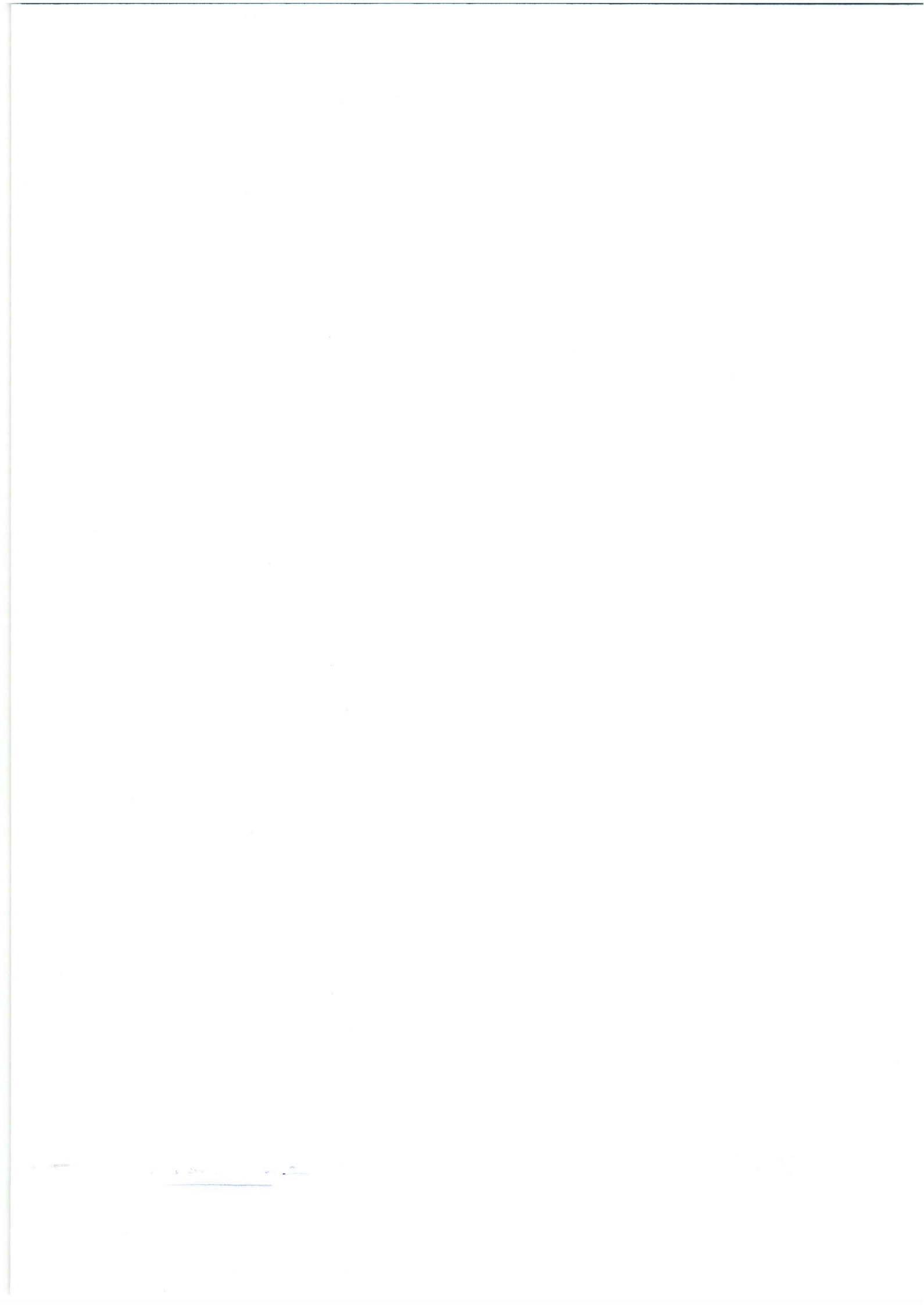
		Rupees	Rupees
		Dec 2021	Dec 2020
Revenue	14	263,463	3,136,775
Administrative Expense	15	276,781	328,499
Operating Profit/Loss		<u>(13,358)</u>	<u>2,808,276</u>
Taxation		312,348	166,879
Net Profit/Loss After Taxation		<u>(325,706)</u>	<u>2,641,397</u>



