



KPMG Taseer Hadi & Co.
Chartered Accountants

**Faysal Islami Currency Exchange
Company (Private) Limited**

Financial Statements

For the year ended 31 December 2024



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Faysal Islami Currency Exchange Company (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Faysal Islami Currency Exchange Company (Private) Limited** (the Company), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period from 16 January 2024 to 31 December 2024, and notes to the financial statements, including a 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, the statement of profit or loss account, 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 31 December 2024 and of the profit, the comprehensive income, the changes in equity and its cash flows for the period from 16 January 2024 to 31 December 2024.

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 Company's Annual Report for the period from 16 January 2024 to 31 December 2024 but does not include the financial statements and our auditor's reports thereon.



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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 the 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, the requirements of the 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.

The Board of directors is 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 misstatements, 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.



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- 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.

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, statement of profit or loss account, 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).



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The engagement partner on the audit resulting in this independent auditor's report is Zeeshan Rashid.

Date: 23 April 2025

Karachi

UDIN: AR202410188M5d4CwbqY

A handwritten signature in black ink, appearing to read 'Zeeshan Rashid', written over a horizontal line.

KPMG Taseer Hadi & Co.
Chartered Accountants

Faysal Islami Currency Exchange Company (Private) Limited

Statement of Financial Position

As at December 31, 2024

	Note	(Rupees)
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	4	96,432,237
Intangible asset	5	3,808,000
Long term investments	6	153,854,166
		254,094,403
CURRENT ASSETS		
Prepayments	8	1,451,091
Short term investments	9	490,339,914
Taxation - net	10	13,603,877
Cash and bank balances	11	301,622,450
		807,017,332
TOTAL ASSETS		1,061,111,735
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid-up share capital	12	1,000,000,000
Unappropriated profit		25,435,092
		1,025,435,092
NON-CURRENT LIABILITIES		
Deferred tax liability - net	7	8,018,990
		8,018,990
CURRENT LIABILITIES		
Creditors, accrued and other liabilities	13	27,657,653
		27,657,653
TOTAL LIABILITIES		35,676,643
TOTAL EQUITY AND LIABILITIES		1,061,111,735
CONTINGENCIES AND COMMITMENTS	14	

The annexed notes from 1 to 27 and annexures I and II form an integral part of these financial statements.

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Chief Executive Officer



Director

Faysal Islami Currency Exchange Company (Private) Limited

Statement of Profit or Loss Account

For the period from January 16, 2024 to December 31, 2024

	Note	(Rupees)
Income from exchange operation (including gain on revaluation - net)	15	8,928,191
Administrative expenses	16	(138,393,940)
Operating loss		(129,465,749)
Other income - net	17	163,505,697
Profit before income tax		34,039,948
Income tax		
Current - for the year		(585,866)
Deferred		(8,018,990)
	18.1	(8,604,856)
Profit for the period		25,435,092
Earnings per share - basic and diluted	19	2.54

The annexed notes from 1 to 27 and annexures I and II form an integral part of these financial statements.

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Chief Executive Officer



Director

Faysal Islami Currency Exchange Company (Private) Limited
Statement of Comprehensive Income

For the period from January 16, 2024 to December 31, 2024

(Rupees)

Profit for the period	25,435,092
Other comprehensive income	-
Total comprehensive income for the period	<u>25,435,092</u>

The annexed notes from 1 to 27 and annexures I and II form an integral part of these financial statements.

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Chief Executive Officer



Director

Faysal Islami Currency Exchange Company (Private) Limited

Statement of Changes in Equity

For the period from January 16, 2024 to December 31, 2024

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	----- (Rupees) -----		
Shares issued during the period	1,000,000,000	-	1,000,000,000
Profit for the period	-	25,435,092	25,435,092
Other comprehensive income for the period - net of tax	-	-	-
Total comprehensive income for the period	-	25,435,092	25,435,092
Balance as at December 31, 2024	<u>1,000,000,000</u>	<u>25,435,092</u>	<u>1,025,435,092</u>

The annexed notes from 1 to 27 and annexures I and II form an integral part of these financial statements.

