

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

FIRST CAPITAL EQUITIES LIMITED

DIRECTOR'S REPORT

The Board of Directors of First Capital Equities Limited ("the Company" or "FCEL") are pleased to present the Director's report along with financial statements of the Company for the half year ended December 31, 2023.

During the preceding years, the Board of the Directors decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and to change the Principal line of Business of the Company from stock broker to real estate Company. An application for surrender was submitted to PSX and surrendering process is in progress.

YOUR COMPANY'S PERFORMANCE

Given below is the financial summary of the Company for the half year ended December 31, 2023.

Particulars	July to Dec 2023	July to Dec 2022
	Rupees	
Unrealized gain / (loss) on re-measurement of investments at Investments at fair value through profit or loss	14,703,206	(6,833,293)
Profit /(Loss) after taxation from continuing operations	14,597,130	(7,368,661)
(Loss) after taxation from discontinued operations	(1,009,691)	(858,450)
Earnings / (loss) Per Share (EPS) Rs		
- continuing operations	0.10	(0.05)
- discontinued operations	(0.007)	(0.01)

The Company reported a loss of Rs 13.59 million in FH23 as compare to Rs. 8.22 million in FH22. Due to discontinuation of operations, the brokerage income of your Company is NIL in both periods. Further, the company recorded capital gain / (loss) of Rs NIL against Rs. NIL last year. The Un-realized loss on re-measurement of investment is recorded at Rs. 14.70 million. Operating expenses decreased 20% during the period under review.

FUTURE OUTLOOK

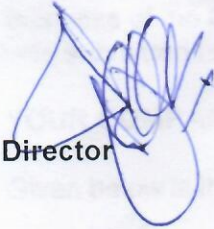
In order to change the principal line of business of the Company from a Brokerage company to Real Estate Company, necessary changes have been made in the Object clause III of Memorandum of Association of the Company, which are in process of approval from concerned authorities.

Once the surrender process is completed and changes in the Object clause III of Memorandum of Association of the Company are approved the Company will resume its commercial activities as real estate Company.

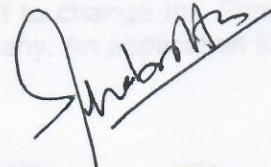
ACKNOWLEDGEMENT

The Board of Directors wish to place on record their thanks and appreciation to all the shareholders for their continued support. The Board also wishes to place on record its appreciation for the guidance and support extended by the Securities and Exchange Commission of Pakistan (SECP) as well the Pakistan Stock Exchange Limited.

For and on behalf of the Board of Directors



Director



Chief Executive Officer

Lahore

Dated: February 28, 2024

	2023	2022
Profit (Loss)	14,703,206	3,835,700
Profit (Loss) after taxation from continuing operations	14,597,130	(7,367,001)
Profit (Loss) after taxation from discontinued operations	(1,893,924)	1,531,450
Profit (Loss) Per Share (EPS) Rs		
Continuing operations	6.10	(0.05)
Discontinued operations	(0.907)	(0.05)

The Company recorded a loss of Rs 13.76 million in FY23 as compare to Rs. 8.22 million in FY22. Due to discontinuation of operations, the brokerage income of your Company is NIL in both periods. Further, the company recorded capital gain / (loss) of Rs NIL against Rs. NIL, last year. The un-realized loss (i.e. measurement of investment) is recorded at Rs. 14.70 million. Operating expenses decreased 20% during the period under review.

FUTURE OUTLOOK

In order to change the principal use of business of the Company from a Brokerage company to Real Estate Company, necessary changes have been made in the Object clause III of Memorandum of Association of the Company, which are in process of approval from concerned authorities.

Once the surrender process is completed and changes in the Object clause III of Memorandum of Association of the Company are approved the Company will resume its commercial activities as real estate Company.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of First Capital Equities Limited

Report on review of Interim Financial Statements

Introduction

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

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

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

Scope of Review

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

Conclusion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1.2 in the annexed condensed interim financial statements which indicates that the Company has earned unrealized profit amounting Rs. 13.6 Million after tax during the period and the accumulated losses of the company stand at Rs. 1,065 Million as at December 31, 2023 (June 30, 2023: 1,078.6 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 498.9 Million (June 30, 2023: 508 Million). However, the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. These conditions along with other matters as set forth in note 11 indicate existence of the material uncertainty that may cast significant doubt about the company's ability to continue as going concern.

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

Date: February 29, 2024

Lahore

UDIN: RR202310122cISFWVaGA

Nasir Javaid Maqsood Imran
Nasir Javaid Maqsood Imran

Chartered Accountants

Offices also at:

KARACHI: OFFICE # 807, 8TH FLOOR, Q.M. HOUSE, PLOT NO. 11/2, ELLANDER ROAD, OPP. SHAHEEN COMPLEX,
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cpaai MEMBER
mgjworldwide

FIRST CAPITAL EQUITIES LIMITED
FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

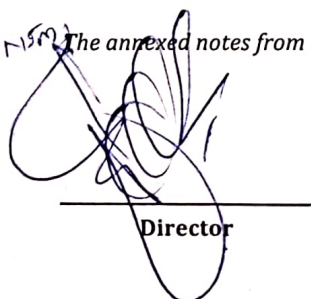
- ✓ *CONDENSED INERIM STATEMENT OF FINANCIAL POSITION*
- ✓ *CONDENSED INERIM STATEMENT OF PROFIT OR LOSS*
- ✓ *CONDENSED INERIM STATEMENT OF COMPREHENSIVE INCOME*
- ✓ *CONDENSED INERIM STATEMENT OF CASH FLOWS*
- ✓ *CONDENSED INERIM STATEMENT OF CHANGES IN EQUITY*
- ✓ *CONDENSED INERIM NOTES TO THE FINANCIAL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

✓ *CONDENSED INERIM STATEMENT OF PROFIT OR LOSS*

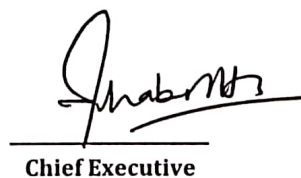
FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	274,749	315,526
Investments property	5	824,776,000	824,776,000
Long term investments	6	22,257,828	17,710,531
		847,308,577	842,802,057
CURRENT ASSETS			
Stock in Trade		290,053,500	290,053,500
Trade debts	7	174,162,671	174,162,671
Short term investments	8	43,022,206	32,866,297
Advances, deposits, prepayments and other receivables		4,571,849	4,571,849
Advance income tax		6,287,364	6,287,364
Cash and bank balances		282,703	248,662
		518,380,293	508,190,343
TOTAL ASSETS		1,365,688,870	1,350,992,400
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital 152,000,000 shares (June 2023: 152,000,000 shares) of Rs. 10 each		1,520,000,000	1,520,000,000
Issued, subscribed and paid up capital 141,335,500 shares (June 2023: 141,335,500 shares) of Rs. 10 each		1,413,355,000	1,413,355,000
Other reserves		-	-
Unappropriated loss		(1,065,000,600)	(1,078,588,039)
TOTAL EQUITY		348,354,400	334,766,961
NON - CURRENT LIABILITIES			
Long term financing	9	-	-
CURRENT LIABILITIES			
Trade and other payables	10	191,558,384	190,449,353
Current portion of long term financing	9	825,776,086	825,776,086
		1,017,334,470	1,016,225,439
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		1,365,688,870	1,350,992,400

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



 Director



 Chief Executive



 Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERM STATEMENT OF PROFIT OR LOSS (Un-Audited)
FOR THE PERIOD ENDED DECEMBER 31, 2023

CONTINUING OPERATION
INCOME

Realized gain/(loss) on sale of investments at fair
 Unrealized Gain/loss on remeasurement of investments at fair value
 through profit or loss