CEO



Director



MARGALLA FINANCIAL PRIVATE LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Dec 2021 Rupees	Dec 2020 Rupees
PROFIT/LOSS AFTER TAXATION		(325,706)	2,641,397
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Unrealized gain on available for sale investment			
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>(325,706)</u>	<u>2,641,397</u>

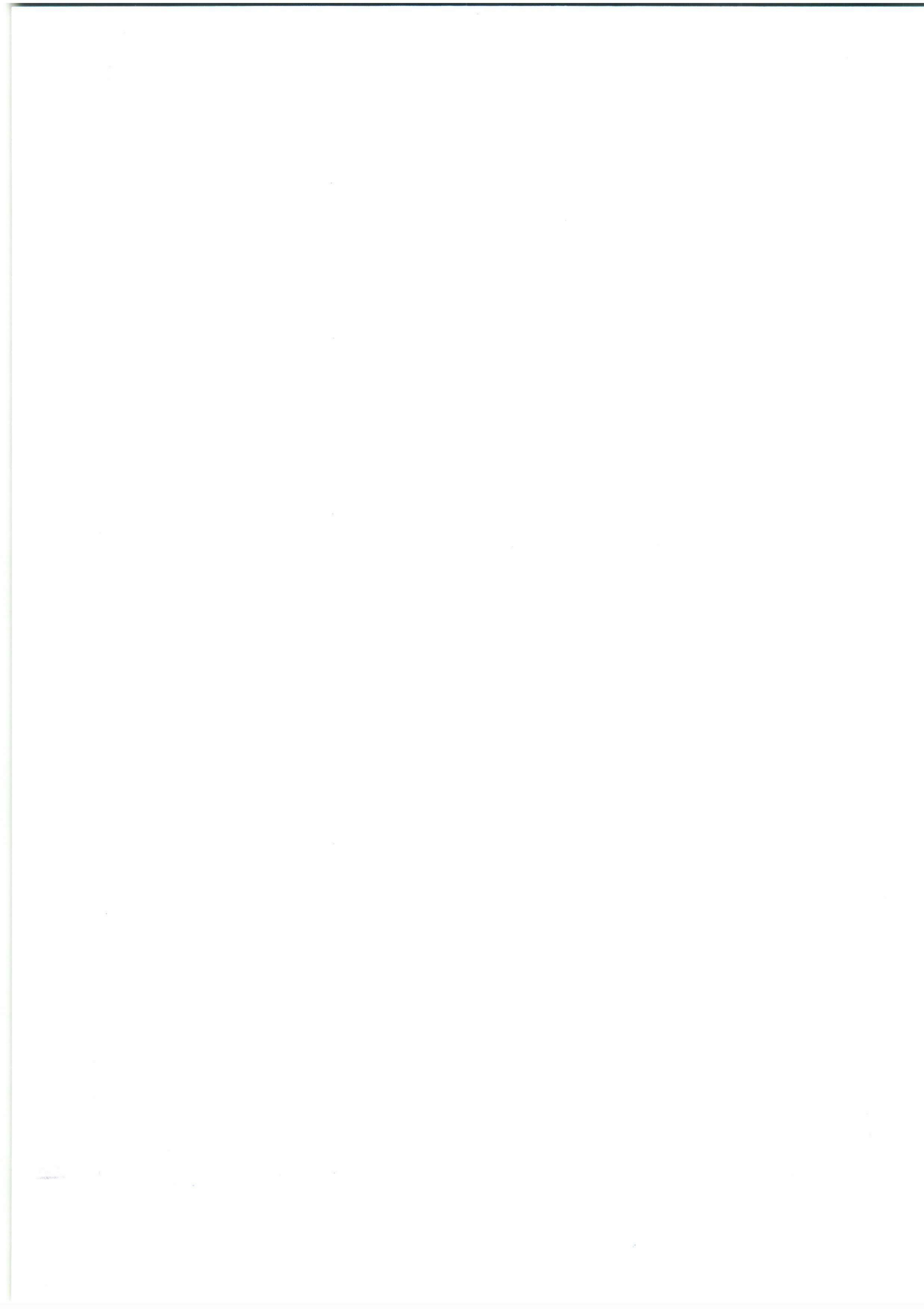
The annexed notes form an integral part of these financial statements



CEO



Director



MARGALLA FINANCIAL (PRIVATE) LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