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Chief Executive Officer



Director

Faysal Islami Currency Exchange Company (Private) Limited
Statement of Cash Flows

For the period from January 16, 2024 to December 31, 2024

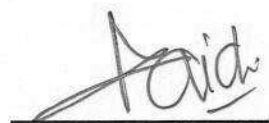
	Note	(Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax and minimum tax differential		34,039,948
Adjustments for:		
Depreciation on property and equipment	16	7,404,147
Amortisation of intangible asset	16	392,000
Income on investments	17	(94,091,407)
Income on deposit account	17	(69,414,290)
		(155,709,550)
<i>Effect of change in working capital</i>		
<i>Increase in assets</i>		
Prepayments	8	(1,451,091)
<i>Increase in liabilities</i>		
Creditors, accrued and other liabilities	13	27,657,653
		(95,463,040)
Income taxes paid		(14,189,743)
Net cash flow generated from operating activities		(109,652,783)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment during the period	4	(103,836,384)
Acquisition of intangible asset	5	(4,200,000)
Profit received on bank balances		69,414,290
Profit received on investments		66,134,827
Sale Proceeds from disposal of investments		745,312,500
Acquisition of investments		(1,361,550,000)
Net cash used in investing activities		(588,724,767)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	12	1,000,000,000
Net cash generated from financing activities		1,000,000,000
Net increase in cash and cash equivalents		301,622,450
Cash and cash equivalents at the end of the period		301,622,450

The annexed notes from 1 to 27 and annexures I and II form an integral part of these financial statements.

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Chief Executive Officer



Director

Faysal Islami Currency Exchange Company (Private) Limited

Notes to the Financial Statements

For the period from January 16, 2024 to December 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Faysal Islami Currency Exchange Company (Private) Limited (the Company) was incorporated in Pakistan on January 16, 2024 as a private limited company under the Companies Act, 2017. The Company is operated in accordance with the rules and regulations laid down by the State Bank of Pakistan (SBP) through F.E. Circular No. 9 dated 30 July 2002. The Company is a wholly owned subsidiary of Faysal Bank limited (the Holding Company). Ithmaar bank B.S.C (closed), a wholly owned subsidiary of Ithmaar Holdings B.S.C. is the parent Company of the Holding Company, having directly and indirectly 66.78% of the holdings of the Holding Company. Dar Al-Maal Al-Islami Trust (DMIT) [ultimate parent of the Holding Company and the Company] is the holding company of Ithmaar Holdings B.S.C.

The Company obtained license for commencement of operations from the State Bank of Pakistan (SBP) on March 26, 2024 and started its operation on May 17, 2024. The Company operates as an exchange Company and is engaged in the business of dealing in foreign exchange. The Company operates with 15 booths. The address of all Faysal Bank Limited branches where the booths are situated are annexed as "Annexure I", which is an integral part of these financial statements.

The Company's registered office is situated at ST-02, Faysal House, Sharah-e-Faisal, Karachi.

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. These accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where requirement of the Companies Act, 2017 a provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the requirement of Companies Act, 2017 and the said directives shall prevail.

In accordance with the directives of FE Circular No. 02 of 2024 issued by the State Bank of Pakistan, the financial year-end of exchange companies has been moved from 30 June to 31 December. Therefore, in light of the aforementioned regulation, these financial statements have been prepared conforming to the revised financial year-end.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All amounts have been recorded to the nearest rupees unless otherwise indicated.

2.4 Standards, interpretations of, and amendments to published accounting and reporting standards as applicable in Pakistan that are effective during the year

There are certain interpretations and amendments that are mandatory for the company's accounting periods beginning January 1, 2024. However, these are not considered to be relevant or do not have any significant effect on the company's operations and therefore have not been detailed in these financial statements.

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2.5 Standards, amendments and improvements to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for **accounting periods beginning on or after 1 January 2025**:

General

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.
- Lack of Exchangeability (amendments to IAS 21) clarify:
 - when a currency is exchangeable into another currency; and
 - how a Company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the Company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

**The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

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2.6 Use of significant estimates and judgments

The preparation of the financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Significant accounting estimates and areas where judgments were made by the management are as follows:

- i) Property and equipment, intangible asset, depreciation and amortization (note 3.1 and 3.2)
- ii) Financial Instrument (initial measurement, subsequent measurement and credit loss allowance) (note 3.3)
- iii) Income taxes (note 3.9)

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these financial statements are set out below. Further, accounting policies related to material class of accounts does not necessarily mean it is material. These policies have been consistently applied to the period presented.

3.1 Property and equipment

Recognition and measurement

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation is charged to statement of profit or loss account applying the straight line method, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month the assets are available for use, while in case of assets disposed of, it is charged upto the date of disposal. Annual rates of depreciation for each class of assets are stated in note 4 below.