HALF YEAR ENDED		QUARTER ENDED	
DEC. 31, 2023	DEC. 31, 2022	DEC. 31, 2023	DEC. 31, 2022
14,703,206	(6,833,293)	19,114,144	(5,923,071)

14,703,206	(6,833,293)	19,114,144	(5,923,071)
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EXPENDITURE

Operating and administrative expenses
 Finance cost

105,875	535,068	(89,402)	168,829
201	300	201	300
106,076	535,368	(89,201)	169,129

OPERATING PROFIT/ (LOSS)

14,597,130	(7,368,661)	19,203,345	(6,092,200)
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OTHER INCOME

NET PROFIT/(LOSS) BEFORE TAXATION

14,597,130	(7,368,661)	19,203,345	(6,092,200)
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PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

14,597,130	(7,368,661)	19,203,345	(6,092,200)
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DISCONTINUED OPERATIONS

EXPENDITURE

Operating and administrative expenses

(1,009,691)	(858,450)	(206,741)	14,110
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PROFIT/(LOSS) BEFORE TAXATION FOR THE PERIOD

13,587,439	(8,227,111)	18,996,604	(6,078,090)
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Taxation

PROFIT/(LOSS) AFTER TAXATION FOR THE PERIOD

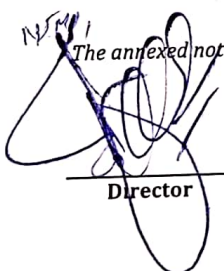
13,587,439	(8,227,111)	18,996,604	(6,078,090)
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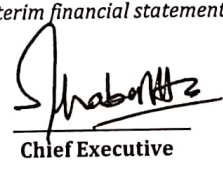
PROFIT/(LOSS) PER SHARE - BASIC AND DILUTED

- continuing operations
 - discontinued operations

0.10	(0.05)	0.14	(0.04)
(0.0071)	(0.006)	(0.001)	0.0040
0.096	(0.06)	0.13	(0.04)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Director

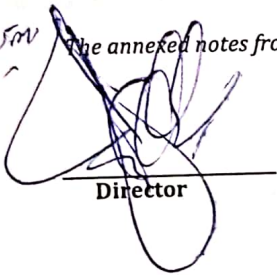

 Chief Executive


 Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	HALF YEAR ENDED		QUARTER ENDED	
	DEC. 31, 2023	DEC. 31, 2022	DEC. 31, 2023	DEC. 31, 2022
	-----Rupees-----			
Profit/(Loss) after taxation for the period	13,587,439	(7,368,661)	19,203,345	(6,092,200)
Other comprehensive income for the period				
Items that will never be reclassified to profit and loss:	-	-	-	-
Items that are may be reclassified to profit and loss:	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive Profit/(loss) for the period	<u>13,587,439</u>	<u>(7,368,661)</u>	<u>19,203,345</u>	<u>(6,092,200)</u>

NSM The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Director

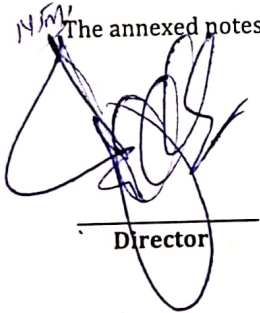

 Chief Executive


 Chief Financial Officer

FIRST CAPITAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Issued, subscribed and paid up capital	Unappropriated Profit/(Loss)	Total
	-----Rupees-----		
Balance as at July 01, 2022	1,413,355,000	(1,060,511,279)	352,843,721
Loss for the period after taxation	-	(8,227,111)	(8,227,111)
Balance as at December 31, 2022	1,413,355,000	(1,068,738,390)	344,616,610
Loss for the period after taxation	-	(9,849,649)	(9,849,649)
Balance as at June 30, 2023	1,413,355,000	(1,078,588,039)	334,766,961
Profit for the period after taxation	-	13,587,439	13,587,439
Balance as at December 31, 2023	1,413,355,000	(1,065,000,600)	348,354,400

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



 Director



 Chief Executive



 Chief Financial Officer

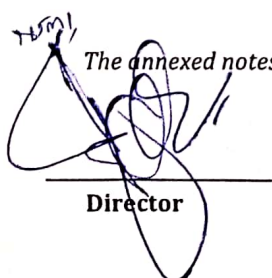
FIRST CAPITAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)
FOR THE PERIOD ENDED DECEMBER 31, 2023

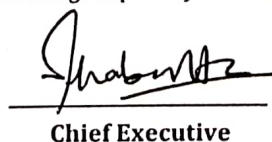
Six months period ended December 31, 2023	Six months period ended December 31, 2022
-----Rupees-----	

CASH FLOWS FROM OPERATING ACTIVITIES

Gain/(loss) before taxation	13,587,439	(8,227,111)
Adjustments for:		
Depreciation	40,777	131,928
Gain/(Loss) on re-measurement of investments at fair value through profit and loss - net	(14,703,206)	6,833,293
Finance cost	201	300
Provision for gratuity	-	-
	(14,662,228)	6,965,521
	(1,074,789)	(1,261,590)
Decrease / (Increase) in current assets		
Advances, deposits, prepayments and other receivables	-	-
	-	-
Decrease in trade and other payables	1,109,031	1,269,000
Cash generated in operations	34,242	7,410
Finance cost paid	(201)	(300)
Net cash generated/(used) from/in operating activities	34,041	7,110
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	34,041	7,110
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	248,662	252,121
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	282,703	259,231

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Director


 Chief Executive


 Chief Financial Officer

1 THE COMPANY AND ITS OPERATION

- 1.1** First Capital Equities Limited (the "Company") was incorporated in Pakistan on January 26, 1995 as a private limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was converted into a public limited company on June 18, 1997 and is listed on Pakistan Stock Exchange Limited formerly Lahore Stock Exchange Limited. The Company is a subsidiary of First Capital Securities Corporation Limited, which owns 73.23% (June 2023: 73.23%) of the share capital of the Company. The principal activity of the Company is to acquire, construct, develop, sell, rent out and manage shops, apartments, villas and commercial buildings.

Geographical locations and addresses of all business units are as First Capital House, 96-B/1 Lower Ground Floor, M.M. Alam Road Gulberg-III,

- 1.2** The Board of the Directors of the Company in their meeting held on June 28, 2019, owing to the continuous loss and adverse market conditions, decided to surrender the trading right entitlement certificate (TREC) of Pakistan Stock Exchange and discontinue its brokerage operation and to change the Principal objective of the Company from stock broker to real estate Company.

During the period company has earned Profit amounting Rs. 13.6 Million and accumulated losses of the company stand at Rs. 1,065 Million as at December 31, 2023 (June 2023: 1,078.6 Million). As at the reporting date current liabilities of the Company exceed its current assets by Rs. 498.9 Million (June 2023: 508 Million).

Owing to the factors mentioned above the Company in order to carry on its business and to meet its obligations requires generating sufficient operating profits and cash flows. Accordingly there is a material uncertainty relating to the Company's operations that may cause significant doubt regarding discharge of its liability in the normal course of business. Continuation of the Company as going concern is heavily dependent on improved cash flows.

The management of the Company is confident that with change in principal activity and overall expertise of group in real estate sector will have positive impact on the financial performance of the company. Moreover, management is confident that the remaining loan payable to UBL will be settled by sale of properties. Resultantly, these financial statements are prepared on going concern basis. The financial statements consequently, do not include any adjustment relating to the realization of the assets and liquidation of liabilities that might be necessary should the Company be unable to continue as going concern.

2 BASIS OF PREPARATION

- 2.1** These condensed interim financial statements has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017 shall prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2023. The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2023 and 2022 and in the notes forming part thereof have not been reviewed by the auditors of the company, as they have reviewed the accumulated figures for the half years ended December 31, 2023 and 2022.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2023.

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

3.1 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

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

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

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

15/11/23

4 PROPERTY PLANT AND EQUIPMENT

Opening --Net Book Value
 Additions during the period/year
 Disposal during the period/year
 Depreciation during the period/year

Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----	
315,526	483,032
-	-
-	-
(40,777)	(167,506)
<u>274,749</u>	<u>315,526</u>

5 INVESTMENT PROPERTY

Opening balance
 Acquisition during the period/year
 Disposal during the period/year
 (Decrease) / Increase in fair value
 Closing balance

824,776,000	824,712,000
-	-
824,776,000	824,712,000
-	-
824,776,000	824,712,000
-	64,000
<u>824,776,000</u>	<u>824,776,000</u>

- 5.1 The carrying amount of investment property is the fair value of property as determined by approved independent valuer Fairwater Property Valuers & Surveyors (Pvt) Ltd as at June 30, 2023. Fair value is determined keeping in view the location of the land and inquiries in the vicinity, the trend and tone of sale / purchase of property in the respective areas.
- 5.2 Investment Property comprises various shops / counters in various shopping malls situated at Gujranwala and Gujrat. These properties are under mortgage by banks against the borrowings. The Company has the intention to sell off this properties to pay off the bank borrowings.

6 LONG TERM INVESTMENT

At fair value through profit or loss
 Media Times Limited - quoted shares
 6,067,362 shares of MDTL (June 2023 : 6,067,362 shares)

Other Investments

At fair value through profit or loss
 Pakistan Stock Exchange Limited - quoted shares
 1,081,453 shares of PSX (June 2023 : 1,081,453 shares)

6.1 6,067,362 shares of MDTL (June 2023 : 6,067,362) Fully paid ordinary shares of Rs. 10 each
 Equity Held 3.39% (June 2023: 3.39%)
 Unrealized Gain on remeasurement of investment at fair value through profit or loss

6.2 1,081,453 shares of PSX (June 2023 : 1,081,453 shares)
 Unrealized Gain on remeasurement of investment at fair value through profit or loss

6.3 Shares having carrying value of Rs. 11,345,967/- (June 2023: Rs.9,707,779/-) have been pledged with various commercial banks against long term financing.

Note	Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----		
	11,345,967	9,707,779
	10,911,861	8,002,752
	<u>22,257,828</u>	<u>17,710,531</u>
	9,707,779	12,074,050
	1,638,188	(2,366,271)
	<u>11,345,967</u>	<u>9,707,779</u>
	8,002,752	11,063,264
	2,909,109	(3,060,512)
	<u>10,911,861</u>	<u>8,002,752</u>

7 TRADE DEBTS - UNSECURED

Trade debts against purchase of shares:
 Considered good - unsecured
 Clients
 Considered doubtful:
 Clients
 Less: Provision for doubtful debts

7.1 Provision for doubtful debts
 Opening balance
 Charge for the period / year
 Closing balance

Note	Un-Audited Dec. 31, 2023	Audited June 30, 2023
-----Rupees-----		
	174,162,671	174,162,671
	271,851,411	272,720,612
	(271,851,411)	(272,720,612)
	-	-
	<u>174,162,671</u>	<u>174,162,671</u>
	272,720,612	271,851,411
	-	869,201
	<u>272,720,612</u>	<u>272,720,612</u>

NSM

X

8 SHORT TERM INVESTMENTS
At fair value through profit or loss

	Note	Un-Audited	Audited
		Dec. 31, 2023	June 30, 2022
Quoted equity securities			
Opening balance		32,866,297	44,512,874
Additions		-	-
Disposals		-	-
Unrealized gain/(loss) on remeasurement of Investment at fair value through profit or loss		10,155,909	(11,646,577)
	8.1	<u>43,022,206</u>	<u>32,866,297</u>

8.1 This Includes Rs.27,148,291 (June 2023: Rs. 23,757,992/-) Investments in related parties. Shares having market value of Rs.42,730,346 (June 2023:32,771,566 /-) are pledged as security with commercial banks against loan.

9 LONG TERM FINANCING

	Note	Un-Audited	Audited
		Dec. 31, 2023	June 30, 2023
Loan from financial Institute -- Secured		825,776,086	825,776,086
Deferred notional Income	9.1	-	-
		<u>825,776,086</u>	<u>825,776,086</u>
Less: Current portion shown under current liability		<u>(825,776,086)</u>	<u>(825,776,086)</u>
		-	-

10 TRADE AND OTHER PAYABLES - UNSECURED

	Note	Un-Audited	Audited
		Dec. 31, 2023	June 30, 2023
	10.1	<u>191,558,384</u>	<u>190,449,353</u>
10.1 This Includes following balances payable to related parties:			
Falcon Commodities (Pvt.) Ltd		3,255,332	3,255,332
Media Times Limited		1,702,548	1,702,548
Pace Pakistan Limited		114,822,340	114,822,340

11 CONTINGENCIES AND COMMITMENTS

There has been no material change in the status of contingencies disclosed in note 27 to the Company's financial statements for the year ended June 30, 2023 except 7E Section of Income tax ordinance 2001. Section 7E was introduced in the Income Tax Ordinance 2001 whereby, for tax year 2022 and onwards, every resident person has been treated to have derived as income, an amount equal to five per cent of the fair market value of the capital asset situated in Pakistan and this amount is subject to a tax rate of 20%, subject to some exclusions provided therein.

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

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

i. In view of the clear bar as provided under Entry No. 50 of the Fourth Schedule to the Constitution, the Parliament has no jurisdiction to impose Income tax on immoveable property;

ii. The Parliament has the jurisdiction to tax Capital Value of Assets in terms of Entry No.50 of the Fourth Schedule to the Constitution;

iii. Capital Value of Assets means an inseparable complete whole of the property (both moveable and immoveable);

iv. The Impugned legislation (section 7E introduced through Finance Act, 2022 to the Ordinance), which imposes on Immoveable property through a deeming clause does not qualify the test of Capital Value of Assets, therefore, is beyond the legislative competence of the Parliament; hence, the same is hereby struck down.

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

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

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

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise parent company, related group companies, local associated undertakings, directors, key management personnel and their close family members. The Company in the normal course of business carries out transactions with various related parties. Closing balances of related parties are disclosed in respective notes of these financial statements. There are not any significant transactions with related parties other than those disclosed elsewhere in the condensed interim financial statements.

13 FAIR VALUE MEASUREMENT

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

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

The Company held the following financial assets and liabilities at fair value;

Financial Assets	Un-Audited	Audited
	Dec. 31, 2022	June 30, 2022
Level 1:		
Long term Investments	22,257,828	17,710,531
Short term Investments	43,022,206	32,866,297
Level 2:		
Investment properties	824,776,000	824,776,000
Level 3:		
	<u>890,056,034</u>	<u>875,352,828</u>

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

(Signature)

14 CORRESPONDING FIGURES

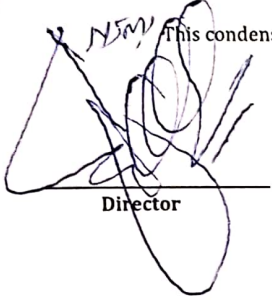
Corresponding Figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no significant re-classification have been made.

15 GENERAL

Figures have been rounded off to the nearest rupee.

16 DATE OF AUTHORIZATION

This condensed interim financial statements were authorized for issue by the Board of Directors on February ^{28,} 2023.

N.S.M.


Director



Chief Executive



Chief Financial Officer