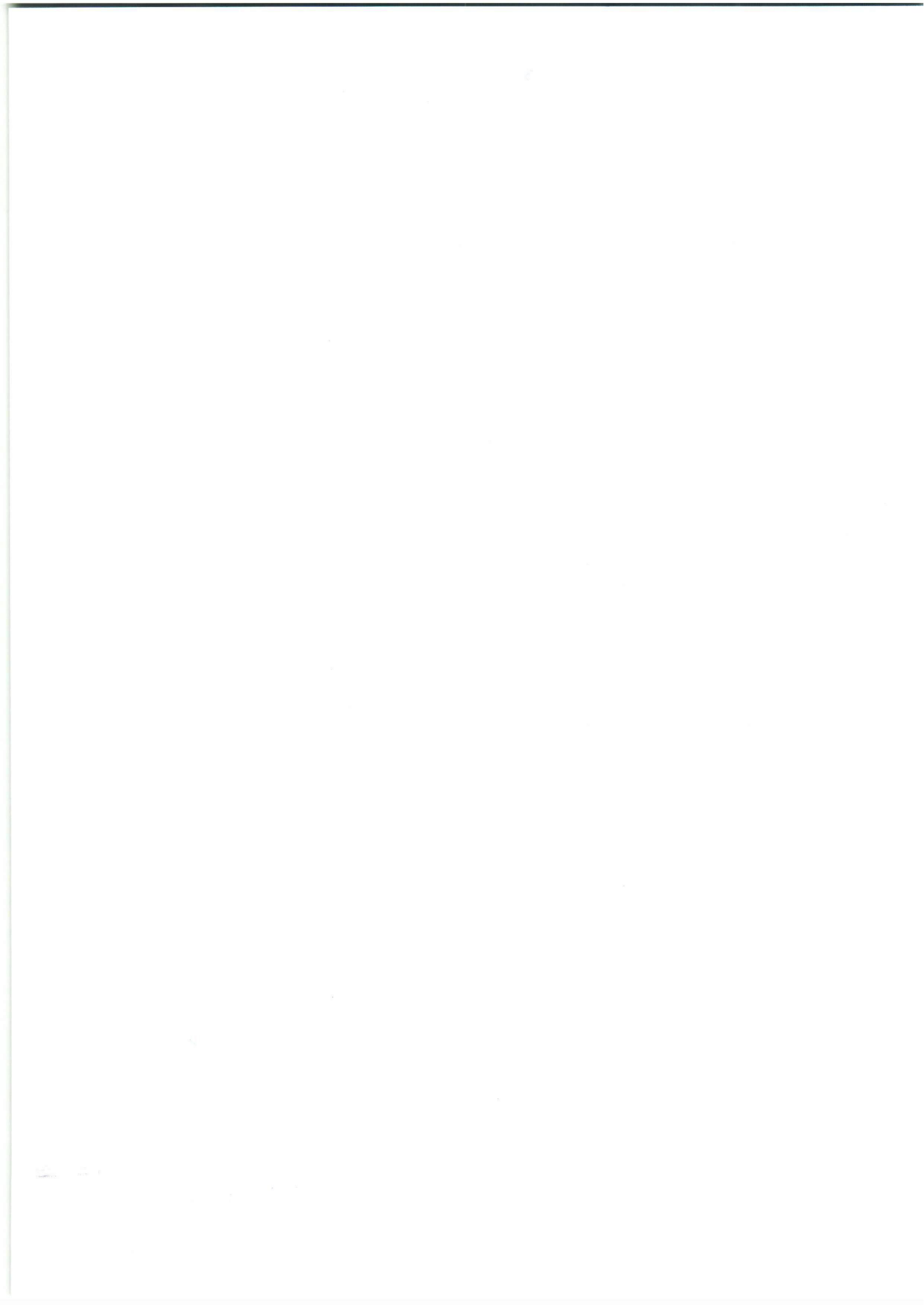
	Note	Rupees Dec 2021	Rupees Jun 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year before taxation		(13,358)	3,864,676
Adjustments for non-cash charges and other items			
Gain on investments at fair value through profit and loss		1,785,686	(3,302,029)
Depreciation			
Finance Cost		-	-
Cash Flows Before Working Capital Changes		1,772,328	562,647
Working Capital Changes			
(Increase)/Decrease in Current Assets			
Dividend Receivable		10,808	
Long Term Advances and deposits			
PSX Exposure Deposit		50,000	-
Advances, Deposits, Prepayments and Other Receivables		(850,000)	(2,715,448)
Increase / (Decrease) in Current Liabilities			
Accrued and Other Payables		88,434	163,050
		(700,758)	(2,552,398)
Cash Generated from Operations		1,071,570	(1,989,751)
Finance Cost			
Taxes Paid		(529,159)	(384,237)
Net Cash from Operating Activities		542,411	(2,373,988)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure			
Investment in Marketable Securities - Net		16,551	2,174,781
Net Cash Used in Investing Activities		16,551	2,174,781
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		558,962	(199,207)
Cash and Cash Equivalents at the beginning of Year		194,417	393,624
Cash and Cash Equivalents at the End of Half Year		753,379	194,417



CEO



Director



MARGALLA FINANCIAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

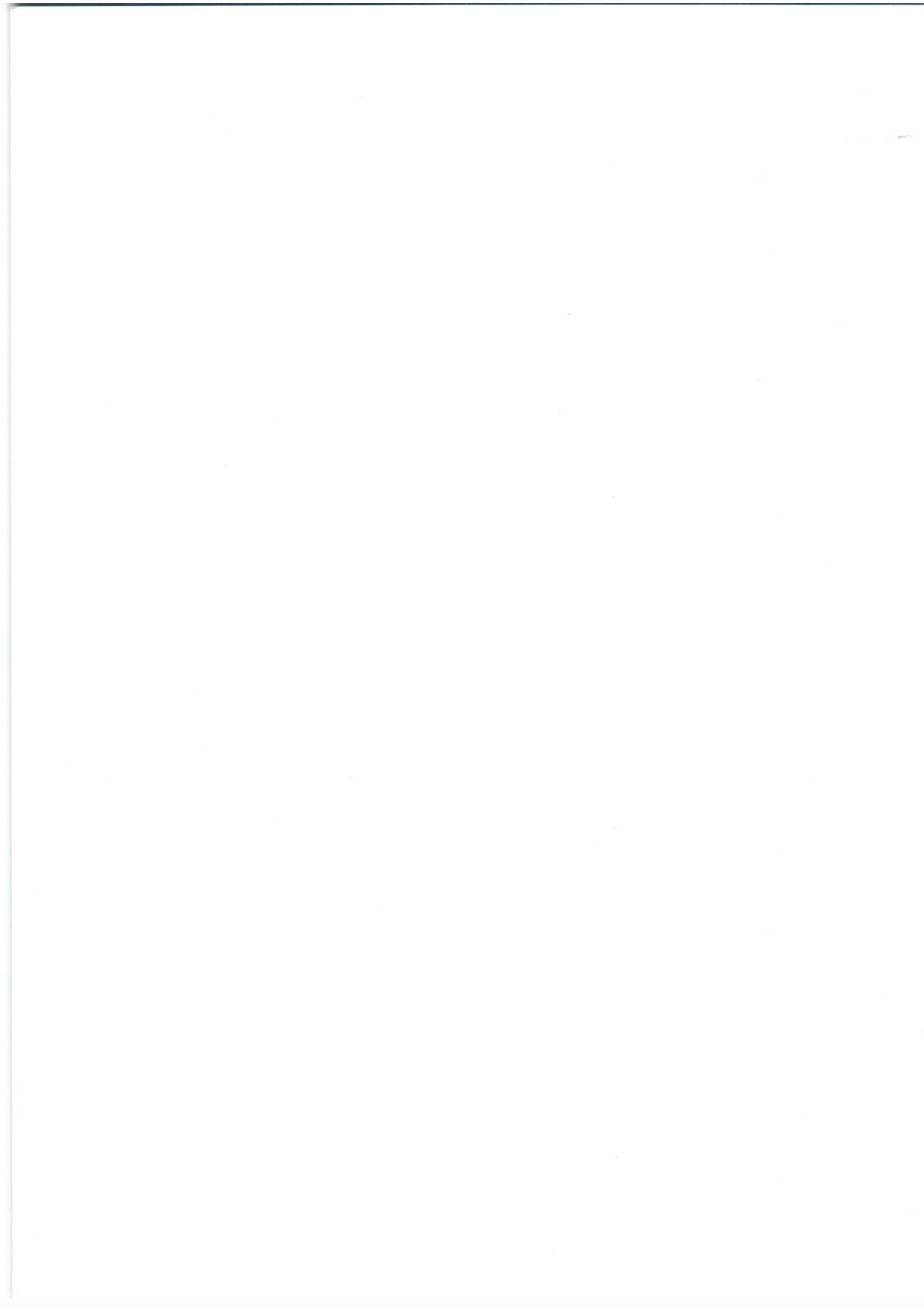
	Issued Subscribed & Paid Up Capital	Un-Appropriated Profit/(Loss)	Share Deposit Money	UnRealized Surplus/(deficit) on remeasurement of investments	Un-realized Gain on Available for Sale Investment	Total
	(RUPEES)					
Balance as at June 30,2018	<u>10,000,000</u>	<u>(36,120)</u>	<u>23,000,000</u>		<u>11,346,030</u>	<u>44,309,910</u>
Introduced during the year			2,000,000			2,000,000
Comprehensive Income/(Loss) for yr ended Jun 30, 2019		<u>(3,904,102)</u>				<u>(3,904,102)</u>
Balance as at June 30,2019	<u>10,000,000</u>	<u>(3,940,222)</u>	<u>25,000,000</u>		<u>11,346,030</u>	<u>42,405,808</u>
Introduced during the year						
Comprehensive Income/(Loss) for yr ended Jun 30, 2020		<u>764,470</u>		<u>16,538,586</u>		<u>17,303,056</u>
Balance as at June 30,2020	<u>10,000,000</u>	<u>(3,175,752)</u>	<u>25,000,000</u>	<u>16,538,586</u>	<u>11,346,030</u>	<u>59,708,864</u>
Introduced during the year						
Comprehensive Income/(Loss) for Yr ended Jun 30, 2021		<u>3,480,439</u>		<u>4,005,676</u>	-	<u>7,486,115</u>
Balance as at Jun 30,2021	<u>10,000,000</u>	<u>304,687</u>	<u>25,000,000</u>	<u>20,544,262</u>	<u>11,346,030</u>	<u>67,194,979</u>
Introduced during the Half year						
Comprehensive Income/(Loss) for Half Yr ended Dec 31, 2021		<u>(325,706)</u>			-	<u>(325,706)</u>
Balance as at Dec 31,2021 - Unaudited	<u>10,000,000</u>	<u>(21,019)</u>	<u>25,000,000</u>	<u>20,544,262</u>	<u>11,346,030</u>	<u>66,869,273</u>



CEO



Director



MARGALLA FINANCIAL (PRIVATE) LIMITED

Notes to the financial statements

For the Half-Year ended December 31, 2021

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. The accounting and reporting standards as applicable in Pakistan comprise of: -International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017; and

-Provisions of and directives issued under the Companies Act 2017.

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.

-Where provisions of and directives issued under the Companies Act, 2017, differ from the IFRS Standards, the provisions of and directives under the Companies Act, 2017, have been followed

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) De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 approximates its fair value.

3.6 Financial Instruments

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.

Classification of financial assets:

The Company classifies its financial instruments in the following categories:

- At Fair Value Through Profit and Loss (FVTPL)
- At Amortized Cost

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

The financial asset is held with a business model whose objective is to hold financial assets in order to collect contractual cash flow; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities:

The company classifies its financial instruments in the following categories:

-At fair value through Profit and Loss (FVTPL)

-At amortized cost

The financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the company has opted to measure them at FVTPL.

Subsequent Measurement

i) Financial assets at FVTOCI

Elected instruments in equity instruments at FVTOCI are initially recognized at fair value plus transactions costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income/(Loss).

ii) Financial Assets and Liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost and in case of financial assets less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recognized at fair value and transaction costs are expensed in the statements of profit and loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise

Impairment of Financial Assets

- The company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets at amortized cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date in which case 12 month after the reporting date:
 - Short term deposits and receivables
 - Loan to Director
 - Receivable on gain sale of property
 - Bank Balances
- Loss allowance for receivables from clients are always measure at an amount equal to lifetime ECLs.
- Lifetime ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

- ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the company expects to receive).
- The gross carrying amount of a financial asset is written off when the company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

De-recognition

i) Financial Assets

The company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and subsequently all the associated risks and rewards.

ii) Financial Liabilities

The company derecognizes financial liabilities when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of Profit or Loss and other comprehensive Income.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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 31.12.21
	As On 01.07.21	Additions/ (Deletions)	As on 31.12.21		As on 01.07.21	For the Half Yr	As on 31.12.21	
Computers and Accessories	44,600	3,793	48,393	30%	40,140	0	40,140	8,253
Rupees (2020)	44,600		44,600		40,140			4,460
Rupees (2019)	44,600		44,600		26,760	13,380	40,140	4,460

5. INTANGIBLE ASSETS

		Rupees 2021	Rupees 2020
Trading Rights Entitlement Certificate Impairment	5.1	2,500,000	2,500,000
		2,500,000	2,500,000

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 2021	Rupees 2020
Shares in ISE Towers REIT	6.1	50,890,292	46,884,616
		50,890,292	46,884,616

6.1 These represent the shares received from ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange (ISE) in pursuance of corporatization and demutualization of ISE as public company limited by shares in accordance with the requirement of the Stock Exchanges Corporatization, Demutualization and Integration Act 2012 (the Act). In addition, the company has also received the Trading Rights Entitlement Certificate (TREC) from ISE which now has become the TREC of Pakistan Stock Exchange Limited after integration of the stock exchanges.

6.2 Accordingly the company has been allocated 3,034,603 shares of ISE with the face value of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the

SECP. The company has received 40% equity shares i.e. 1,213,841 shares of ISE kept in CDC Account No. 18432-3177. The remaining 60% shares are transferred to CDC sub-account in company's name under PSX's participant IDs with the CDC in Account No. 16428-1927 which will remain blocked until these are divested to strategic investors, general public and financial institutions. Now 1,820,762 shares are pledged with PSX's participant IDs to maintain the Base Minimum Capital "BMC". As the fair value of both the asset transfer and assets obtained cannot be determined with reasonable accuracy, the investment in shares has been recorded at the face value of PKR 10/- each in the company's books

6.4 In the absence of an active market for these shares, the company has taken/valued them at PKR 16.77/Share as per the audited financials of 2021 of ISE REIT Management Company Limited, which is the value approved by the Board of Directors of PSX and intimated to SECP for the Base Minimum Capital. The fact indicates an acceptable level for ISE REIT shares which is also used by the stock exchange for risk management and to safeguard investor's interests.

7. LONG TERM ADVANCES AND DEPOSITS

	Rupees Dec 2021	Rupees Dec 2020
CDC Deposit	100,000	100,000
NCCPL Deposit	200,000	200,000
PSX Clearing House Deposit	200,000	200,000
	500,000	500,000

8. SHORT TERM INVESTMENTS

	Rupees Dec 2021	Rupees Dec 2020
Investment in Marketable Securities	5,520,704	6,780,240

9. OTHER RECEIVABLES

	Rupees Dec 2021	Rupees Dec 2020
Income Tax Refundable	27,029	10,301
Directors Current Account	6,816,934	4,982,294
Dividend Warrants in Hand	6,843,963	3,671,255

10. CASH AND CASH EQUIVALENTS

Cash In Bank	Rupees	Rupees
	Dec 2021	Dec 2020
Current Account	9,386	691,154
Client Account	0	4,020
	9,386	695,174
Cash in Eclear Prop Account	13,240	-
Cash in Hand	730,753	-
	753,379	695,174

11. CURRENT LIABILITIES

	Rupees	Rupees
	Dec 2021	Dec 2020
Nayatel Fee Payable	35,514	36,982
LSEFL Monthly Charges Payable	52,920	17,904
	88,434	54,886

12. ACCRUED AND OTHER PAYABLES

	Rupees	Rupees
	Dec 2021	Dec 2020
Audit Fee Payable	55,813	1,938
PSX IT Charges	3071	0
	58,884	1,938

13. COMMITMENTS AND CONTINGENCIES

The company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 1,820,762 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).

14. REVENUE

	Rupees Dec 2021
Commission Income	0
Dividend Income	2,048,363
Realized Gain on Investments	105,344
Unrealized Gain/Loss on Investments at fair value	(1,891,030)
Profit on NCCPL Deposit	746
Bank Profit	0
	<u>263,423</u>

15. ADMINISTRATIVE EXPENSES

	Rupees Dec 2021
CDC Charges	3
NCCPL Charges	54,939
SECP Annual License Fee	50,025
PSX Annual Charges	10,000
PSX Laga Charges	3
Professional Consultancy Fee	50,000
Misc Expenses	-
LSEFL Backoffice Services	52,920
PSX IT Charges	18,426
Nayatel P2P Charges	35,514
SECP Charges	4,951
Total	<u>276,781</u>

16. NUMBER OF EMPLOYEES

Nil

17. GENERAL

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



CEO



Director