Useful lives are determined by the management based on expected usage of the assets, expected physical wear and tear, technical and commercial obsolescence and other similar factors. The residual value, and useful life are reviewed at each reporting date, and adjusted if expectations differ significantly from previous estimates.

Subsequent expenditure

Subsequent costs shall be included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the statement of profit or loss account as and when incurred.

Gains and losses

Gains and losses on disposal of property and equipment, if any, is recognised in the statement of profit or loss account.

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Financial assets - Business model assessment:

A financial asset is classified as either held to collect, held to collect and sale and others based on business model assessment. The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cashflows nor held both to collect contractual cashflows and to sell financial assets.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

The Company assesses whether contractual cash flows meet the solely payments of principal and interest (SPPI) criterion by considering the instrument's terms. This includes evaluating factors that may alter cash flow timing or amount, such as contingent events, variable-rate features, prepayment or extension options and limitations on claims to cash flows (e.g., non-recourse features).

A prepayment feature meets the solely payments of principal and interest (SPPI) criterion if the prepayment amount primarily includes unpaid principal, interest and reasonable early termination compensation. For discounted or premium financial assets, prepayment at contractual par plus accrued interest (with possible early termination compensation) also meets the criterion if its fair value is insignificant at initial recognition.

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Profit income calculated using the effective yield method, foreign exchange gains and losses and credit loss allowance are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit or dividend income, are recognised in statement of profit or loss account. These financial instruments include derivative financial contracts. Initially the derivative financial contracts are measured at nil values and subsequently at their respective fair values determined with reference to the remaining period to maturity.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by credit loss allowance. Profit income, foreign exchange gains and losses and credit loss allowance are recognised in the statement of profit or loss account.

3.3.2 Financial liabilities - Classification and measurement

Financial liabilities are classified as measured at amortised cost or at 'Fair Value Through Profit or Loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss account. Other financial liabilities are subsequently measured at amortised cost using the effective yield method. Interest expense and foreign exchange gains and losses is recognised in statement of profit or loss account. Any gain or loss on derecognition is also recognised in statement of profit or loss account.

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3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization impairment, if any. The cost of intangible asset is amortised from the month when the assets are available for intended use, using straight line method, whereby the cost of intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

3.3 Financial Instrument

3.3.1 Financial assets - recognition, classification and measurement

Classification

The Company classifies its financial assets in the following measurement categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at FVOCI. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income.

On initial recognition, the Company may, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. However, at initial recognition, the Company measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

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3.3.3 Derecognition

Financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss account.

Non-derivative Financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Prepayments

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Further, these assets are adjusted for loss allowances that are measured at amount equal to lifetime expected credit loss that result from all possible default events over expected life of the financial asset.

Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in hand, balances with banks and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

Financial Liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective yield rate method.

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3.3.4 Measurement of expected credit loss

Financial assets

The Company recognises loss allowance for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost (i.e. trade receivables, cash and cash equivalents and other receivables), debt instruments measured at FVOCI but not investments in equity instruments.

ECLs are a probability-weighted estimate of credit losses, based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL's that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due and a financial asset in default when contractual payment are 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The ECL has impact on the assets of the Company which are exposed to credit risk. No loss allowance for ECLs has been recorded on certain assets, which include short term investments, government securities backed by the Government of Pakistan, other receivables and bank deposits and accrued profit thereon, as these assets carry minimal credit risk due to high credit quality counterparties and secured repayment mechanisms.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

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

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3.3.5 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

3.3.6 Foreign currency transactions and translation

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the financial position date. Gains and losses on translation are taken to the statement of profit and loss.

3.4 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised cost.

3.5 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.6 Revenue recognition

Income from exchange operations

- 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.

Commission income

Commission income is recognised when the performance obligation is satisfied to transfer foreign currency to the counter party.

Other Income

- Income on investments are recognised using the effective yield method over the term of investment.
- Income on saving accounts are recognised at the profit rate implicit in the arrangement.
- Gains / (losses) arising on sale of investment are included in the statement of profit or loss account in the period in which they arise.
- Unrealized gains/ (losses) arising on revaluation of securities classified as at fair value through profit or loss are included in the statement of profit or loss account in the period in which they arise.

3.7 Taxation

Income tax expense comprises of charge for current and prior years and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity.

The Institute of Chartered Accountants of Pakistan (ICAP), through Circular No. 07/2024 dated 15 May 2024, issued guidance on the accounting treatment of minimum taxes and final taxes in compliance with the requirements of IFRS. According to this guidance, Income taxes are defined as whose calculation use taxable profits and Levies are defined as whose calculation use data such as the gross amount of revenue, assets or liabilities that do not meet the definition of income taxes provided in IAS 12. Accordingly, final taxes paid are to be classified as a 'levy' rather than as income tax in the statement of profit or loss account. Further, the circular also provides two approaches for the bifurcation of minimum taxes, offering the Company the option to select and consistently apply one approach. Each approach has distinct implications for deferred taxes.

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The Company has opted to designate the amount calculated on taxable income using the notified tax rates as income tax within the scope of IAS 12 'Income Taxes' and to recognise this amount as a current income tax expense. Any excess amount beyond the designated income tax is recognised as a levy, in accordance with IFRIC 21/IAS 37. As a result, deferred tax on the excess amount treated as a levy will be recorded at the enacted income tax rate.

3.7.1 Current

The charge for current taxation is calculated on taxable income earned during the period using tax rates enacted as at the date of the statement of financial position.

3.7.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deductible temporary differences (deferred tax assets) are temporary differences that are deductible from the taxable income of future periods when the carrying amount of the asset or liability is recovered or settled.

Taxable temporary differences (deferred tax liabilities) are temporary differences that will result in a tax liability in future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax is calculated at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted as at the date of the statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3.9 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is not calculated separately, as the Company does not have any convertible instruments in issue.

4 PROPERTY AND EQUIPMENT

	Note	2024 (Rupees)
Property and equipment	4.1	<u>96,432,237</u>

4.1 Property and equipment

	Leasehold improvements	Electrical, Office & Computer equipment	Furniture and fixtures	Total
	(Rupees)			
<i>Cost</i>	-	-	-	-
Additions	19,296,727	78,532,824	6,006,833	103,836,384
As at December 31, 2024	<u>19,296,727</u>	<u>78,532,824</u>	<u>6,006,833</u>	<u>103,836,384</u>
<i>Accumulated depreciation</i>	-	-	-	-
Charge for the period	1,046,321	6,078,903	278,923	7,404,147
As at December 31, 2024	<u>1,046,321</u>	<u>6,078,903</u>	<u>278,923</u>	<u>7,404,147</u>
Net Book value	<u>18,250,406</u>	<u>72,453,921</u>	<u>5,727,910</u>	<u>96,432,237</u>
Rate of depreciation (%)	<u>10</u>	<u>15</u>	<u>10</u>	

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7.1	Movement in deferred taxation	Balance at December 31, 2024 (Rupees)
	Taxable temporary differences arising on:	
	Property and equipment	9,491,596
	Short-Term investments	1,039,275
	Accrued profit on investment	4,564,768
	Accrued profit on bank deposits	445,162
	Deductible temporary differences arising on:	
	Amortisation of Intangibles	(4,990)
	Pre-commencement expenditure	(7,516,821)
	Deferred tax liability / (asset) - net	8,018,990
8	PREPAYMENTS	2024 (Rupees)
		<i>Note</i>
	Short term prepayments	8.1 1,451,091
		<u>1,451,091</u>
8.1	This includes prepayments made in respect of insurance and IT software prepayments.	
9	SHORT TERM INVESTMENTS	2024 (Rupees)
		<i>Note</i>
	At fair value through profit and loss	
	Government of Pakistan (GoP) Ijarah Sukuks - Floating rate	9.1 490,339,914
9.1	This represents investment in 5 year GoP Ijarah Sukuks purchased on October 28, 2024 with a face value of Rs. 465 million. These carry coupon rate of 14.15% per annum receivable on semi annual basis and will be matured on Oct 26,2027. The effective internal rate of return to maturity rate is 13.60%. The market value of these investments as at December 31, 2024 amounted to Rs.478.43 million.This also includes profit accrued on GoP Ijarah Sukuks amounting to Rs. 11.901 million.	
10	TAXATION - NET	2024 (Rupees)
		<i>Note</i>
	Provision for taxation	585,866
	Tax paid / deducted during the period	10.1 (14,189,743)
		<u>(13,603,877)</u>
10.1	This includes the Minimum Tax and Alternative Corporate tax paid amounting to Rs 0.11 million and Rs 4.70 million respectively which are allowed to be carried forward and claim against the tax liabilities for following three and ten year respectively immediately succeeding the tax year for which the amount was paid.	
11	CASH AND BANK BALANCES	
	Cash in hand	
	- Local currency	19,958,378
	- Foreign currencies	11.1 43,005,870
		62,964,248
	Balances with banks - saving accounts	
	- Local currency	11.2 174,509,075
	- Foreign currencies	11.3 64,149,127
		238,658,202
		<u>301,622,450</u>
11.1	This represents various foreign currencies held for trading.	
11.2	This amount is placed with Faysal Bank Limited (Holding Company) and carries profit rates ranging between 10% to 19% per annum. This also includes profit accrued amounting to Rs. 25,704.	
11.3	This amount is placed with Faysal Bank Limited (Holding Company) and carries profit rates ranging between 0% to 2% per annum .	

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12	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		2024
			(Rupees)
	(Number of Shares)		
	Authorized share capital		
	<u>20,000,000</u> Ordinary shares of Rs.100 each.		<u>2,000,000,000</u>
	Issued, subscribed and paid-up share capital		
	<u>10,000,000</u> Ordinary shares of Rs.100 each issued as fully paid in cash		<u>1,000,000,000</u>
	At December 31, 2024, the holding Company held 100,000,000 ordinary shares (directly and through its nominees) of the Company, which comprises of 100% of the ordinary share capital.		
13	CREDITORS, ACCRUED AND OTHER LIABILITIES		2024
		<i>Note</i>	(Rupees)
	Creditors		20,619,203
	Other payables	14.1	<u>7,038,450</u>
			<u>27,657,653</u>
13.1	Other Payables consists of:		
	Stamp duty on issuance of shares		1,500,000
	Consultancy Charges		3,776,700
	Auditors' remuneration		1,242,000
	Others		519,750
			<u>7,038,450</u>
14	CONTINGENCIES AND COMMITMENTS		
14.1	Contingencies		
	The Company currently does not have any contingencies and commitments as at December 31, 2024		
15	INCOME FROM EXCHANGE OPERATION		2024
		<i>Note</i>	(Rupees)
	Exchange income	15.1	<u>8,928,191</u>
15.1	Income from exchange operation includes income from sale and purchase of foreign currencies and revaluation gain or loss on foreign currencies.		
16	ADMINISTRATIVE EXPENSES		2024
		<i>Note</i>	(Rupees)
	Legal charges		450,000
	Professional charges		25,971,415
	Salaries expense		77,867,286
	SECP fees		14,010,630
	Auditors' remuneration	16.1	3,726,000
	Depreciation on property and equipment	4.1	7,404,147
	Information technology expenses		4,233,434
	Staff training		182,041
	Insurance charges		1,336,089
	Amortisation of intangible asset	5.1	392,000
	Repair & Maintenance		318,000
	Travelling & Conveyance Expense		853,050
	Business Development Expense		251,288
	Stationery Expense		659,012
	Other Taxes		200,000
	Entertainment		184,492
	Other expenses		355,056
			<u>138,393,940</u>
16.1	Auditors' remuneration		
	Annual audit fee		3,000,000
	Out of pocket expenses		450,000
			<u>3,450,000</u>
	Sales tax on audit fee and out of pocket expenses		276,000
			<u>3,726,000</u>

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17	OTHER INCOME	<i>Note</i>	2024 (Rupees)
	Income from:		
	- saving account		69,414,290
	- investment in GoP ijarah sukuku	6 and 10	81,109,461
	- revaluation gain on investments		7,249,378
	- realized gain on disposal of investments		5,732,568
			<u>163,505,697</u>
18	MINIMUM TAX DIFFERENTIAL		
	Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in Statement of Profit or loss account, is as follows:		
			2024 (Rupees)
	Current tax liability for the period as per applicable tax laws		585,866
	Portion of current tax liability as per tax laws, representing income tax under IAS 12		(585,866)
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		-
	Difference		<u>-</u>
18.1	Reconciliation of income tax expense and accounting profit		2024 (Rupees)
	Profit before income tax		<u>34,039,948</u>
	Tax at the applicable rate of 29%		9,871,584
	Effect of:		
	-Tax effect of permanent differences		250,069
	-Tax effect of income taxed under lower tax rates		(1,516,797)
	Tax charge for the period		<u>8,604,856</u>
19	EARNINGS PER SHARE - basic and diluted		
19.1	Basic		2024 (Rupees)
	Profit after taxation attributable to ordinary shareholders.		<u>25,435,092</u>
			(Number of shares)
	Weighted average number of ordinary shares outstanding during the period.		<u>10,000,000</u>
			2024 (Rupees)
	Earnings per share		<u>2.54</u>
19.2	The earnings per share represents the earnings of 326 days since the capital was injected by the Holding Company on February 9, 2024.		
19.3	A diluted earnings per share has not been presented as the Company do not have any convertible instruments in issue as at reporting date which would have any effect on the earnings per share if the option to convert is exercised.		

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20 REMUNERATION TO THE CHIEF EXECUTIVE OFFICER AND OTHER EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration, including all benefits, to the executives were as follows:

	Note	Chief Executive ----- (Rupees) -----	Executives ----- (Rupees) -----
Basic		-	13,824,003
Other Allowances		-	12,066,438
Seconded staff salaries and benefits	20.1	<u>8,716,948</u>	<u>14,911,878</u>
		<u>8,716,948</u>	<u>40,802,319</u>
Number of persons		<u>1</u>	<u>18</u>

20.1 Seconded staff represent the 6 executives deputed by the Holding Company for the period of 1 year, starting from January 22, 2024 till January 21, 2025.

21 NUMBER OF EMPLOYEES

(Number of employees)

The total and average number of employees during the period are as follows:

Number of employees as at the end of the period	<u>54</u>
Average number of employees during the period	<u>27</u>

22 RELATED PARTIES TRANSACTIONS AND BALANCES

The Company has related party relationships with Faysal Bank Limited (the Holding Company), related group companies, its directors, the key management personnel of the Company and of the Holding Company.

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the entity (directly or indirectly). The Company considers its Directors, Chief Executive Officer and departmental heads to be its key management personnel. Transactions with key management personnel are in accordance with their terms of employment / entitlement. Other transactions with related parties are as per agreed terms with the related parties.

22.1 Details of balances and transactions with related parties other than those disclosed in the respective notes are as follows:

Balances at the period-end	2024 (Rupees)
- Receivable from Holding Company against Profit on PLS account	1,535,041
Transactions during the period	
Faysal Bank Limited - Holding Company	
Administrative expenses paid by the Holding Company on behalf of the Company (subsequently reimbursed to the Holding Company)	42,373,703
Bank charges	24,002
Profit on bank balance maintained at faysal bank	69,414,290
Investment made in Government Ijarah Sukuks	1,253,109,551
Disposal of investment in Government Ijarah Sukuks	809,085,968
Sale of foreign currencies	193,562,178
Purchase of foreign currencies	183,737,608
Key management personnel and their close family members	
Directors and Executives of the Company:	
- Sale of foreign currencies	13,741,302
- Purchase of foreign currencies	27,725

Details of the remuneration of key management personnel are given in note 24.

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22.2 The list of related parties with whom the Company had entered into transactions during the year are given in "Annexure II", which is an integral part of these financial statements.

23 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business and to comply with the regulatory requirement.

The Company manages its capital structure by monitoring return on net assets and assessing its requirement for various transactions to be undertaken. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company currently meets the paid-up capital requirement of Rs. 500 million prescribed in Exchange Companies Manual issued by the SBP. The paid-up capital is Rs. 1,000 million which is in excess of minimum capital requirement by Rs. 500 million.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. The gearing ratio as at December 31, 2024 is as follows:

	Note	2024 (Rupees)
Total Liabilities		35,676,643
Less: cash and bank balances	11	<u>(301,622,450)</u>
Excess cash and bank balances		<u>(265,945,807)</u>
Less: Total Shareholders' equity		<u>1,025,435,092</u>
Adjusted equity		<u><u>759,489,285</u></u>
Gearing ratio		<u><u>-</u></u>

24 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the oversight of the financial risk management for the Company. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The main financial risks that the Company is exposed to and how they are managed are set out below:

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

- Credit risk
- Liquidity risk
- Market risk

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures.

24.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's policy is to enter into financial contracts in accordance with the risk management framework. The carrying amount of the financial assets mentioned below represents the maximum credit exposure at the reporting date.

Exposure to credit risk

Credit risk of the Company arises principally from bank balances and accrued profit. The maximum exposure to credit risk at the reporting date are as follows:

	2024 (Rupees)
Balances with Bank	238,658,202

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Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any significant concentration of credit risk at the reporting date. Following are the details:

Details of the concentration of credit risk are as follows:

	2024
	(Rupees)
Commercial bank	<u>238,658,202</u>

Credit ratings

Balances with banks represents balance held with the holding Company having sound credit ratings. The credit quality of Company's bank balances can be assessed with reference of external credit ratings as follows:

Banks	Rating Agency	Long term rating	Short term rating	(Rupees)	Percent
Faysal Bank Limited	PACRA	AA	A1+	<u>238,658,202</u>	100.00%

24.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. 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 they fall due. The Company's approach to managing liquidity risk 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 following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity more than one year and less than five years	Maturity over five years
	----- (Rupees) -----				
Creditors, accrued and other liabilities	<u>27,657,653</u>	<u>27,657,653</u>	<u>27,657,653</u>	<u>-</u>	<u>-</u>
	<u>27,657,653</u>	<u>27,657,653</u>	<u>27,657,653</u>	<u>-</u>	<u>-</u>

24.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, profit rate risk, and price risk. The Company is exposed to currency risk and profit rate risk only.

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24.4 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. At the reporting date, the profit rate profile of the Company's significant profit bearing financial instruments were as follows (based on the earlier of repricing and maturity):

	Profit rate %	Profit bearing			Non - Profit bearing	Total
		Up to three months	Between four to twelve months	Over one year		
(Rupees)						
On balance sheet financial instruments						
Financial assets						
Long Term Investment	14.15 - 21.30	-	-	153,854,166	-	153,854,166
Short Term Investment	14.15 - 21.30	490,339,914	-	-	-	490,339,914
Cash and bank balances (LCY)	10.00 - 19.00	174,509,075	-	-	19,958,378	194,467,453
Cash and bank balances (FCY)	2.04	64,149,127	-	-	43,005,870	107,154,997
		<u>728,998,116</u>	<u>-</u>	<u>153,854,166</u>	<u>62,964,248</u>	<u>945,816,530</u>
Financial liabilities						
Creditors, accrued and other liabilities		-	-	-	27,657,653	27,657,653
On balance sheet gap		<u>728,998,116</u>	<u>-</u>	<u>153,854,166</u>	<u>35,306,595</u>	<u>918,158,877</u>

24.4.1 As at December 31, 2024, the Company hold balances in bank accounts, certificates of GoP Ijarah sukuku that could expose the Company to cashflow profit rate risk which are classified as amortised cost. In case of 100 basis points increase / decrease in profit rates on December 31, 2024, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

Exposure to Profit Rate Risk	2024 (Rupees)
GOP Ijarah Sukuku - Face Value	615,000,000
Bank balances	<u>238,658,202</u>
	853,658,202
	Effect on total comprehensive income and net assets
	2024 (Rupees)
Impact of 100 basis points increase in profit rates	<u>8,536,582</u>
Impact of 100 basis points decrease in profit rates	<u>(8,536,582)</u>

24.5 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 are as follows:

On balance sheet financial instruments	USD	GBP	EUR	Others	Total
	(Equivalent Rupees)				
Financial assets					
Cash balances	17,199,140	3,292,291	1,825,425	20,689,014	43,005,870
Bank balances	53,254,212	7,259,538	3,609,674	-	64,123,424
	<u>70,453,352</u>	<u>10,551,829</u>	<u>5,435,100</u>	<u>20,689,014</u>	<u>107,129,294</u>
Financial liabilities					
Net currency exposure	<u>70,453,352</u>	<u>10,551,829</u>	<u>5,435,100</u>	<u>20,689,014</u>	<u>107,129,294</u>
Off balance sheet financial instruments					
Commitments					
Currency exchange rates at the period-end	<u>278.67</u>	<u>349.50</u>	<u>289.75</u>	Various	

Sensitivity analysis

Every 1% increase or decrease in exchange rates, with all other variables held constant, will increase or decrease profit before tax for the period by Rs. 1,071,293.

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24.6 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 behaviour. Operational risks arise from all of the Company's activities.

Company's objective is to manage operational risk so as to balance limiting of 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. This responsibility encompasses the controls in the following areas:

- requirements for the appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transactions;
- compliance with regulatory and other requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior Management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

25 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

The Company classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

25.1 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:

	2024							
	Carrying Amount		Fair value					
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
- GoP Ijarah Sukuks	490,339,914	-	-	490,339,914	490,339,914	490,339,914	-	490,339,914
- Cash and bank balances - Foreign currencies	107,154,997	-	-	107,154,997	107,154,997	-	-	107,154,997
Financial assets not measured at fair value								
- GoP Ijarah Sukuks	-	-	153,854,166	153,854,166				
- Cash and bank balances - Local currency	-	-	194,467,453	194,467,453				
Financial liabilities not measured at fair value								
Creditors, accrued and other liabilities	-	-	27,657,653	27,657,653				

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26 **CORRESPONDING FIGURES**

Corresponding figures are not presented as it is the first reported period after incorporation.

27 **DATE OF AUTHORISATION**

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 21 April 2025

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Chief Executive Officer



Director

Faysal Islami Currency Exchange Company (Private) Limited

List of Branches/booths

As at December 31, 2024

Annexure I

S.No	Branch Name	Status	City	Address
1	3 Talwar Clifton Branch, Karachi	Booth	Karachi	32-A, Ground Floor, Clifton Block-8, Karachi
2	Sialkot Branch	Booth	Sialkot	Bi-16S-98/RH, Paris Road, Nishat Park, Sialkot
3	Main Boulevard Lahore Branch	Booth	Lahore	59-A, Main Boulevard, Gulberg, Lahore
4	Liaquat Road Faisalabad Branch	Booth	Faisalabad	3-Liaquat Road, Faisalabad
5	Multan Cantt Branch	Booth	Multan	44/D Aziz Shaheed Road, Multan Cantt.
6	Mirpur Branch	Booth	Mirpur	Ch. Sharif Plaza, Mian Muhammad Road, Mirpur-AJK
7	Haider Road Rawalpindi Branch	Booth	Rawalpindi	32, Haider Road, Rawalpindi Cantt.
8	Roshan Center Islamabad Branch	Booth	Islamabad	78-W, Roshan Center, Blue Area, Islamabad
9	Faker e Alam Peshawar Branch	Booth	Peshawar	1 Fakhr-e- Alam Road, Peshawar Cantt.
10	GT Road Gujranwala Branch	Booth	Gujranwala	Zia Plaza, G.T. Road, Gujranwala
11	Five Star Nazimabad Branch	Booth	Karachi	Faysal Bank Limited, Five Star Branch, Showroom No 01, Plot no D1 Block D, KDA Scheme 2, North Nazimabad, Karachi
12	Khayaban-e Shahbaz Branch	Booth	Karachi	Faysal Bank Limited, Khyaban-e-Shahbaz DHA Branch, 22-C Lane-2, Shahbaz Commercial Phase VI, DHA, Karachi
13	Gulshan-e-Iqbal Branch	Booth	Karachi	Faysal Bank Limited, Main University Road Gulshan-e-Iqbal Branch, B-35 Block 13-A, Main University Road Gulshan-e-Iqbal, Karachi
14	Shahrah-e-Faisal Branch	Booth	Karachi	Faysal Bank Limited, Shahrah-e-Faisal Branch, Business Avenue Centre, Block 6 PECHS, Karachi
15	F-10 Markaz Islamabad Branch	Booth	Islamabad	Faysal Bank Limited, F-10 Markaz Branch, Ground Floor 7/L, F-10 Markaz, Islamabad
16	Main Branch	Booth	Karachi	Main branch, Faysal House, Sharah e Faisal, Karachi

Faysal Islami Currency Exchange Company (Private) Limited

LIST OF RELATED PARTIES

Annexure II

Name of Related Party	Relationship	Address
Mr. Ali Waqar	Director	Faysal house, Sharah e Faisal, Karachi
Mr. Aneeq Malik	Director	Faysal house, Sharah e Faisal, Karachi
Syed Muhammad Fraz Zaidi	Director	Faysal house, Sharah e Faisal, Karachi
Mr. Jaudat Hussain	Director	Faysal house, Sharah e Faisal, Karachi
Syed Shuja Haider	Amortisation of Intangibles	Faysal house, Sharah e Faisal, Karachi
Mr. Mohammad Yousuf	Director	Faysal house, Sharah e Faisal, Karachi
Mr. Faisal Azim Lehri	CEO	Faysal house, Sharah e Faisal, Karachi
Faysal Bank Limited	Shareholder	Faysal house, Sharah e Faisal, Karachi
Faysal Asset Management Limited	Associated Company	Faysal house, Sharah e Faisal, Karachi