



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Parwaaz Financial Services Limited

Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Parwaaz Financial Services Limited as at June 30, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month 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 financial statements based on our review.

### 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 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.

**A.F.Ferguson & Co.**

**Chartered Accountants**

**Lahore**

**Date: 26<sup>th</sup> October, 2023**

**UDIN: AR2023101181d6l38qsb**

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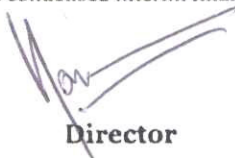
**PARWAAZ FINANCIAL SERVICES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED**  
**AS AT JUNE 30, 2023**

ASSETS	Note	(UN - AUDITED)	(AUDITED)
		June 30, 2023	December 31, 2022
		(Rupees)	(Rupees)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	4,724,131	4,223,244
Capital work in progress		15,359,044	-
Long term financing - net	6	141,001,499	113,103,433
Financing on behalf of parent entity	7	199,211,183	86,076,348
Long term deposits		1,576,875	976,875
		361,872,732	204,379,900
<b>CURRENT ASSETS</b>			
Advances, deposits, prepayments and other receivables	8	43,057,755	33,565,929
Short term financing - net	9	494,026,750	430,445,000
Short term investments	10	2,317,383,370	1,007,990,044
Current portion of long term financing-net	6	120,878,250	77,650,923
Current portion of financing on behalf of parent entity	7	161,642,212	70,089,142
Cash and bank balances	11	164,694,375	1,554,909,815
		3,301,682,712	3,174,650,853
<b>TOTAL ASSETS</b>		<b>3,663,555,444</b>	<b>3,379,030,753</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 300,000,000 (December 31, 2022: 150,000,000) ordinary shares of Rs. 10 each	12	3,000,000,000	1,500,000,000
Issued, subscribed and paid up capital 150,000,000 ordinary shares of Rs. 10 each	12	1,500,000,000	1,500,000,000
Capital reserve - net of tax		67,386,742	67,386,742
Revenue reserve: unappropriated profit		152,747,501	114,760,844
		1,720,134,243	1,682,147,586
<b>NON-CURRENT LIABILITIES</b>			
Subordinated loan	13	1,486,042,226	1,405,089,096
Payable to parent entity	14	215,896,098	125,669,441
Deferred taxation		18,228,092	29,135,901
		1,720,166,416	1,559,894,438
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	15	30,806,095	31,284,468
Current portion of payable to parent entity	14	172,449,641	98,730,559
Provision for taxation		19,999,049	6,973,702
		223,254,785	136,988,729
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,663,555,444</b>	<b>3,379,030,753</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

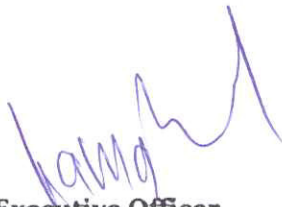
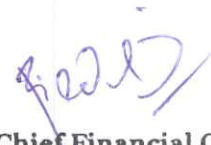


Chief Financial Officer

**PARWAAZ FINANCIAL SERVICES LIMITED****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - UNAUDITED  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023**

		Six month period ended June, 30 2023	Six month period ended June, 30 2022
	Note	----- Rupees -----	
Markup on financing	17	81,245,802	20,125,976
Income other than markup on financing	18	224,174,789	77,174,125
<b>Total Income</b>		<b>305,420,591</b>	<b>97,300,101</b>
Finance cost	19	136,471,626	6,824
		168,948,965	97,293,277
Administrative expenses	20	(90,450,879)	(48,104,520)
<b>Profit before provision and taxation</b>		<b>78,498,086</b>	<b>49,188,757</b>
Net provision on financing		(24,051,377)	(5,026,059)
<b>Profit before taxation</b>		<b>54,446,709</b>	<b>44,162,698</b>
Taxation	21	(16,460,052)	(13,607,780)
<b>Profit after taxation</b>		<b>37,986,657</b>	<b>30,554,918</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>37,986,657</b>	<b>30,554,918</b>
<b>Earnings per share</b>			
- Basic	22.1	0.25	0.20
- Diluted	22.2	0.45	0.20

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

**Chief Executive Officer****Director****Chief Financial Officer**

**PARWAAZ FINANCIAL SERVICES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023**

	Rupees			
	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit	Capital reserve Equity portion of subordinated loan - net of tax	Total shareholders equity
<b>Balance as at January 01, 2022 - audited</b>	1,500,000,000	42,066,647	-	1,542,066,647
<b>Total comprehensive income for the period</b>				
Profit for the period	-	30,554,918	-	30,554,918
Other comprehensive income for the period	-	-	-	-
<b>Balance as at June 30, 2022 - un-audited</b>	<b>1,500,000,000</b>	<b>72,621,565</b>	<b>-</b>	<b>1,572,621,565</b>
<b>Balance as at January 1, 2023 - audited</b>	1,500,000,000	114,760,844	67,386,742	1,682,147,586
<b>Total comprehensive income for the period</b>				
Profit for the period	-	37,986,657	-	37,986,657
Other comprehensive income for the period	-	-	-	-
<b>Balance as at June 30, 2023 - un-audited</b>	<b>1,500,000,000</b>	<b>152,747,501</b>	<b>67,386,742</b>	<b>1,720,134,243</b>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

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**Chief Executive Officer**



**Director**

**Chief Financial Officer**

**PARWAAZ FINANCIAL SERVICES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023**

	Six month period ended June, 30 2023	Six month period ended June, 30 2022
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	54,446,709	44,162,698
Adjustments for:		
Profit earned on term deposit receipts, saving account	(41,554,305)	(72,721,071)
Profit earned on treasury bills	(180,786,654)	(3,212,501)
Markup earned on financing	(81,245,802)	(20,125,970)
Interest component on sub-ordinated debt	136,432,582	-
Bank Charges	39,044	6,824
Net provision on financing	24,051,377	5,026,059
Depreciation on property and equipment	855,503	337,456
	<u>(142,208,255)</u>	<u>(90,689,209)</u>
<b>Operating loss before working capital changes</b>	<b>(87,761,546)</b>	<b>(46,526,511)</b>
<b>Effect of changes in working capital:</b>		
Increase in long term financing	(72,208,521)	(185,649,937)
Increase in short term financing	(86,550,000)	(425,000,000)
Increase in financing on behalf of parent entity	(204,687,905)	(109,084,000)
Increase in payable to parent entity	163,945,739	224,400,000
(Decrease) / Increase in accrued and other liabilities	754,505	12,887,873
Increase in long term deposits	(600,000)	(840,000)
Decrease in short term investments	72,655,366	-
(Increase)/Decrease in advances, deposits, prepayments & other receivables	(6,596,521)	2,313,583
	<u>(133,287,337)</u>	<u>(480,972,481)</u>
<b>Cash used in operations</b>	<b>(221,048,883)</b>	<b>(527,498,992)</b>
Receipt of markup on financing	71,837,313	8,220,288
Receipt of income on TDRs and saving accounts	48,067,490	64,554,700
Receipt on treasury bills	108,131,288	-
Taxes paid	(14,342,515)	(9,867,645)
Bank charges paid	(39,044)	(6,824)
	<u>213,654,532</u>	<u>62,900,585</u>
<b>Net cash used in operating activities</b>	<b>(7,394,351)</b>	<b>(464,598,407)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital work in progress	(15,359,044)	-
Purchase of property and equipment	(1,356,390)	(2,221,945)
<b>Net cash (used in)/generated from investing activities</b>	<b>(16,715,434)</b>	<b>(2,221,945)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of mark-up on subordinated loan	(56,712,329)	-
<b>Net cash used in financing activities</b>	<b>(56,712,329)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(80,822,114)</b>	<b>(466,820,352)</b>
Cash and cash equivalents at beginning of the period	2,562,899,859	1,548,513,736
<b>Cash and cash equivalents at end of the period</b>	<b>2,482,077,745</b>	<b>1,081,693,384</b>

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The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.

  
  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

# PARWAAZ FINANCIAL SERVICES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

### 1 CORPORATE AND GENERAL INFORMATION

#### 1.1 Legal status and operations

Parwaaz Financial Services Limited (the Company) was incorporated in Pakistan as a company limited by shares under the Companies Act, 2017 on December 23, 2020. The Company obtained license to carry out investment finance services as a Non-banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) on June 22, 2021.

The objective of the Company is to provide financing primarily to Small and Medium Enterprises (SMEs) within Pakistan. The Company also intends to provide business development services to SMEs.

The registered office of the Company is Daftarkhwan: 2nd Floor, Vogue Towers, 15 C/2, Gulberg III, M.M. Alam Road, Lahore, Punjab.

The ultimate parent of the Company is Karandiaz Pakistan.

The company has obtained sufficient insurance coverage against any losses that may be incurred as a result of employee's fraud or gross negligence.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim 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 Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations);
- Provisions of directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984.

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

#### 2.2 Basis of presentation and measurement

These condensed interim financial statements are unaudited but subject to limited scope review. These condensed interim financial statements do not include all the information and disclosures required in an audited financial statements and therefore should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2022.

These condensed interim financial statements have been prepared under the historic cost convention except otherwise stated. These condensed interim financial statements are prepared in Pak Rupees, which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest rupee unless otherwise specified.

- 2.3** The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the company for the year ended December 31, 2022, whereas the comparative statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flow are stated from the unaudited condensed interim financial statements for the period ended June 30, 2022.

### **3 Significant Accounting Policies, Estimates, Judgments And Financial Risk Management**

- 3.1** The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the audited financial statements of the company for the year ended December 31, 2022.
- 3.2** The preparation of these condensed interim financial statements in conformity with accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 3.3** The significant judgements, estimates and assumptions made by the management in applying the Company's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the annual audited financial statements for the year ended December 31, 2022.
- 3.4** The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the company for the year ended December 31, 2022.
- 3.5** Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

### **4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING STANDARDS**

#### **4.1 Standards, amendments and interpretations to published standards effective in current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after January 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

#### **4.2 Standards, amendments and interpretations to existing standards not yet effective and not applicable/ relevant to the Company**

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements apart from those which have been disclosed in the annual audited financial statements of the Company for the year ended December 31, 2022.

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		UnAudited June 30, 2023	Audited December 31, 2022
	Note	----- Rupees -----	
<b>5</b>	<b>Property and equipment</b>		
	<b>Net carrying value basis</b>		
	Opening net book value (NBV)	4,223,244	1,192,748
	Additions during the period (at cost)	1,356,390	3,995,555
	Depreciation charge	(855,503)	(965,059)
	Closing net book value (NBV)	<u>4,724,131</u>	<u>4,223,244</u>
	<b>Gross carrying value basis</b>		
	Cost	6,604,023	5,247,633
	Accumulated depreciation	(1,879,892)	(1,024,389)
	Net book value (NBV)	<u>4,724,131</u>	<u>4,223,244</u>

5.1 This comprises of computer equipments purchased during the period.

		UnAudited June 30, 2023	Audited December 31, 2022
	Note	----- Rupees -----	
<b>6</b>	<b>Long term financing - net</b>		
	Financing - markup bearing	265,867,765	193,659,245
	Less:		
	General provision	3,988,016	2,904,889
	Specific provision	-	-
		<u>261,879,749</u>	<u>190,754,356</u>
	Less: Current portion	120,878,250	77,650,923
	Net long term financing	<u>141,001,499</u>	<u>113,103,433</u>

6.1 This represents term finance facilities provided on mark-up basis. The mark-up on these loans ranges from 19.9% to 24.98% (December 31, 2022: 13.05% to 18.71%) per annum. These term finances are repayable within a period of 3 years from the date of disbursement and are secured against personal guarantees of directors, mortgagors, charge over plant and machinery and post dated cheques.

6.2 General provision has been maintained at 1.5% ( Dec, 31 2022: 1.5%) of the outstanding balance to cater for unanticipated credit losses.

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7 **Financing on behalf of parent entity**

This represents loans disbursed by the Company to the identified borrowers under programs originated by Karandaaz Pakistan through agency agreement (Note 14). These loans are repayable by identified borrowers within a period of two to three years from the date of disbursement.

	Note	UnAudited June 30, 2023	Audited December 31, 2022
----- Rupees -----			
Financing on behalf of parent entity		360,853,395	156,165,490
Less: Current Portion		161,642,212	70,089,142
Net financing on behalf of parent entity		<u>199,211,183</u>	<u>86,076,348</u>

8 **Advances, deposits, prepayments and other receivables**

Prepayments		4,790,907	288,783
Short term security deposits		105,000	105,000
Other receivables	8.1	1,901,808	1,252,453
Accrued interest on financing		29,413,372	18,559,841
Accrued interest on term deposit receipts (TDRs) and saving accounts		6,846,668	13,359,852
		<u>43,057,755</u>	<u>33,565,929</u>

8.1 This includes an amount of Rs. 1,149,094 (December, 31 2022: 1,038,215) receivable from parent entity against management fee for managing its portfolio under agency agreement.

	Note	UnAudited June 30, 2023	Audited December 31, 2022
----- Rupees -----			
9 <b>Short term financing - net</b>			
Financing - markup bearing	9.1	523,550,000	437,000,000
Less:			
General provision	9.2	7,523,250	6,555,000
Specific provision		22,000,000	-
Net short term financing		<u>494,026,750</u>	<u>430,445,000</u>

9.1 This represents short term finance facilities provided on mark-up basis. The mark-up on these loans ranges from 18.5% to 26.23% (December, 31 2022: 13.71% to 20.08%) per annum. These are secured against personal guarantees of directors, mortgagors, charge over plant and machinery and post dated cheques.

9.2 General provision has been maintained at 1.5% ( Dec, 31 2022: 1.5%) of the outstanding balance, after adjustment of Rehmpack specific provision, to cater for unanticipated credit losses. Rehmpack Pvt Ltd was classified to loss category and 100% specific provision was made against its outstanding amount.

	Note	UnAudited June 30, 2023	Audited December 31, 2022
----- Rupees -----			
10 <b>Short Term Investments</b>			
Term deposit receipts	10.1	200,000,000	400,000,000
Treasury bills	10.2	2,117,383,370	607,990,044
		<u>2,317,383,370</u>	<u>1,007,990,044</u>

10.1 The rate of mark-up on these Investments ranges from 15.2 % to 20.00% (December 31, 2022: 10% to 15.2%) per annum.

10.2 The rate of mark-up on this investment ranges from 15.1% to 21.90% (December 31, 2022: 14.42% to 16.75%) per annum.

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		UnAudited June 30, 2023	Audited December 31, 2022
	Note	Rupees	
<b>11</b>	<b>Cash and bank balances</b>		
	Cash at bank:		
	Saving account	164,691,773	1,554,909,093
	Cash in hand	2,602	722
		<u>164,694,375</u>	<u>1,554,909,815</u>

11.1 The rate of mark-up on these accounts ranges from 7.5% to 19.41% (December 31, 2022: 7.45% to 14.5%) per annum.

## 12 Share capital and reserves

### 12.1 Authorised share capital

	UnAudited June 30, 2023	Audited December 31, 2022		UnAudited June 30, 2023	Audited December 31, 2022
	(Number of shares)			Rupees	
	300,000,000	150,000,000	Ordinary shares of Rs.10 each, fully paid in cash	3,000,000,000	1,500,000,000

### 12.2 Issued, subscribed and paid up share capital

	UnAudited June 30, 2023	Audited December 31, 2022		UnAudited June 30, 2023	Audited December 31, 2022
	(Number of shares)			Rupees	
	150,000,000	150,000,000	Ordinary shares of Rs.10 each, fully paid in cash	1,500,000,000	1,500,000,000

12.3 There was no movement in ordinary shares during the period ended June 30, 2023. Authorized share capital was increased from Rs. 1,500,000,000 to Rs. 3,000,000,000 after grant of SECP approval.

12.4 Karandaaz Pakistan holds 149,999,996 shares representing 99.99% shares of the Company.

12.5 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

		UnAudited June 30, 2023	Audited December 31, 2022
	Note	Rupees	
<b>13</b>	<b>Subordinated loan</b>		
	Subordinated loan from parent entity	1,486,042,226	1,405,089,096

13.1 This represents liability component of subordinated loan classified as compound financial instrument, which was obtained under the agreement between Karandaaz Pakistan (parent entity) and the company dated November 28, 2022 after the approval of SECP. The subordinated loan tenure is 5 years and is currently carrying markup of 3 Months KIBOR minus 2% per annum payable quarterly. The loan is subordinated to other indebtedness of the Company.

		UnAudited June 30, 2023	Audited December 31, 2022
	Note	Rupees	
<b>14</b>	<b>Payable to parent entity</b>		
	Payable to parent entity	388,345,739	224,400,000
	Less: Current portion	172,449,641	98,730,559
	Net payable to parent entity	<u>215,896,098</u>	<u>125,669,441</u>

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- 14.1 This represents amount payable to Karandaaz Pakistan under the agency agreement and addendum to aforesaid agreement between the two companies which has been provided to borrower entities.

	Note	UnAudited 30-Jun-23	Audited 31-Dec-22	
----- Rupees -----				
<b>15</b>	<b>Accrued and other liabilities</b>			
	Payable to parent entity	15.1	5,330,040	2,626,599
	Provident fund payable	15.3	16,595,343	8,766,409
	Accrued liabilities		5,306,364	14,929,573
	Tax deducted at source		988,671	1,109,299
	Other payable		2,585,677	3,852,588
			<u>30,806,095</u>	<u>31,284,468</u>
<b>15.1</b>	<b>Payable to parent entity</b>			
	Interest accrued on financing on behalf of parent entity		574,808	-
	Payable under service level agreement	15.2	4,755,232	1,880,381
	Expenses incurred on behalf of the Company		-	746,218
			<u>5,330,040</u>	<u>2,626,599</u>

- 15.2 This represents payable to parent entity with regards to human resource and operational support being provided under the service level agreement.

- 15.3 The Company is in the process of establishing a separate trust to manage the provident fund.

## 16 Contingencies and commitments

- 16.1 There was no change in the status of contingencies as disclosed in annual audited financial statements for the year ended December 31, 2022

- 16.2 The Company has commitments in respect of contractual obligations amounting to Rs. 64,958,468 as at June 30, 2023 (Dec 31, 2022: Rs. 13,774,823).

	Note	UnAudited Six month period ended June, 30 2023	UnAudited Six month period ended June, 30 2022	
----- Rupees -----				
<b>17</b>	<b>Markup on financing</b>			
	Markup on long term financing	17.1	27,416,392	6,854,409
	Markup on short term financing	17.2	53,829,410	13,271,567
			<u>81,245,802</u>	<u>20,125,976</u>

- 17.1 This represents markup on financing on long term basis bearing markup as mentioned in Note 6 to these financial statements.

- 17.2 This represents markup on financing on short term basis bearing markup as mentioned in Note 9 to these financial statements.

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		UnAudited Six month period ended June, 30 2023	UnAudited Six month period ended June, 30 2022
		----- Rupees -----	
18	<b>Income other than markup on financing</b>		
	Interest income on term deposit receipts (TDRs)	10,114,631	64,971,093
	Interest income on treasury bills	180,786,654	3,212,501
	Interest income on savings accounts	31,439,675	7,749,978
	Management fee from parent entity	1,149,094	351,602
	Processing fee on financing	684,735	888,951
		<b>224,174,789</b>	<b>77,174,125</b>
19	<b>Finance cost</b>		
	Bank charges	39,044	6,824
	Markup on subordinated loan	136,432,582	-
		<b>136,471,626</b>	<b>6,824</b>

19.1 This represents markup on subordinated loan from Karandaaz Pakistan (parent entity) as mentioned in note 13 to these financial statements.

		UnAudited Six month period ended June, 30 2023	UnAudited Six month period ended June, 30 2022
		----- Rupees -----	
20	<b>Administrative expenses</b>		
	Salaries, wages and benefits	51,040,874	33,832,245
	Legal and professional fee	13,726,045	3,138,035
	Auditors' remuneration	825,500	310,000
	Travel, lodging and per diems	5,856,581	2,862,119
	Short term lease expense	4,879,835	1,279,439
	Utilities	519,779	291,167
	Depreciation on property and equipment	855,503	337,450
	Insurance expense	85,452	-
	Printing & Stationary	325,500	135,995
	Advertisement	-	1,452
	Marketing/Branding	87,100	-
	Fees & Subscription	388,621	135,441
	Human resource and operational support cost charged by parent entity	6,291,621	2,119,619
	Vehicle Operations & Maintenance	35,465	122,517
	Consultancy	158,000	-
	Office expenses	875,003	157,091
	Directors' fee	4,500,000	3,381,944
		<b>90,450,879</b>	<b>48,104,520</b>
21	<b>Taxation</b>		
	Current taxation:		
	- Current period	27,367,862	14,139,873
	Deferred taxation	(10,907,810)	(532,093)
		<b>16,460,052</b>	<b>13,607,780</b>

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UnAudited

For the Six Months ended

June 30, 2023      June 30, 2022

----- Rupees -----

Note

<b>22</b>	<b>Earnings per share</b>			
		<b>Rupees</b>		
			37,986,657	30,554,918
		<b>Number</b>	150,000,000	150,000,000
		<b>Rupees</b>	0.25	0.20
<b>22.1</b>	<b>Basic earnings per share</b>			
		<b>Rupees</b>		
	Profit for the period			
	Weighted average number of ordinary shares	<b>Number</b>		
	Basic earnings per share	<b>Rupees</b>		
<b>22.2</b>	<b>Diluted earnings per share</b>			
		<b>Rupees</b>		
	Profit for the period		37,986,657	30,554,918
	Markup on subordinated loan - net of tax	<b>Rupees</b>	96,867,133	-
			134,853,790	30,554,918
	Weighted average number of ordinary shares	<b>Number</b>	150,000,000	150,000,000
	Effect of subordinated loan	<b>Number</b>	150,000,000	-
			300,000,000	150,000,000
	Diluted earnings per share	<b>Rupees</b>	0.45	0.20

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	UnAudited June 30, 2023	Audited June 30, 2022
----- Rupees -----		
23 Cash and Cash Equivalents		
Cash and bank balances	164,694,375	34,905,883
Short term investments	2,317,383,370	1,046,787,501
	<u>2,482,077,745</u>	<u>1,081,693,384</u>

24 Related party transactions

The Company's related parties comprise of its directors, associated undertakings, parent company and key management personnel. Remuneration of CEO and key management personnel has been disclosed in note 25. Other significant transactions with related parties and the balances with them are as follows:

Relationship with the Company	Nature of transactions	UnAudited Six month period ended June, 30 2023	UnAudited Six month period ended June, 30 2022
		----- Rupees -----	
1) Parent	Expenses incurred on behalf of the Company	-	1,639,346
	Management fee charged by the Company	1,149,094	351,602
	Interest on financing on behalf of parent entity	3,890,227	1,031,480
	Principal on financing on behalf of parent entity	11,809,344	-
	Financing on behalf of parent entity	213,267,249	109,084,000
	Human resource and operational support cost under service level agreement	6,291,621	2,119,619
	Expenses incurred by company on behalf of parent entity	1,536,389	-
	Advance received under agency agreement	163,945,739	224,400,000
	Markup on Subordinated Loan	136,432,582	-
2) Directors	Meeting fee paid to the directors	4,500,000	3,381,944

All transactions with related parties have been carried out on mutually agreed terms and conditions.

	UnAudited June 30, 2023	Audited December 31, 2022
----- Rupees -----		
<b>Period / year end balances</b>		
Payable to parent entity	393,675,779	227,026,599
Accrued markup on subordinated loan	80,953,130	1,232,877
Capital reserve (equity portion of subordinated loan - net of tax)	67,386,742	67,386,742
Liability portion of subordinated loan	1,486,042,226	1,405,089,096
Receivable from parent entity	1,149,094	1,038,215
Meeting fee payable	250,000	-

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**Remuneration of chief executive (CEO) and key management personnel**

The aggregate amount charged in the financial statements for the year for remuneration, to the Chief Executive and executives is as under:

		UnAudited Six month period ended June 30, 2023		
		Rupees		
	Note	Chief Executive	Executives	Total
Managerial remuneration	25.1	14,509,800	27,800,005	42,309,805
Company's contribution to provident fund		1,218,000	2,127,450	3,345,450
Reimbursements	25.2	948,023	3,087,789	4,035,812
		<u>16,675,823</u>	<u>33,015,244</u>	<u>49,691,067</u>
Number of persons		<u>1</u>	<u>17</u>	<u>18</u>

		UnAudited Six month period ended June 30, 2022		
		Rupees		
		Chief Executive	Executives	Total
Managerial remuneration		14,480,434	15,525,854	30,006,288
Company's contribution to provident fund		991,667	1,657,264	2,648,931
Reimbursements		525,065	1,096,018	1,621,083
		<u>15,997,166</u>	<u>18,279,136</u>	<u>34,276,302</u>
Number of persons		<u>1</u>	<u>11</u>	<u>12</u>

25.1 This includes remuneration of CFO charged by Karandaaz Pakistan as human resource and operational support cost under service level agreement.

25.2 This includes communication and fuel reimbursements allowed to employees as per the Company's policy.

**26 Events after the reporting period**

There are no reportable events after the reporting period.

**27 Corresponding figures**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the period except for the following.

**STATEMENT OF CASHFLOWS**

Reclassified from:

**Income from investing activities**

Receipt of income on TDRs and saving accounts

Reclassified to:

**Income from operating activities**

Receipt of income on TDRs and saving accounts

Rupees

64,554,766

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Reclassified from:

**Administrative expenses**

Legal and professional fee  
Insurance

Reclassified to:

**Administrative expenses**

Auditors' remuneration  
Salaries, wages and benefits

Rupees

310,000

1,670,485

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28 Authorization of financial statements

These condensed interim financial statements were authorized for issue on \_\_\_\_\_, 2023 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer