BOP EXCHANGE (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD FROM APRIL 18, 2024 TO DECEMBER 31, 2024

A·F·FERGUSON&Co.
Chartered Accountants
a member firm of the PwC network

pwc

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of BOP Exchange (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of BOP Exchange (Private) Limited (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policy information 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and 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 December 31, 2024 and of the loss and other comprehensive income, the changes in equity and its cash flows for the period 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 *Auditor's 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 Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's reports 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

pwc

A·F·FERGUSON&Co.

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 and 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 period 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 auditor's report is **Muhammad Aleem Zubair.**

AFFerguson & Co.

A. F. Ferguson & Co.,
Chartered Accountants

Lahore

Date: May 5, 2025

UDIN: AR202410889RCJ7w1Q6k

pwc

A·F·FERGUSON&CO.

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 ('the Rules') prepared by the Board of Directors of BOP Exchange (Private) Limited ('the Company') for the period ended December 31, 2024.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the period ended December 31, 2024.

Afferguson & Co.

A. F. Ferguson & Co.,
Chartered Accountants

Lahore

Date: May 5, 2025

UDIN: CR202410889r4KwoEFRD

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
Tel: +92 (42) 3519 9343-50 / Fax: +92 (42) 3519 9351 www.pwc.com/pk

KARACHI LAHORE ISLAMABAD

BOP EXCHANGE (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	December 31, 2024 Rupees
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	6	87,291,257
Right-of-use assets	7	83,876,128
Intangible assets	8	8,710,630
Deferred taxation - net	9	18,527,520
		198,405,535
CURRENT ASSETS		
Advance tax - net	10	3,313,812
Advances, prepayments and other receivables	11	4,922,214
Short term investments	12	172,802,556
Cash and bank balances	13	763,695,164
		944,733,746
TOTAL ASSETS		1,143,139,281
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital	14	2,500,000,000
Issued, subscribed and paid up share capital	14	1,000,000,000
Revenue Reserve		
Unappropriated loss		(44,657,003)
		955,342,997
NON-CURRENT LIABILITIES		
Lease liabilities	15	77,654,475
CURRENT LIABILITIES		
Accrued expenses and other liabilities	16	107,999,557
Current portion of lease liabilities	15	2,142,252
		110,141,809
TOTAL EQUITY AND LIABILITIES		1,143,139,281
CONTINGENCIES AND COMMITMENTS	17	

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

BOP EXCHANGE (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD FROM APRIL 18, 2024 to DECEMBER 31, 2024

	Note	For the period from April 18, 2024 to December 31, 2024
		Rupees
Income from exchange operations	18	1,432,452
Cost of services	19	(32,148,092)
Gross loss		(30,715,640)
Administrative expenses	20	(67,321,990)
Credit loss allowance on bank balances	13.2	(5,949,854)
Other income - net	21	43,319,179
Operating loss		(60,668,305)
Finance costs	22	(1,730,232)
Loss before levy and taxation		(62,398,537)
Levy		(498,650)
Loss before taxation		(62,897,187)
Taxation	23	18,240,184
Loss after taxation for the period		(44,657,003)
Loss per share - basic and diluted	24	(0.18)

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

BOP EXCHANGE (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM APRIL 18, 2024 to DECEMBER 31, 2024

	For the period from April 18, 2024 to December 31, 2024
	Rupees
Loss after taxation for the period	(44,657,003)
Other comprehensive income for the period - net of tax	
- Item that will be reclassified subsequently to profit or loss	-
- Item that will not be reclassified subsequently to profit or loss	-
Total comprehensive loss for the period	(44,657,003)

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

BOP EXCHANGE (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM APRIL 18, 2024 to DECEMBER 31, 2024

	Issued, subscribed and paid up share capital	Revenue reserve Unappropriated loss	Total shareholder's equity
		Rupees	
Balance as at April 18, 2024	-	-	-
Total comprehensive loss for the period			
- Loss after taxation	-	(44,657,003)	(44,657,003)
- Other comprehensive income - net of tax	-	-	-
Transaction with owners recorded directly in equity			
- Issuance of ordinary shares	1,000,000,000	-	1,000,000,000
Balance as at December 31, 2024	1,000,000,000	(44,657,003)	955,342,997

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

BOP EXCHANGE (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM APRIL 18, 2024 to DECEMBER 31, 2024

	Note	For the period from April 18, 2024 to December 31, 2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation		(62,897,187)
Adjustments for non-cash and other items:		
Depreciation on property and equipment	6.1	1,649,966
Amortization on intangible assets	8.1	668,954
Depreciation on right-of-use assets	7	2,710,865
Bank charges	22	120,498
Levy		498,650
Finance cost on lease liabilities	22	1,609,734
Credit loss allowance on bank balances	13.2	5,949,854
Capital gain on sale of Market Treasury Bills (MTBs)	21	(990,814)
Profit on saving accounts	21	(27,331,993)
Interest income on MTBs	21	(11,127,556)
Revaluation gain on MTBs - unrealized	21	(3,868,816)
Operating cash flows before working capital changes		(30,110,658)
Increase in current assets		
Advances, prepayments and other receivables	11	(4,922,214)
Increase in current liabilities		
Accrued expenses and other liabilities	16	107,999,557
Cash generated from operating activities		10,069,498
Income taxes paid	10	(4,099,798)
Net cash generated from operating activities		**5,969,700**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and CWIP	6.1	(88,941,223)
Investment in MTBs		(214,010,250)
Purchase of intangible assets		(9,379,584)
Proceeds from disposal of MTBs		57,194,880
Profit received on savings accounts		27,331,993
Net cash used in investing activities		**(227,804,184)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		1,000,000,000
Repayments made against lease liabilities		(8,400,000)
Bank charges paid		(120,498)
Cash generated from financing activities		**991,479,502**
Net increase in cash and cash equivalents during the period		**769,645,018**
Cash and cash equivalents at the beginning of the period		-
Impact of credit loss allowance on cash and cash equivalents during the period		(5,949,854)
Cash and cash equivalents at the end of the period	13	763,695,164

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 BOP Exchange (Private) Limited (the Company) was incorporated in Pakistan on April 18, 2024, as a private limited company under the Companies Act, 2017. The Company obtained license for commencement of operations from the State Bank of Pakistan (SBP) on September 18, 2024 for a period of three years. The Company is required to operate in accordance with the rules and regulations laid down by the State Bank of Pakistan (SBP) through Foreign Exchange Circular No. 9 dated July 30, 2002.

1.2 The registered office of the Company is situated at The Bank of Punjab, 10-B, E-II, Main Boulevard, Gulberg III, Lahore while the Head Office of the Company is located at 26th Floor, Sky Tower, West Wing, Dolmen City, Marine Drive, Clifton, Karachi.

1.3 The Company is a wholly owned subsidiary of The Bank of Punjab (the "Parent Entity"), which holds 100% shares (either directly or through its nominees) in the Company.

1.4 The Company commenced its commercial operations on October 03, 2024 and is engaged in the business of dealing in foreign currency. The Company operates through a network of 13 outlets. The geographical location and addresses are mentioned in note 31.

1.5 The Company was incorporated on 18th of April 2024 and accordingly, these are the first financial statements of the Company. Therefore, there are no corresponding figures.

1.6 The Company has entered into an agreement for currency export arrangement entered with Orient Exchange Co. (L.L.C) on December 16, 2024.

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 Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Companies Act, 2017 and the said directives, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise disclosed in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ("Rupees"), which is the functional currency of the Company. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

3 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE EFFECTIVE FOR THE PERIOD ENDED DECEMBER 31, 2024

There are certain new and amended standards, issued by the IASB, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after April 18, 2024 but are considered not to be relevant or do not have any material effect on the Company's operations and therefore are not detailed in these financial statements.

3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following new standards and amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

		Effective date (accounting periods beginning on or after)
IAS 21	Lack of Exchangeability	January 01, 2025
IFRS 9 and IFRS 7	Classification and measurement of financial instruments (amendments)	January 1, 2025 and January 1, 2026
IFRS 18	Presentation & Disclosure in Financial Statements	January 01, 2027

The management is in the process of assessing the impact of the above amendments on the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2025 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the application of the Company's accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- Classification, valuation and impairment of investment (notes 5.4 and 12);
- Residual values, useful lives and depreciation rates of property and equipment (notes 5.1 and 6);
- Useful lives and amortization rates of intangible assets (notes 5.2 and 8);
- Valuation of right-of-use asset and its related lease liability (notes 5.15, 7 and 15);
- Assumptions and estimations in recognition of current tax and deferred taxation (note 5.5, 9, 10 and 23); and
- Contingencies (notes 5.14 and 17).

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below:

5.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of property and equipment are depreciated over their estimated useful lives using straight line method at the rates specified in note 6.1. Depreciation on additions is charged from the month in which the item of property and equipment is available for use and no depreciation is charged in the month of disposal.

Subsequent costs are included in the property and equipment's carrying amount or recognized as a separate item of property and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of profit or loss during the financial year in which they are incurred. Residual values and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate.

Item of property and equipment is derecognized when disposed off or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property and equipment, if any, are recognized in statement of profit or loss as and when incurred.

Assets' residual values, if significant and their useful lives are reviewed at each financial position date and adjusted prospectively, if appropriate.

5.1.1 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction / development period are carried under this head. These are transferred to specific assets as and when assets become available for use.

5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and any impairment losses. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 8 to the financial statements. The estimate of useful life and amortization method are reviewed at the end of each financial year with the effect of any changes in estimate being accounted for prospectively.

The amortization is charged from the month in which asset is available for use while no amortization is charged for the month in which that asset is disposed off.

5.3 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost less credit loss allowance. These include cash in hand, balances with banks in savings and current accounts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Investments normally only qualify as cash equivalents if they have a short maturity of three months or less.

5.4 Financial instruments

5.4.1 Financial Assets

5.4.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortized cost;
- at Fair Value through Other Comprehensive Income (FVOCI); and
- at Fair Value through Profit and Loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-end mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest (SPPI), and that are not designated as FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 5.4.1.2.

b) Fair Value through Other Comprehensive Income (FVOCI):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, recognised and measured as described in note 5.4.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss.

c) Fair Value through Profit and Loss (FVPL):

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI is recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

5.4.1.2 Impairment

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when these fall due. Further, financial assets are written off by the Company, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

5.4.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or
(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

DH

When the Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards, these transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) is prohibited from selling or pledging the assets; and

(iii) has an obligation to remit any cash it collects from the assets without material delay.

Any gain or loss on derecognition of financial assets is taken to the statement of profit or loss.

5.4.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset.

5.4.2 Financial liabilities

Financial liabilities are measured at fair value upon initial recognition and subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit and loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

5.4.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the statement of profit or loss.

5.4.3 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVPL. Financial assets carried at FVPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

5.4.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.4.5 **Business model**

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

5.4.6 **Solely payment of principal and interest**

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit and loss.

5.4.7 **Reclassifications**

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

5.5 **Taxation - Levy and Income tax**

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

Income Tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income (OCI) or directly in equity. In which case, the tax is also recognised in OCI or directly in equity

Current

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

Deferred

Deferred taxation is recognised using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

5.6 Impairment of non-financial assets

The carrying amount of the assets is reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the statement of profit or loss.

5.7 Accrued expenses and other liabilities

Accrued expenses and other liabilities are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

5.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the institute and the revenue can be reliably measured. Revenue is recognised as follows:

Revenue from services

- Exchange income is recognised at the time of recording of an exchange transaction; and
- Exchange differences on translation of monetary assets and liabilities in foreign currencies are recognised as gain / (loss) on revaluation at the end of each day.

Returns on financial assets

- Income on investments is recognised using the effective yield method over the term of investment;
- Income on derecognition of financial assets is recognised when derecognition criteria is met; and
- Income on savings account is recognised on an accrual basis.

5.9 Foreign currencies

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

5.10 Earnings / loss per share

The Company presents basic and diluted earnings / losses per share for its shareholders. Basic earnings / loss per share is calculated by dividing the profit / loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings / loss per share is determined by adjusting the profit / loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.11 Advances and prepayments (other than financial assets)

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each statement of financial position date to determine whether there is an indication that an asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

5.12 Share capital and reserves

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue reserves comprise of unappropriated profit / loss. The purpose of general reserves includes, but not limited to, fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, etc.

5.13 Provisions

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

5.14 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence 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
- there is a present 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.

5.15 Right-of-use asset and lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase an underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight line method in accordance with the rates specified in note 7 to these financial statements and after taking into account residual values, if any. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The right of use asset is adjusted for certain remeasurements of the lease liability.

5.16 Other receivables

Other receivables are carried at amortised cost, less expected credit loss allowance determined in accordance with the accounting policy as mentioned in note 5.4.1.2.

6 PROPERTY AND EQUIPMENT

	Note	December 31, 2024 Rupees
Property and equipment - net book value	6.1	68,723,390
Capital work in progress	6.2	18,567,867
		87,291,257

6.1 Property and equipment - net book value

	Furniture & Fixture	Computer Equipment	Office Equipment	Vehicles	Lease Hold Improvement	Total
	December 31, 2024					
	Rupees					
Net carrying value basis						
As at April 18, 2024	-	-	-	-	-	-
Additions during the period	21,583,100	11,607,095	21,390,016	9,167,880	744,918	64,493,009
Transfers during the period	-	-	-	-	5,880,347	5,880,347
Depreciation charge	(297,553)	(444,295)	(647,719)	(152,798)	(107,601)	(1,649,966)
Net book value	21,285,547	11,162,800	20,742,297	9,015,082	6,517,664	68,723,390
Gross carrying value basis						
Cost	21,583,100	11,607,095	21,390,016	9,167,880	6,625,265	70,373,356
Accumulated depreciation	(297,553)	(444,295)	(647,719)	(152,798)	(107,601)	(1,649,966)
Net book value	21,285,547	11,162,800	20,742,297	9,015,082	6,517,664	68,723,390
Annual rate of depreciation (%)	10	20	20	20	10	

6.1.1 There were no disposals during the period.

6.1.2 Depreciation charge for the period has been allocated as follows:

	Note	2024 Rupees
Cost of services		901,056
Administrative expenses		748,910
		1,649,966

6.2 Capital work in progress

	Note	
Balance as at April 18, 2024		-
Additions during the period		24,448,214
Capitalized during the period		(5,880,347)
Balance as at December 31, 2024	6.2.1	18,567,867

6.2.1 This represents advance given to supplier(s) for development / renovation of booths' premises.

7	RIGHT-OF-USE ASSETS	December 31, 2024 Rupees
	Cost	
	Opening balance	-
	Additions during the period	86,586,993
	Disposals during the period	-
	Closing balance	86,586,993
	Accumulated Depreciation	
	Opening balance	-
	Charge for the period	2,710,865
	Reversal for the period	-
	Closing balance	2,710,865
	Net book value	83,876,128
	Annual rate of depreciation (%)	13 to 33.33

8	INTANGIBLE ASSETS	Note	December 31, 2024 Rupees
	Intangible assets - net book value	8.1	8,710,630

		December 31, 2024		
		Software	License Fee	Total
8.1	**Intangible assets - net book value**		Rupees	
	Net carrying value basis			
	As at April 18, 2024	-	-	-
	Additions during the period	8,379,584	1,000,000	9,379,584
	Amortization charge for the period	(418,979)	(249,975)	(668,954)
	Net book value	7,960,605	750,025	8,710,630
	Gross carrying value basis			
	Cost	8,379,584	1,000,000	9,379,584
	Accumulated amortization	(418,979)	(249,975)	(668,954)
	Net book value	7,960,605	750,025	8,710,630
	Annual rate of amortization (%)	20	33	

8.1.1 There were no disposals during the period.

		December 31, 2024			
		At April 18, 2024	Recognised in P&L	Recognised in OCI	At December 31, 2024
9	DEFERRED TAXATION - NET		Rupees		
	Deferred tax asset arising on deductible temporary differences:				
	- Lease liabilities	-	23,141,051	-	23,141,051
	- Pre-commencement expenditure(s)	-	4,413,098	-	4,413,098
	- Unadjusted taxable losses	-	19,438,290	-	19,438,290
	- Intangible assets	-	154,471	-	154,471
	- Credit loss allowance on bank balances	-	1,725,457	-	1,725,457
		-	48,872,367	-	48,872,367
	Deferred tax liabilities arising on taxable temporary differences:				
	- Property and equipment	-	4,898,813	-	4,898,813
	- Right-of-use assets	-	24,324,077	-	24,324,077
	- Short term investments	-	1,121,957	-	1,121,957
		-	30,344,847	-	30,344,847
		-	18,527,520	-	18,527,520

10	ADVANCE TAX - NET	Note	December 31, 2024 Rupees
	Opening balance		-
	Provision for taxation for the period		(785,986)
	Advance tax deducted during the period	10.1	4,099,798
	Closing balance		3,313,812

10.1 Advance tax deducted includes tax withheld on profits earned from bank deposits.

11 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advance for branch license fee	1,850,000
Prepaid expenses	1,240,757
Other receivables	1,831,457
	4,922,214

12 SHORT TERM INVESTMENTS

	Note	
Market Treasury Bills (MTBs) - held at FVTPL	12.1	172,802,556

12.1 **Investment by type / segment:**

	Note	December 31, 2024 Cost	Credit loss allowance	Surplus	Carrying value
Debt instrument -					
Federal government securities					
Market Treasury Bills (MTBs)	12.2	168,933,740	-	3,868,816	172,802,556
		168,933,740	-	3,868,816	172,802,556

12.2 This represents 1 year MTBs with a face value of Rs. 180 million purchased on August 22, 2024. These carry yield to maturity of 12.02% and will be matured on August 22, 2025.

12.3 This investment has been deposited with the State Bank of Pakistan to meet the Statutory Liquidity Reserve (SLR) requirement under Exchange Policy Department (EPD) Circular Letter No. 5 of 2021.

13	CASH AND BANK BALANCES	Note	December 31, 2024 Rupees
	Cash in hand:		
	- in local currency		16,197,236
	- in foreign currencies		61,201,779
			77,399,015
	Balances with banks in:		
	- savings accounts - in local currency	13.1	44,072,356
	- current accounts - in local currency	13.1	611,155,143
	- current accounts - in foreign currencies	13.1	37,018,504
			692,246,003
	Less: credit loss allowance held against local and foreign currency bank balances		(5,949,854)
			763,695,164

13.1 These balances are maintained with The Bank of Punjab (Parent Entity) - a related party. The savings accounts carry mark-up / interest at the rate of 13.5% to 16% per annum.

13.2	Movement in credit loss allowance on bank balances	December 31, 2024 Rupees
	Opening balance	-
	Charge for the period	5,949,854
	Closing balance	5,949,854

14 SHARE CAPITAL AND RESERVES

14.1 Authorized share capital

December 31, 2024 Number of Shares		December 31, 2024 Rupees
250,000,000	Ordinary shares of Rs. 10 each	2,500,000,000

14.2 Issued, subscribed and paid-up share capital

December 31, 2024 Number of Shares		December 31, 2024 Rupees
100,000,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	1,000,000,000

14.3 Particulars of the shareholders

	December 31, 2024	
	Number of shares	Percentage of holding
The Bank of Punjab - Parent Entity	99,999,994	100%
Nominee Directors	6	0%
	100,000,000	100%

14.4 Voting rights, board selection, right of first refusal and block voting are in proportion of the shareholding.

14.5 Minimum authorized and paid-up capital of an exchange company as required by the State Bank of Pakistan is Rs. 500 million vide its EPD Circular letter No. 13 of 2023. The Minimum Capital Requirement is calculated as paid-up capital less accumulated losses.

15 LEASE LIABILITIES

	Note	December 31, 2024 Rupees
Present value of minimum lease payments	15.1	79,796,727
Less: current portion		(2,142,252)
		77,654,475

15.1 This represents obligations in respect of right-of-use assets i.e. two outlets situated at DHA XX, Lahore and Tricon Corporate Centre, Jail Road, Lahore leased through tenancy agreements for a period of 7.5 years and 3 years respectively, at an incremental borrowing rate of 13.83% and 18.18%, respectively, which has been used as a discounting factor. Rentals are payable annually in advance as per terms of the tenancy agreements.

15.2 Movement of lease liabilities against right-of-use assets:

	December 31, 2024 Rupees
Opening balance	-
Additions during the period	86,586,993
Lease rentals paid during the period	(8,400,000)
Interest expense during the period	1,609,734
Closing balance	79,796,727

15.3 The minimum lease payments under the finance leases fall due as follows:

Within one year	12,843,300
Later than one year but within five years	86,419,780
Later than five years	28,283,005
	127,546,085
Future finance cost	(47,749,358)
Total lease liability against right-of-use-assets	79,796,727

16	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2024 Rupees
	Payable to The Bank of Punjab (Parent Entity) - a related party	16.1	81,472,862
	Other payables		20,340,537
	Provision for performance bonus		4,637,011
	Audit fee payable		1,517,500
	Provident fund payable		31,647
			107,999,557

16.1 This represents amount payable to the Parent Entity on account of payments made on behalf of the Company for purchase of assets, cost of services (including outsourcing services) and salaries expense in relation to employees working on deputation from The Bank of Punjab and rental charge for outlets of the Company located in different branches of the Parent Entity.

17 CONTINGENCIES AND COMMITMENTS

17.1 There were no contingencies and commitments of the Company as at December 31, 2024.

18	INCOME FROM EXCHANGE OPERATIONS	Note	For the period from April 18, 2024 to December 31, 2024 Rupees
	Income from exchange operations		1,723,837
	Revaluation gain on foreign currencies - net		(291,385)
			1,432,452
19	COST OF SERVICES		
	Salaries, allowances and other benefits		22,405,498
	Marketing and development		6,231,470
	Depreciation on property and equipment	6	901,056
	Rent expense		935,105
	Branch license fee		650,000
	Amortization of intangible assets		668,954
	Repair and maintenance		356,009
			32,148,092
20	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits		36,276,729
	Fee and subscription	20.1	17,530,735
	Depreciation on right-of-use assets	7	2,710,865
	Depreciation on property and equipment	6	748,910
	Rent expense		726,000
	Legal and professional charges		1,552,800
	Auditors' remuneration	20.2	1,517,500
	Travelling and conveyance		1,245,101
	Miscellaneous expenses		1,153,154
	Training and development		989,408
	Entertainment		890,628
	Repair and maintenance		373,238
	Communication expense		601,401
	Printing and stationery		315,973
	Utilities expenses		314,144
	Insurance		196,060
	Security charges		179,344
			67,321,990

20.1 This includes incorporation fees paid to Securities and Exchange Commission of Pakistan amounting to Rs. 17.5 million.

		Note	For the period from April 18, 2024 to December 31, 2024
20.2	**Auditors' remuneration**		**Rupees**
	Audit fee		1,350,000
	Out of pocket expenses		100,000
	Punjab sales tax		67,500
			1,517,500
21	OTHER INCOME - NET		
	Profit on savings accounts		27,331,993
	Interest income on MTBs		11,127,556
	Capital gain on sale of MTBs		990,814
	Revaluation gain on MTBs - unrealized		3,868,816
			43,319,179
22	FINANCE COSTS		
	Finance cost on lease liabilities		1,609,734
	Bank charges		120,498
			1,730,232
23	TAXATION		
	Current		287,336
	Deferred		(18,527,520)
		23.1	(18,240,184)
23.1	**Relationship between tax expense and accounting loss**		
	Loss before levy and taxation		(62,398,537)
	Tax rate		29%
	Tax at enacted rate		(18,095,576)
	Effect of income under minimum tax regime - levy		(144,609)
	Taxation for the period		(18,240,184)

23.2 Reconciliation of current tax charged as per tax laws for the period, with current tax recognized in the statement of profit and loss is as follows:

	Note	For the period from April 18, 2024 to December 31, 2024
		Rupees
Taxation for the period as per applicable tax laws		17,741,534
Portion of current tax liability as per tax laws, representing income tax under IAS 12	23.3	18,240,184
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	23.4	(498,650)
Difference		-

MA

23.3 Income tax is calculated on self-assessment basis and is deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

23.4 This reperesents minimum tax under section 113 of the Income Tax Ordinance, 2001, representing levy in terms of the requirements of IFRIC 21/ IAS 37.

24 LOSS PER SHARE - BASIC AND DILUTED

24.1 Basic loss per share

Basic loss per share has been computed by dividing loss for the period attributable to ordinary shareholders by the weighted average number of shares outstanding as at the period end.

	For the period from April 18, 2024 to December 31, 2024
	Rupees
Loss after taxation attributable to ordinary shareholders - in Rupees	(44,657,003)
Weighted average number of ordinary shares (number of shares)	250,000,000
Basic loss per share (in Rupees)	(0.18)

24.2 Diluted loss per share

Diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2024 which would have any dilutive effect on the loss per share if the option to convert is exercised.

25 NUMBER OF EMPLOYEES

	2024
	Numbers
Permanent employees as at December 31	49
Average number of employees during the period	37

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits of the Chief Executive Officer, Directors and Executives of the Company are as follows:

	For the period from April 18, 2024 to December 31, 2024		
	Executives	Chief Executive Officer	Total
		Rupees	
Managerial remuneration	12,303,324	5,164,815	17,468,139
Allowances and other benefits	22,224,513	7,646,503	29,871,016
	34,527,837	12,811,318	47,339,155
Number of person(s)	15	1	16

26.1 'Executive' means an employee other than the Chief Executive Officer and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year.

26.2 Total number of Directors of the Company as at December 31, 2024 were 6 (excluding CEO). None of the Directors was paid any remuneration. Directors are not entitled for any remuneration for attending the board meetings.

26.3 Managerial remuneration includes charges in respect of reimbursement, to the Parent Entity, of salary and other benefits, paid by that Parent Entity to the Chief Executive and certain other executives as they are on secondment from the Parent Entity.

27 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties of the Company comprise of The Bank of Punjab being the Parent Entity and major shareholder and the companies owned by the Parent Entity, Directors and entities where the Directors of the Company hold directorships and key management personnel and their close family members. Transactions with related parties are entered in the normal course of business at the agreed terms and conditions. Remuneration to key management personnel is disclosed in note 26 to the financial statements. The aggregate value of transactions and outstanding balances as at December 31, 2024 with related parties other than those which have been disclosed elsewhere are as follows:

	For the period from April 18, 2024 to December 31, 2024			
	The Parent Entity	Directors	Key management personnel	Other related parties
	Rupees			
Transaction(s) during the period:				
Foreign currencies sold	-	-	-	55,784,000
Profit return earned	27,331,993	-	-	-
Bank charges paid	120,498	-	-	-
Payroll expense of deputed staff	28,846,548	-	-	-
Rent and shared expenses	1,661,105	-	-	-
Lease rentals	2,400,000	-	-	-
Payment(s) on behalf of the Company for:				
Other expenses	16,318,146	-	-	-
Purchase of property and equipment	27,658,985	-	-	-
Company registeration fee	17,503,975	-	-	-
Purchase of intangible assets	1,000,000	-	-	-
Procurement of Microsoft 365 license(s)	956,022	-	-	-
Salaries and other benefits	29,400,400	-	-	-
Payment(s) by the Company for:				
Reimbursement of payments made on behalf of the Company	11,332,417	-	-	-
Disbursement of cash to the Company's booths	1,800,000	-	-	-
Payments of loan installments (staff financing) and provident fund contribution of the staff working at the Company at deputation	2,276,022	-	-	711,858

	December 31, 2024			
	The Parent Entity	Directors	Key management personnel	Other related parties
	Rupees			
Balance(s) outstanding as at December 31, 2024:				
Payable in respect of reimbursements to be made	81,472,862	-	-	-
Cash receivable for the Company's booths	1,800,000	-	-	-
Bank balances maintained	692,246,003	-	-	-

28 FINANCIAL INSTRUMENTS BY CATEGORY

	December 31, 2024		
	At amortized cost	At fair value through profit and loss	Total
		Rupees	
Financial assets			
Other receivables	1,800,000	-	1,800,000
Short term investments	-	172,802,556	172,802,556
Cash and bank balances	763,695,164	-	763,695,164
	765,495,164	172,802,556	938,297,720
Financial liabilities			
Accrued expenses and other liabilities	107,999,557	-	107,999,557
	107,999,557	-	107,999,557

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to the following risks in respect of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

The Board of Directors (the Board) of the Company has the overall responsibility for establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposure.

29.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is mainly exposed to credit risk on bank balances, advances, prepayments and other receivables and accrued markup. The Company seeks to minimise the credit risk exposure by dealing mostly with regular and permanent parties who pay on due dates. Out of total assets of Rs. 1,143 million the financial assets which are subject to credit risk amounted to Rs. 867 million. The carrying amounts of these financial assets represents the maximum credit exposure at the reporting date:

		December 31, 2024	
		Balance as per statement of financial position	Maximum exposure to credit risk
	Note	Rupees	
Other receivables		1,800,000	1,800,000
Short term investments	12	172,802,556	-
Bank balances	13	692,246,003	692,246,003
		866,848,559	694,046,003

Difference in the balance as per the statement of financial position and maximum exposure is due to the fact that short term investment with the State Bank of Pakistan are not exposed to credit risk.

Quality of financial assets

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

The credit quality of financial asset that are neither past nor impaired can be assessed by reference to external credit rating or to historical information about counterparty default rate as follows:

29.1.1 The credit quality of balances with bank can be assessed with reference to external credit rating as follows:

Name of Bank	Rating agency	Rating: Long term	Rating: Short term	December 31, 2024: Amount - Rupees	December 31, 2024: % of total balances
The Bank of Punjab	PACRA	AA+	A1+	692,246,003	100%
				692,246,003	100%

29.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet its obligations and commitments associated with financial instruments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as these 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring future cash flows on a day-to-day basis.

29.2.1 The table below summaries the maturity profile of the financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

	Note	Total	Upto three months	More than three months and upto one year	More than one year and upto five years	More than five years
		December 31, 2024				
		Rupees				
Lease liabilities	15	79,796,727	(1,264,095)	3,406,347	37,876,801	39,777,674
Accrued expenses and other liabilities	16	107,999,557	107,999,557	-	-	-
		187,796,284	106,735,462	3,406,347	37,876,801	39,777,674

29.3 Market risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Company does not hold any fixed rate instrument as at December 31, 2024.

29.3.1 Sensitivity analysis for variable rate instruments

Presently, the Company holds balances with banks which expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net profit for the period and net assets of the Company would have been higher / lower by Rs. 4.41 million.

29.3.2 Yield / profit rate risk

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date. The Company's yield / profit rate sensitivity related to financial assets and financial liabilities as at December 31, 2024 can be determined as follows:

	Note	Effective yield / profit rate risk	Exposed to yield / profit rate risk: Up to three months	More than three months and upto one year	More than one year	Not exposed to yield/profit rate risk	Total
		December 31, 2024					
			Rupees				
On balance sheet financial instruments							
Financial assets							
Short term investments	12	12.02%	-	172,802,556	-	-	172,802,556
Cash and bank balances	13	13.5% to 16%	44,072,356	-	-	725,572,662	769,645,018
			44,072,356	172,802,556	-	725,572,662	942,447,574
Financial liabilities							
Lease liabilities	15	13.83% to 18.18%	(1,264,095)	3,406,347	37,876,801	39,777,674	79,796,727
Accrued expenses and other liabilities			-	-	-	107,999,557	107,999,557
			(1,264,095)	3,406,347	37,876,801	147,777,231	187,796,284
On balance sheet gap (a)			45,336,451	169,396,209	(37,876,801)	577,795,431	754,651,290
Off balance sheet financial instruments			-	-	-	-	-
Off balance sheet gap (b)			-	-	-	-	-
Total yield / profit rate (a+b)			45,336,451	169,396,209	(37,876,801)		
Cumulative interest rate sensitivity gap			45,336,451	214,732,660	176,855,859		

DH

29.3.3 **Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In order to avoid losses arising from adverse movements in the exchange rates the management monitors compliance with all external and internal limits (including currency, dealer and counterparty limits), review of foreign exchange exposure and regular revaluation of the entire portfolio.

The Company's exposure to foreign exchange risk is as follows:

	December 31, 2024			
	USD	GBP	EUR	Others
	Equivalent in Rupees			
Financial Assets				
Foreign currencies - in hand and bank	58,821,717	6,154,223	8,816,666	24,427,678
Net currency exposure	58,821,717	6,154,223	8,816,666	24,427,678
Currency exchange rates as at December 31, 2024*	278.67	349.50	289.75	Various

* The currency conversion rates are based on the closing revaluation rates communicated by Exchange Companies Association of Pakistan (ECAP) to the exchange companies.

29.3.4 **Sensitivity analysis**

Every 5% increase or decrease in exchange rate, with all other variables held constant, will increase or decrease profit for the year by Rs 4.9 million.

29.4 **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. Senior management ensures that the Company's employees have adequate training and experience and fosters effective communication related to operational risk management.

29.5 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As of the reporting date, the Company is not leveraged.

30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of financial assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced other than those mentioned in note 30.1.

30.1 **Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Valuation techniques include net present value and net assets value. Assumptions and inputs used include risk-free and benchmark interest rates used in estimating discount rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the 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 without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The Company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgment and estimation.

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.

The following table analyses financial assets and liabilities at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	December, 31, 2024				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees				
Financial assets measured at fair value :					
- Short term investment - Market Treasury Bills	172,802,556	-	172,802,556	-	172,802,556
	172,802,556	-	172,802,556	-	172,802,556

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Market Treasury Bills	The fair value of MTBs is determined using the PKRV prices / rates available on Mutual Funds Association of Pakistan (MUFAP).

There were no transfer between level 1 and 2 during the period ended December 31, 2024.

MH

31 **GEOGRAPHICAL LOCATIONS**

The Company commenced its commercial operations on October 03, 2024 and is engaged in the business of dealing in foreign currency. The Company operates through a network of thirteen outlets. The addresses of all outlets are as follows:

Sr. No.	Outlet	Address
1	Lahore	Tricon Center Lahore
2	Lahore	Allah Hoo Chowk Lahore
3	Lahore	D.H.A, Block G, Lahore
4	Lahore	D.H.A Phase VI, Lahore
5	Lahore	Egerton Road, Lahore
6	Karachi	I.I Chundrigar Road, Karachi
7	Karachi	Shahrah e Faisal, Karachi
8	Karachi	Toheed Commercial D.H.A, Karachi
9	Islamabad	Jinnah Avenue, Blue Area Islamabad
10	Gujranwala	Trust Plaza Gujranwala
11	Faisalabad	Small D Ground Booth, Faisalabad
12	Gujrat	Ramtalai Road, G.T. Road Gujrat
13	Multan	City Center Nusrat Road Multan

32 **GENERAL**

Figures in these financial statements have been rounded off to the nearest rupee, except otherwise stated.

33 **SUBSEQUENT EVENT(S)**

There is no subsequent event affecting the financial statements for the period ended December 31, 2024. However, the Company has entered into following significant contract(s) subsequent to the period end:

- agreement for currency export arrangement entered with Bahrain Financing Company (B.S.C.)(C) on January 21, 2025; and

- agreement for cash management and currency transport arrangement entered with Loomis International FZE on April 15, 2025.

34 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on April 29, 2025.

CHIEF FINANCIAL OFFICER | **CHIEF EXECUTIVE OFFICER** | **DIRECTOR**