



PINE COMMODITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2024**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINE COMMODITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **PINE COMMODITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, 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 material 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, the statement of comprehensive income, the statement of changes in equity, 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, 2024 and of the profit and the 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 Auditors' 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 Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements and our auditors' 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 are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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, the statement of comprehensive income, the statement of changes in equity, 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).

The engagement partner on the audit resulting in this independent auditors' report is Abdul Qadeer.

ISLAMABAD

DATED: October 17, 2024
UDIN: AR202410095WsZc9nD2Q


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



Pine Commodities (Pvt.) Ltd.

Corporate Member: Pakistan Mercantile Exchange Limited

DIRECTOR'S REPORT

AS AT JUNE 30, 2024

The Directors of "M/s Pine Commodities (Private) Limited" take pleasure in presenting the annual report of the company, together with the audited financial statements for the FY 2023-24. The annual accounts have been audited by M/s BDO Ebrahim & Co., Chartered Accountants.

BOARD MEETINGS

The details of meetings of the Board of Directors were held during the FY 2023-24 and the attendance of Directors at board meetings was under:

<u>Name of Director</u>	<u>Designation</u>	<u>Attendance</u>	<u>Attendance %</u>
Adil Khan Swati	CEO/Director	03	100%
Yasar Khan Swati	Director	03	100%
Muhammad Irshad Swati	Director	03	100%

DIRECTORS' SHARES HOLDING

There has been no change in Directors' shares holding during the year. The shares holding position of the directors of the company as on June 30, 2024, is as under:

<u>Name of Director</u>	<u>Designation</u>	<u>Shares Holding</u>	<u>Shares Value</u>
Adil Khan Swati	CEO/Director	10	Rs. 100
Yasar Khan Swati	Director	100	Rs. 1,000
Muhammad Irshad Swati	Director	1,999,890	Rs. 19,998,900
Total		2,000,000	Rs.20,000,000

FINANCIAL HIGHLIGHTS

The summary of the financial results of the company for the year ended June 30, 2024 are as under:

<u>Account Head</u>	<u>2024 / Rs.</u>	<u>2023 / Rs.</u>
Brokerage Revenue	-	-
Operating Expenses	-144,043	-273,690
Other Income	23,449	7,898
Provision for Impairment Loss (2 nd instalment)	-5,075,000	-5,075,000
Profit/(Loss) before Taxation	-5,617,265	-5,767,527
Profit/(Loss) after Taxation	-5,617,265	-5,767,527

COMPANY PERFORMANCE

The year under review showed NIL brokerage revenue as NIL of the last year, because the Company didn't operating its trading business. Current year operating expenses are 144,043/- as compared to 273,690/- of last year. Other income is Rs.23,449/- as compared to Rs.7,898/- of last year. Company recorded 20% provision for impairment loss of Rs.5,075,000/- (2nd instalment) against the carrying amount of long term deposits of Rs.25,375,000/- with NCEL Building Management Ltd. So over all the company booked a Net Loss of Rs.5,617,265/- as compared to Net Loss of Rs.5,767,527/- of last year, after Taxation.

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Office # 511, 5th Floor, ISE Towers, 55-B Jinnah Avenue, Blue Area, Islamabad.

 051-2894306-8  051-2894310  pinecommodities@gmail.com

 www.pinegroup.com.pk



Pine Commodities (Pvt.) Ltd.

Corporate Member: Pakistan Mercantile Exchange Limited

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COMPANY'S STATUS AS UN-ACTIVE

As the company ceased its trading operations in 2020 and decided to act as un-active member of PMEX. The management, decided to remain un-active member during the current year, too.

IMPAIRMENT OF LONG TERM DEPOSITS

Company recorded in current year 20% provision for impairment loss of Rs.5,075,000/- (2nd instalment) against the carrying amount of long term deposits of Rs.25,375,000/- with NCEL Building Management Ltd as advance against 10 offices space to be constructed at old Hyatt Regency Hotel project site in Karachi.

AUDITOR'S OPPOINTMENT

The retiring Auditors M/s BDO Ebrahim & Co, Chartered Accountants, offered willingness for their re-appointment, so the Board of Directors approved their Consent Letter and re-appointed them as Statutory Auditors of the Company for the FY 2023-24 on mutual agreed terms and conditions.

DECLARATION

We hereby declare that there are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any futures market laws.

ACKNOWLEDGMENT

The Board of Directors of the Company is pleased to place on record its gratitude and acknowledges the valuable guidance and co-operation of SECP and other Government bodies. The Board would like to thank to our valued share-holders, corresponding banks and our respectable Chartered Accountants, for their trust, guidance and continuous support to the Company. We also appreciate the efforts and dedication shown by the staff for the Company's affairs successfully.


Adil Khan Swati
Chief Executive


Yasar Khan Swati
Director

Date: October 17, 2024, Place: Islamabad

Office # 511, 5th Floor, ISE Towers, 55-B Jinnah Avenue, Blue Area, Islamabad.

 051-2894306-8  051-2894310  pinecommodities@gmail.com

 www.pinegroup.com.pk

PINE COMMODITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	2,435	3,478
Intangible	5	250,000	250,000
Advances	6	15,975,000	21,050,000
		<u>16,227,435</u>	<u>21,303,478</u>
CURRENT ASSETS			
Taxation - net	7	54,555	51,036
Cash and cash equivalents	8	123,815	243,070
		<u>178,370</u>	<u>294,106</u>
TOTAL ASSETS		<u><u>16,405,805</u></u>	<u><u>21,597,584</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	9	20,000,000	20,000,000
Capital contribution	10	4,353,579	2,236,624
Accumulated losses		(12,482,636)	(4,748,416)
		<u>11,870,943</u>	<u>17,488,208</u>
NON-CURRENT LIABILITY			
Loans from director	11	4,484,862	4,063,376
CURRENT LIABILITY			
Trade and other payables	12	50,000	46,000
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	13	<u><u>16,405,805</u></u>	<u><u>21,597,584</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

PINE COMMODITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Administrative expenses	14	(144,043)	(273,690)
Operating loss		(144,043)	(273,690)
Finance cost	15	(421,671)	(426,735)
Impairment loss on financial asset	6.1.2	(5,075,000)	(5,075,000)
Finance income	16	23,449	7,898
Loss before taxation		(5,617,265)	(5,767,527)
Taxation	17	-	-
Loss for the year		(5,617,265)	(5,767,527)

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PINE COMMODITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Loss for the year	(5,617,265)	(5,767,527)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(5,617,265)</u>	<u>(5,767,527)</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

PINE COMMODITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Capital contribution	Accumulated losses	Total
	-----Rupees-----			
Balance as at July 01, 2022	20,000,000	3,794,709	(838,974)	22,955,735
Loss for the year	-	-	(5,767,527)	(5,767,527)
Other comprehensive income for the year	-	-	-	-
	-	-	(5,767,527)	(5,767,527)
Loan received during the year	-	300,000	-	-
Transfer of unwinding of discount on interest free loan from director	-	(1,858,085)	1,858,085	-
Balance as at June 30, 2023	20,000,000	2,236,624	(4,748,416)	17,188,208
Loss for the year	-	-	(5,617,265)	(5,617,265)
Other comprehensive income for the year	-	-	-	-
	-	-	(5,617,265)	(5,617,265)
Transfer of unwinding of discount on interest free loan from director	-	2,116,955	(2,116,955)	-
Balance as at June 30, 2024	20,000,000	4,353,579	(12,482,636)	11,870,943

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

PINE COMMODITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(5,617,265)	(5,767,527)
Adjustments for non-cash income and expenses:			
Depreciation	4	1,043	1,490
Impairment loss on financial asset	6	5,075,000	5,075,000
Finance cost	15	421,672	426,735
		<u>(119,550)</u>	<u>(264,302)</u>
Changes in working capital			
Decrease in current liability			
Trade and other payables	12	4,000	(41,467)
		<u>4,000</u>	<u>(41,467)</u>
Cash used in from operations		(115,550)	(305,769)
Finance cost	15	(186)	(35)
Income tax paid	7	(3,519)	(1,184)
Net cash used in operating activities		<u>(119,255)</u>	<u>(306,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received from directors		-	300,000
Net cash generated from financing activities		<u>-</u>	<u>300,000</u>
Net decrease in cash and cash equivalents		(119,255)	(6,988)
Cash and cash equivalents at the beginning of the year		243,070	250,058
Cash and cash equivalents at the end of the year	8	<u>123,815</u>	<u>243,070</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

PINE COMMODITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

- 1.1 Pine Commodities (Private) Limited (the Company) is a private limited company, incorporated in Pakistan on December 11, 2006 with the name of Growth Commodities (Private) Limited under the repealed Companies Ordinance, 1984 (repealed through the enactment of the Companies Act, 2017).

Subsequently, on February 10, 2010, the Company changed its name to Pine Commodities (Private) Limited.

The Company is a corporate member of Pakistan Mercantile Exchange Limited - PMEX (Formerly National Commodity Exchange Limited - NCEL).

The principal activities of the Company is to carry on the business of futures brokers, traders, dealers and representative in all sorts of approved commodities of Pakistan Mercantile Exchange Limited - PMEX.

The Company's registered office is situated at office no. 511, 5th floor, ISE Towers,

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 Small and Medium Sized Entities (IFRS for SMEs) 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 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 and on accrual basis of accounting except for the statement of cashflows.

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2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) , which is the functional and presentation currency for the Company. All amounts are rounded off to the nearest rupees , unless otherwise stated.

2.4 KEY JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating assets - Note 3.2
- Estimation of taxation - Note 3.14
- Estimation of contingent liabilities - Note 3.19

3 MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Change in accounting policy

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Income Tax Ordinance, 2001, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12. In doing so, the Company designates the amount of tax calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: "Accounting Policies, Changes in Accounting Estimates and Errors". There is, however, no material impact on the financial statements of the prior years.



3.2 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within "other income" in profit or loss.

(b) Subsequent measurement

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred while the cost of major replacements and improvements, if any, are capitalised.

(c) Depreciation

Depreciation is charged on the basis of written down value method whereby cost of an asset is written off over its useful life without taking into account any residual value. Depreciation on additions is commenced from the month the asset is available for use up to the month preceding the month of disposal.

Depreciation on addition in property and equipment is charged from the month when the asset becomes available for use upto the month of its disposal (full month method).

-Computer and allied item	30%
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(d) Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.3 Intangible assets

(a) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are recognized if, and only if it is probable that future economic benefits attributable to the asset will flow to the entity, and its cost could be measured reliably.

Intangible asset represents membership cards of Pakistan Merchantile Exchange Limited

which was acquired by the company on March 09, 2010. The card does not have expiry date and therefore are accounted for as intangible assets with indefinite life.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the written down value method over their estimated useful lives and is generally recognised in the statement of profit or loss.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Judgement and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.4 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



3.5 Trade debts, loans, deposits', advances and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value, less an estimate made for expected credit losses (ECLs) based on review of outstanding amounts at the year end, if any. Provision is made based upon the assessment of management for ECLs, as per IFRS 09 'Financial Instruments'. Balances considered bad and irrecoverable are written off when identified.

Judgements and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

3.7 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposits.

3.8 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

3.10 Loans from director

Company recognizes the interest free loan from the director as a financial liability, measuring it initially at fair value by discounting future payments at a market interest rate. The difference between the cash received and the present value is recorded as a capital contribution, reflecting the loan's economic substance. Subsequently, company recognize interest cost using the effective interest method, unwinding the initial difference over time.

3.11 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.

3.12 Foreign currency translation

Transactions in foreign currencies are initially recognized in Rupee at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Rupee at the exchange rate prevailing at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on translation are recognised in the statement of profit or loss.

3.13 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.14 Revenue from contracts with customers

- Brokerage, consultancy, advisory Fee and commission etc. are recognised as and when such services are provided.
- Interest income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Gains / losses arising on sale of investments are included in the statement of profit or loss in the period in which they arise.
- Unrealised capital gains / losses arising from mark to market of investments classified as 'financial assets at fair value through profit or loss' are included in statement of profit or loss in the period in which they arise.
- Unrealised gains / losses arising from mark to market of investments classified as 'fair value through other comprehensive income' are taken directly to statement of comprehensive income in the period in which they arise.
- Gains / losses arising on revaluation of derivatives to fair value are taken to statement of profit or loss under other income / other expense in the period in which they arise.

3.15 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria is met.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

3.16 Levy

Minimum tax, final tax and super-tax not based on taxable profits are recognized as a levy in the statement of profit or loss. The amount calculated on taxable income using the notified tax

rate is recognized as current income tax expense for the year in statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year, is then recognized as a levy falling under the scope of IFRIC 21 / IAS 37.

If any excess paid expected to be realized in subsequent tax years, then such excess shall be recognized as 'deferred tax asset' adjustable against tax liability for subsequent tax years.

3.17 Financial instruments

(a) Financial assets

Financial assets are classified, at initial recognition and are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at fair value through profit or loss and fair value through OCI:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are recognised 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).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive

the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired ; or
- The Company has transferred its rights to receive cash flows from the asset and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loan from directors.

Subsequent measurement

Subsequently financial liabilities are measured at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.18 Offsetting 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 set-off the recognized amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.



3.19 Foreign currency translation

Transactions in foreign currencies are initially recognized in Rupee at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Rupee at the exchange rate prevailing at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on translation are recognised in the statement of profit or loss.

3.20 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.



4 PROPERTY AND EQUIPMENT

Particulars	Computer and allied item	Total
	-----Rupees-----	
At July 01, 2022		
Cost	81,800	81,800
Accumulated depreciation	(76,832)	(76,832)
Net book value	<u>4,968</u>	<u>4,968</u>
Year ended June 30, 2023		
Additions (Cost)	-	-
Depreciation charge for the year	(1,490)	(1,490)
Net book value as at June 30, 2023	<u>3,478</u>	<u>3,478</u>
Year ended June 30, 2024		
Additions (Cost)	-	-
Depreciation charge for the year	(1,043)	(1,043)
Net book value as at June 30, 2024	<u>2,435</u>	<u>2,435</u>
At June 30, 2023		
Cost	81,800	81,800
Accumulated depreciation	(78,322)	(78,322)
Net book value	<u>3,478</u>	<u>3,478</u>
At June 30, 2024		
Cost	81,800	81,800
Accumulated depreciation	(79,365)	(79,365)
Net book value	<u>2,435</u>	<u>2,435</u>
Depreciation rate per annum	30%	30%

5 INTANGIBLE

Membership Card of Pakistan Mercantile Exchange	5.1	<u>250,000</u>	<u>250,000</u>
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- 5.1 This represents the membership card of the Pakistan Mercantile Exchange Limited - PMEX issued to the Company on March 09, 2010. This membership card has no expiry date therefor, it is accounted for intangible asset with indefinite life.

	Note	2024 Rupees	2023 Rupees
6 ADVANCES			
Advances with NCEL Building management system	6.1	15,225,000	20,300,000
Advances with PMEX	6.2	750,000	750,000
		<u>15,975,000</u>	<u>21,050,000</u>

6.1 Movement for the year

July 01	6.1.1	20,300,000	25,375,000
Less: provision for impairment loss	6.1.2	(5,075,000)	(5,075,000)
June 30		<u>15,225,000</u>	<u>20,300,000</u>

6.1.1 This represent amount paid to NCEL building management limited as advances acquiring 10 office spaces in the NCEL building to be constructed at Old Hyatt Regency Hotle project site, Karachi. However construction was ceased and stay order is in court of law.

6.1.2 During the year, the company has recorded a 20% provision for impairment loss against the carrying amount of deposit.

6.2 This represents security deposit (refundable) given to PMEX against membership card.

	Note	2024 Rupees	2023 Rupees
7 TAXATION - NET			
July 01		51,036	49,851
Provision for taxation for the year		-	-
Advance tax paid during the year		3,519	1,185
June 30		<u>54,555</u>	<u>51,036</u>

8 CASH AND CASH EQUIVALENTS

Balance at bank			
Local			
- saving accounts	8.1	<u>123,815</u>	<u>243,070</u>

8.1 It carries markup ranging between 10% to 12% (2023 : 9% to 12%)

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			Note	2024 Rupees	2023 Rupees
9	SHARE CAPITAL				
9.1	Issued, subscribed and paid up capital				
	Number of ordinary shares of Rs. 10/- each				
	2024	2023			
	<u>2,000,000</u>	<u>2,000,000</u>	Fully paid in cash	<u>20,000,000</u>	<u>20,000,000</u>

9.2 Authorized share capital

Number of ordinary shares of
Rs. 10/- each

2024	2023		
<u>2,000,000</u>	<u>2,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>

- 9.2.1** This represents 200,000 (2023: 200,000) ordinary shares of Rs. 10 each amounting to Rs. 20,000,000 (2023: Rs. 20,000,000). All ordinary shares rank equally with respect to voting rights, board resolution.

10 CAPITAL CONTRIBUTION

This represents the equity portion of interest free loans received from the director. The difference between fair values of the loans and actual receipts had been recognized as capital contribution in equity as per the guidance of Technical Release 32 issued by the Institute of chartered accountant of Pakistan.

	Note	2024 Rupees	2023 Rupees
11	LOAN FROM DIRECTOR		
Undiscounted amount received		6,300,000	6,300,458
Effect of undiscounting		(4,353,579)	(4,353,579)
Fair value of interest free loan		1,946,421	1,946,879
Unwinding of interest		2,538,441	2,116,497
Balance as at June 30		<u>4,484,862</u>	<u>4,063,376</u>

This represent three interest free loans obtained from a director of the Company. These loans are unsecured and repayable after 10 years from the date of receipt. According to International Financial Reporting Standard 9 - Financial Instruments, interest free loans are to be recognized at fair value being present value of future cash outflows as per the loan agreements. The present values are calculated at by applying the market discount rates being the market interest rates prevalent for similar instruments at the date of receipt of each loan. The difference between fair

value of loans and actual receipts had been recognized as capital contribution in equity. During the year, unwinding of discount of Rs. 0.191 million has been recognized as part of finance cost.

	Note	2024 Rupees	2023 Rupees
12 TRADE AND OTHER PAYABLES			
Auditors' remuneration payable		50,000	46,000
13 CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
The Company has no contingent liability as at June 30, 2024 (2023: nil).			
13.2 Commitments			
The Company has no commitments as at June 30, 2024 (2023: nil).			
	Note	2024 Rupees	2023 Rupees
14 ADMINISTRATIVE EXPENSES			
Salaries and allowances		-	140,000
Fee and subscription		93,000	86,200
Depreciation		1,043	1,490
Auditors' remuneration		50,000	46,000
		144,043	273,690
15 FINANCE COST			
Bank charges		186	35
Unwinding of discount on interest free loan from directors	15	421,485	426,700
		421,671	426,735
16 FINANCE INCOME			
Profit on bank deposit		23,449	7,898
17 TAXATION			

No tax provision is recognized as the company has incurred taxable loss during the period. Furthermore, provision for minimum tax under section 113C of Income Tax Ordinance, 2001 is not applicable due to Nil revenue during the period.

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18 FINANCIAL ASSETS AND LIABILITIES

2024					
Total	Interest / mark-up bearing			Non interest / mark-up bearing	
	Maturity upto one year	Maturity after one year	Sub-total		
Rupees					
Financial assets					
at amortized cost					
Advances	750,000	-	-	-	750,000
Cash and cash equivalent	123,815	123,815	-	123,815	-
	873,815	123,815	-	123,815	750,000
Financial liabilities					
at amortized cost					
Trade and other payables	50,000	-	-	-	50,000
Loan from directors	4,484,862	-	-	-	4,484,862
	4,534,862	-	-	-	4,534,862
On balance sheet gap	(3,661,047)	123,815	-	123,815	(3,784,862)
Off balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap - 2024	(3,661,047)	123,815	-	123,815	(3,784,862)
2023					
Total	Interest / mark-up bearing			Non interest / mark-up bearing	
	Maturity upto one year	Maturity after one year	Sub-total		
Rupees					
Financial assets					
At amortized cost					
Advances	750,000	-	-	-	750,000
Cash and cash equivalent	243,070	243,070	-	243,070	-
	993,070	243,070	-	243,070	750,000
Financial liabilities					
Loan from directors	4,063,376	-	-	-	4,063,376
	4,063,376	-	-	-	4,063,376
On balance sheet gap	(3,070,306)	243,070	-	243,070	(3,313,376)
Off balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap - 2023	(3,070,306)	243,070	-	243,070	(3,313,376)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

19.1 Risk management policies

The Company's objective in managing risks is the creation and protection of share 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 profitability. 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.

The Company finances its operations through equity and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk.

19.2 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 trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

(a) Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs.15.975 million (2023: Rs. 21.050 million), the financial assets which are subject to credit risk amounted to 0.873 million (2023: Rs. 0.993 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	Note	2024 Rupees	2023 Rupees
Advances	6	750,000	750,000
Bank balances	8	123,815	243,070
		<u>873,815</u>	<u>993,070</u>

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.

19.3 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. The following are the contractual maturities of financial liabilities excluding the impact of netting agreements, if any:

	Carrying amount	Up to One year	After One year
	-----Rupees-----		
2024			
Loans from director	4,484,862	-	4,437,539
Trade and other payables	50,000	50,000	-
	4,534,862	50,000	4,437,539
	Carrying amount	Up to One year	After One year
	-----Rupees-----		
2023			
Loans from director	4,063,376	-	4,063,376
Trade and other payables	46,000	46,000	
	4,109,376	46,000	4,063,376

19.4 Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. Currently Company is not exposed to currency risk as it does not hold any foreign currency financial assets or liabilities.

19.5 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 instruments.

19.6 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. At the balance sheet date the Company is not exposed to any interest rate risk as it does not hold any interest bearing financial assets and liabilities.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materiality the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, adjusted) inputs.

Transfer between level of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.



21 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties are as follows:

Name of related party	Relation	Nature of transaction	Note	2024 Rupees	2023 Rupees
Yasar Khan Sawati	Director	Loan received	11	-	300,000
		Unwinding of discount on interest free loan form	15	421,485	426,700

22 NUMBER OF EMPLOYEES

Total number of employees

2

2

Average number of employees

2

2

23 CORRESPONDING FIGURES

The corresponding figures have not been rearranged and reclassified , for better presentation of financial statements. However, no significant reclassification has been made during the year.

Description	Reclassified from	Reclassified to	2024 Rupees
Unwinding of interest	Accumulated Loss	Capital contribution	2,116,955

24 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of Company on

17 OCT 2024

25 GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR