# Symmetry Group Limited

## Unconsolidated Statement of Financial Position

*As at 30 September 2022*

| | Note | September 30, 2022 | June 30, 2022 |
|---|---|---|---|
| | | ----------(Rupees)---------- | |
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property and equipment | 5 | **6,006,193** | 7,957,672 |
| Right-of-use assets | 6 | **6,449,142** | 5,329,893 |
| Intangible assets | 7 | **2,713,751** | 2,713,751 |
| Long term investments | 8 | **10,996,000** | 10,996,000 |
| Taxation - net | | **120,897** | 7,352,430 |
| Deferred taxation | 9 | **-** | - |
| Long term deposits | 10 | **1,384,000** | 1,384,000 |
| | | **27,669,983** | 35,733,746 |
| **Current assets** | | | |
| Trade debts | 11 | **226,786,656** | 197,936,653 |
| Contract assets | | **-** | - |
| Advances and prepayments | 12 | **324,223** | 854,278 |
| Interest accrued on short term investments | | **-** | 84,510 |
| Short term investments | 13 | **-** | 4,175,000 |
| Due from related parties | 14 | **71,089,957** | 81,678,658 |
| Cash and bank balances | 15 | **384,202** | 7,315,670 |
| | | **298,585,038** | 292,044,769 |
| **Total assets** | | **326,255,021** | 327,778,515 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Authorized share capital<br>100,000,000 (30 June 2022): 100,000,000) ordinary shares of Rs. 1/- each | | **300,000,000** | 100,000,000 |
| Issued, subscribed and paid-up capital | 16 | **197,010,230** | 197,010,230 |
| Unappropriated profit | | **54,739,938** | 48,115,740 |
| | | **251,750,168** | 245,125,970 |
| **Non current liabilities** | | | |
| Lease liabilities | 6 | **2,724,592** | 1,207,432 |
| Long term borrowings | 17 | **-** | - |
| Deferred taxation | 9 | **1,998,820** | 1,148,909 |
| Deferred income - government grant | 18 | **-** | - |
| | | **4,723,412** | 2,356,341 |
| **Current liabilities** | | | |
| Current portion of lease liabilities | 6 | **2,491,763** | 2,182,416 |
| Current portion of long term borrowings | 17 | **-** | 4,113,056 |
| Current portion of deferred income - government grant | 18 | **-** | 54,533 |
| Trade and other payables | 19 | **27,544,410** | 22,220,783 |
| Short term finance | 20 | **22,798,284** | 25,761,102 |
| Loan payable to a related party | 21 | **16,946,984** | 25,964,314 |
| | | **69,781,441** | 80,296,204 |
| **Total equity and liabilities** | | **326,255,021** | 327,778,515 |
| **Contingencies and commitments** | 22 | **-** | **-** |

The annexed notes 1 to 35 form an integral part of these special purpose financial statements

**Chief Executive** **Director**

Symmetry Group Limited

# Unconsolidated Statement of Profit or Loss Account and Other Comprehensive Income

*For the three months ended September 30, 2022*

| | Note | **For the three months ended September 30, 2022** | For the three months ended September 30, 2021 |
|---|---|---|---|
| | | (Unaudited) | (audited) |
| | | ---------- **(Rupees)** ---------- | |
| Revenue - net | *23* | **67,641,159** | 33,245,102 |
| Administrative and general expenses | *24* | **(56,973,799)** | (30,315,198) |
| | | **10,667,360** | 2,929,904 |
| Impairment loss on financial assets | | **-** | - |
| Other income | *25* | **2,157,920** | 6,557,537 |
| **Operating profit** | | **12,825,280** | 9,487,441 |
| Finance costs | *26* | **(4,195,683)** | (1,869,920) |
| **Profit before taxation** | | **8,629,597** | 7,617,521 |
| Taxation | *27* | **(2,005,399)** | (4,828,712) |
| **Profit after taxation** | | **6,624,198** | 2,788,809 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the period** | | **6,624,198** | 2,788,809 |

The annexed notes 1 to 35 form an integral part of these special purpose financial statements.

**Chief Executive**

**Director**

# Symmetry Group Limited

## Unconsolidated Statement of Cash Flows

*For the three months ended September 30, 2022*

| | Note | For the three months ended September 30, 2022 | For the three months ended September 30, 2021 |
|---|---|---|---|
| | | **(Audited)** | (Un-Audited) |
| | | ----------(Rupees)---------- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | *28* | **16,644,528** | 23,262,832 |
| Finance costs paid | | **(4,195,683)** | (1,869,920) |
| Income taxes paid | | **(2,005,399)** | (21,147,760) |
| Long term deposits - net | | **-** | 564,900 |
| **Net cash generated from operating activities** | | **10,443,446** | 810,052 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property and equipment | | **(1,290,300)** | (1,496,270) |
| Interest received on Term Deposits Receipts | | **-** | 49,436 |
| Investments in Term Deposit Receipts redeemed / (made) | | **-** | 3,325,000 |
| **Net cash generated from / (used in) investing activities** | | **(1,290,300)** | 1,878,166 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of loans from related parties - net | | **-** | (356,786) |
| (Repayment of) / long term borrowings | | **-** | (2,365,423) |
| Payment of lease liabilities | | **1,826,507** | (1,402,434) |
| **Net cash (used in) / generated from financing activities** | | **1,826,507** | (4,124,643) |
| Net (decrease) / increase in cash and cash equivalents | | **10,979,653** | (1,436,425) |
| Cash and cash equivalents at beginning of the period | | **(18,445,432)** | (21,079,125) |
| **Cash and cash equivalents at end of the period** | | **(7,465,779)** | (22,515,550) |
| **Cash and cash equivalents comprise of the following:** | | | |
| Cash and bank balances | | **384,202** | 282,734 |
| Short term running finance | | **(22,798,284)** | (22,798,284) |
| | | **(22,414,082)** | (22,515,550) |

The annexed notes 1 to 35 form an integral part of these special purpose financial statements.

**Chief Executive** **Director**

# Symmetry Group Limited

## Unconsolidated Statement of Changes in Equity

*For the three months ended September 30, 2022*

| | Issued, subscribed and paid-up share capital | Unappropriated profit | Total |
|---|---|---|---|
| | ---------- (Rupees) ---------- | | |
| **Balance as at 1 July 2022 (audited)** | **197,010,230** | **48,115,740** | **245,125,970** |
| ***Total comprehensive income for the period (unaudited)*** | | | |
| **Profit for the period** | **-** | **6,624,198** | **6,624,198** |
| **Other comprehensive income** | **-** | **-** | **-** |
| **Balance as at 30 September 2022 (Unaudited)** | **197,010,230** | **54,739,938** | **251,750,168** |

The annexed notes 1 to 35 form an integral part of these special purpose financial statements.

**Chief Executive**

**Director**

## 1. STATUS AND NATURE OF BUSINESS

Symmetry Group Limited ('the Company') was incorporated in Pakistan as a private limited company on 3 February 2012 under the repealed Companies Ordinance, 1984. In 2018, the Company was converted to a public company with effect from 31 May 2017. The principal activities of the Company is digital media, internet marketing and display advertising, technology & mobility solutions, website and apps development and other related services.

The registered office of the Company is situated at 3rd and 4th Floor, Plot 45-C, Shahbaz Lane 4, Phase VI, D.H.A. Karachi.

These financial statements are the separate financial statements of the Company in which investment in subsidiaries is accounted for in accordance with the accounting policy as stated note 4.4. Consolidated financial statements are prepared separately.

Detail of Company's investment in subsidiary companies is given in note 8 to these special purpose financial statements.

These special purpose financial statements are prepared for onward submission to Pakistan Stock Exchange together with the application for listing of the Company.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These special purpose financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as 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; and

- Provisions of and directives issued under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

### 2.2 Basis of measurement

These special purpose financial statements have been prepared under the historical cost convention, unless otherwise stated.

### 2.3 Functional and presentation currency

These special purpose financial statements are presented in Pakistan rupees which is Company's functional currency. All financial information presented in Pakistan rupees has been rounded to the nearest rupee, unless otherwise stated.

## 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, 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 the 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 underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these special purpose financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

- Lease (note 4.2)
- Property and equipment (note 4.1)
- Intangible assets (note 4.3)
- Financial assets (note 4.5)
- Taxation (note 4.8)
- Provisions (note 4.9)
- Government grants (note 4.1)

## 3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

**Changes in accounting policy resulting from adoption of new standard during the period**

The following new or amended standards and interpretations became effective during the year which are not considered to be relevant to the Company's financial statements:

- Interest Rate Benchmark Reform – Phase 2
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

**Standards, interpretations and amendments to published approved accounting standards that are not yet effective:**

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 October 2021:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

    - IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

    - IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

    - IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS, issued in March 2018. These amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period.
  An entity shall apply those amendments retrospectively in accordance with IAS 8. These amendments would not have a significant impact on the financial statements of the Company.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends 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. These amendments would not have a significant impact on the financial statements of the Company.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these financial statements.

### 4.1 Property and equipment

An item of property and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset. These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to income at rates using straight line method. Depreciation on additions is charged from the month during which the asset is available for use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal. The useful life and depreciation method are reviewed and adjusted, if appropriate, at the reporting date.

Maintenance and repairs are charged to statement of profit or loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in current income.

### 4.2 Leases

*Right-of-use assets*

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Right-of-use assets comprise of head office sales office and warehouse building which is depreciated over period of lease on straight line basis ranging from one year to five years. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases where the lease term is of 12 months or less from the commencement date and do not contain a purchase option and leases for which the underlying asset is of low value. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

**4.3 Intangible assets**

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed out as incurred.

Amortization is charged to statement of profit or loss account on reducing balance method at the rates specified in respective notes in these special purpose financial statements unless lives of assets are indefinite. All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Amortization on additions to intangible assets is charged from the date on which an item is acquired or capitalized and upto the date preceding the disposal. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

**4.4 Long term investment - subsidiary companies**

Subsidiaries are the entities controlled by the Company. The Company controls an entity when it is exposed to or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The investment in subsidiary is initially recognized and carried at cost. The carrying amount of the investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. A recoverable amount is higher of its fair value less cost to sell and value in use. Impairment losses are recognized in the statement of profit or loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the statement of profit or loss account. On loss of control of subsidiary company, any gain or loss is recognized in the statement of profit or loss account, being the difference between purchase price and disposal proceeds.

### 4.5 Financial instruments

#### 4.5.1 Financial assets

##### 4.5.1.1 Classification

The Company classifies financial assets on the basis of the business model within which they are held and their contractual cash flow characteristics. The financial assets of the Company are categorized as follows:

**a) Financial assets at amortised cost**

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

**b) Financial assets measured at fair value through other comprehensive income (FVOCI)**

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

**c) Financial assets measured at fair value through profit or loss (FVTPL)**

- these are the financial assets measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income (FVOCI).

##### 4.5.1.2 Initial recognition and measurement

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

##### 4.5.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

**a) Debt Investments at FVOCI**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

**b) 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.

**c) Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

**d) Financial assets measured at amortized cost**

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

#### 4.5.1.4 Impairment

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management has used actual credit loss experience over past years to base the calculation of ECL.

#### 4.5.1.5 Offsetting of financial assets and 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 realise the assets and 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 counterparties.

### 4.5.2 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 liabilities 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 interest rate method.

### 4.5.3 Derecognition

Financial assets are derecognised at the time when the Company's contractual right to the cash flows from the asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control the transferred asset. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.

### 4.6 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, 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.

### 4.7 Impairment

#### 4.7.1 Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, 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.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

### 4.7.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss account and other comprehensive income.

## 4.8 Taxation

*Current*

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

*Deferred*

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 4.9 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

## 4.10 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

**4.11 Foreign currency transactions**

Transactions in foreign currencies are accounted for in rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the reporting date are expressed in rupees at rates of exchange prevailing on that date except where forward exchange cover has been obtained for payment of liabilities, in which case the contracted rates are applied. Exchange gains and losses are included in income currently.

**4.12 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These special purpose financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

**4.13 Revenue recognition**

Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

- Revenue from media buying services is recognized at a point in time when the performance criteria have been met in accordance with the contract and acknowledged by the customer.

- Revenue from providing social media management services is recognized on a straight line basis over the line of the respective contracts.

- Revenue from content creation services is recognized at a point in time when the performance criteria have been met in accordance with the contract and acknowledged by the customer.

- Revenue from agency commissions and discounts is recognized at a point in time when the performance criteria have been met in accordance with the contract and acknowledged by the customer.

**4.14 Expenses**

All expenses are recognized in the statement of profit or loss account on an accrual basis.

**4.15 Dividends and appropriations**

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

## 5. PROPERTY AND EQUIPMENT

| | Furniture and fixtures | Office equipment | Computer and ancillary equipment | Vehicles | Total |
|---|---|---|---|---|---|
| | ---------- (Rupees) ---------- | | | | |
| **As at 1 July 2022** | | | | | |
| Cost | **1,996,283** | **1,485,471** | **18,696,891** | **3,143,390** | **25,322,035** |
| Accumulated depreciation | **(939,392)** | **(1,041,237)** | **(13,107,875)** | **(2,275,859)** | **(17,364,363)** |
| **Net book value** | **1,056,891** | **444,234** | **5,589,016** | **867,531** | **7,957,672** |
| **Additions** | **-** | **-** | **1,290,300** | **-** | **1,290,300** |
| Transfer from right-of-use assets | | | | | |
| Cost | **-** | **-** | **-** | **-** | **-** |
| Accumulated Depreciation | **-** | **-** | **-** | **-** | **-** |
| | **-** | **-** | **1,290,300** | **-** | **1,290,300** |
| Depreciation charge for the period | **(312,710)** | **(354,867)** | **(2,290,044)** | **(284,158)** | **(3,241,779)** |
| **Closing net book value** | **744,181** | **89,367** | **5,879,572** | **583,373** | **6,006,193** |
| **As at 30 September 2022** | | | | | |
| Cost | **1,996,283** | **1,485,471** | **19,987,191** | **3,143,390** | **26,612,335** |
| Accumulated depreciation | **(1,252,102)** | **(1,396,104)** | **(15,397,919)** | **(2,560,017)** | **(20,606,142)** |
| Net book value | **744,181** | **89,367** | **4,589,272** | **583,373** | **6,006,193** |
| **Depreciation rates (% per annum)** | **15** | **30** | **30** | **15** | |

**5.1** The depreciation charge for the year has been allocated to administrative and general expenses.

| 6. | LEASES | *Note* | **September 30, 2022** | June 30, 2022 |
|---|---|---|---|---|
| **6.1** | **Right-of-use assets** | | **---------- (Rupees) ----------** | |
| | Opening balance | | **5,329,893** | 9,233,246 |
| | Additions | | **2,982,768** | - |
| | Transfer to PPE | | **(1,119,250)** | (1,119,249) |
| | Depreciation | | **(744,269)** | (2,784,104) |
| | Closing balance | | **6,449,142** | 5,329,893 |

**6.2 Lease liabilities**

Rental contracts are made for a fixed period subject to renewal upon mutual consent of the Company and lessor. Wherever practicable, the Company seeks to include extension option to provide operational flexibility. Lease term is negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extensions and termination options are reasonably certain to be exercised. The future lease payments have been discounted using interest rates ranging from 6.32% to 11.05% (30 June 2021: 6.32% to 11.05%).

Set out below is the carrying amount of lease liabilities and the movements during the year:

| | | |
|---|---|---|
| Opening balance | **3,389,848** | 6,618,789 |
| Additions | **-** | - |
| Interest expense | **-** | 458,572 |
| Payments | **1,826,507** | (3,687,513) |
| Closing balance | **5,216,355** | 3,389,848 |
| | | |
| Current | **2,491,763** | 2,182,416 |
| Non-current | **2,724,592** | 1,207,432 |
| | **5,216,355** | 3,389,848 |

| 7. | INTANGIBLE ASSETS | | **September 30, 2022** | June 30, 2022 |
|---|---|---|---|---|
| | *Computer software* | | **--------- (Rupees) ---------** | |
| | **Cost** | | | |
| | Balance as at 1 July | | **30,000,000** | 30,000,000 |
| | Balance as at 30 September / 30 June | | **30,000,000** | 30,000,000 |
| | **Amortization** | | | |
| | Balance as at 1 July | | **27,286,249** | 25,949,625 |
| | Amortization for the period / year | *7.1* | **-** | 1,336,624 |
| | Balance as at 30 September / 30 June | | **27,286,249** | 27,286,249 |
| | **Net book value** | | **2,713,751** | 2,713,751 |
| | **Amortization rate (% per annum)** | | **33.00%** | 33.00% |

**7.1** The amortization charge for the year has been allocated to administrative and general expenses.

## 8. LONG TERM INVESTMENTS - *Subsidiaries at cost*

| **September 30, 2022 (Number of shares)** | June 30, 2022 | | | | |
|---|---|---|---|---|---|
| **999,800** | 999,800 | Symmetry Digital (Private) Limited | *8.1* | **9,998,000** | 9,998,000 |
| **99,800** | 99,800 | Iris Digital (Private) Limited | *8.2* | **998,000** | 998,000 |
| **1,099,600** | 1,099,600 | | | **10,996,000** | 10,996,000 |

**8.1** This represents investment in Symmetry Digital (Private) Limited ("Symmetry Digital") at par value of Rupees. 10 each. The Company held 99.8% (30 June 2021: 99.8%) shareholding in Symmetry Digital as at 30 September 2021.

**8.2** This represents investment in Iris Digital (Private) Limited ("Iris Digital") at par value of Rupees 10 each. The Company held 99.8% (30 June 2021: 99.8%) shareholding in Iris Digital as at 30 September 2021.

## 9. DEFERRED TAXATION

| | | | |
|---|---|---|---|
| Deferred taxation | *9.1* | **(1,998,820)** | (1,148,909) |

### 9.1 Deductible / (taxable) temporary differences

| | | |
|---|---|---|
| Property and equipment | **614,441** | (67,030) |
| Intangible assets | **864,052** | (641,238) |
| Allowance for impairment loss | | 17,776 |
| Deferred income - government grant | **(104,151)** | - |
| Finance lease obligation | **624,478** | (458,417) |
| | **1,998,820** | (1,148,909) |

## 10. LONG TERM DEPOSITS

| | | |
|---|---|---|
| Deposit for | | |
| - rent | 1,384,000 | 1,384,000 |
| - finance lease | **-** | - |
| | **1,384,000** | 1,384,000 |

| | | | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|
| | | | ---------- (Rupees) ---------- | |
| **11.** | **TRADE DEBTS** | | | |
| | Trade debts | | **226,786,656** | 198,011,879 |
| | less: Allowance for impairment loss | *11.1* | **-** | (75,226) |
| | | | **226,786,656** | 197,936,653 |
| **11.1** | **Allowance for impairment loss** | | | |
| | Opening balance | | **-** | 75,226 |
| | Expense for the period / year | | **-** | - |
| | Closing balance | | **-** | 75,226 |
| **12.** | **ADVANCES AND PREPAYMENTS** | | | |
| | Advance to staff - *unsecured* | | **288,223** | 421,000 |
| | Prepayments: | | | |
| | - rent | | **36,000** | 198,000 |
| | - insurance | | **-** | 235,278 |
| | | | **36,000** | 433,278 |
| | | | **324,223** | 854,278 |
| **13.** | **SHORT TERM INVESTMENTS** | | | |
| | Investments in Term Deposit Receipts - at amortised cost | | **-** | 4,175,000 |

**13.1** The Term Deposit Receipts are maintained with Bank Al Habib Limited carrying mark-up rate of 6.10% (30 June 2021: ranging from 6.60% to 7.10%) per annum and having maturity upto 23 April 2022.

| | | | | |
|---|---|---|---|---|
| **14.** | **DUE FROM RELATED PARTIES** | | | |
| | Iris Digital (Private) Limited | | **13,768,992** | 3,731,559 |
| | Symmetry Digital (Private) Limited | | **67,579,804** | 77,947,099 |
| | | | **81,348,796** | 81,678,658 |
| | The maximum aggregate amount due from the related parties at the end of any month during the year is as follows: | | | |
| | Iris Digital (Private) Limited | | **20,333,846** | 58,714,627 |
| | Symmetry Digital (Private) Limited | | **70,169,804** | 77,947,099 |
| **15.** | **CASH AND BANK BALANCES** | | | |
| | Cash with banks | | | |
| | - In saving accounts | *15.1* | **8** | 8 |
| | - In foreign currency accounts | | | 7,122,725 |
| | - In current accounts | | **299,992** | 12,476 |
| | | | **300,000** | 7,135,209 |
| | Cash in hand | | **84,202** | 180,461 |
| | | | **384,202** | 7,315,670 |

**15.1** The saving accounts carry markup ranging from 6.5% to 7% per annum. (2021: 6.5% to 7% per annum).

## 16. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| September 30, 2022 | June 30, 2022 | | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|
| (Number of shares) | | | ---------- (Rupees) ---------- | |
| **31,462,472** | 31,462,472 | Ordinary shares of Re. 1 each fully paid in cash | **31,462,472** | 31,462,472 |
| **165,547,758** | 165,547,758 | Ordinary shares of Re. 1 each issued as bonus shares | **165,547,758** | 165,547,758 |
| **197,010,230** | 197,010,230 | | **197,010,230** | 197,010,230 |

**16.1** Share capital was subscribed and paid-up by the following:

| September 30, 2022 | June 30, 2022 | | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|
| (Percentage holding) | | | (Number of Shares) | |
| 0.00% | 0.00% | Bull's Eye Communication (Private) Limited | **-** | - |
| 48.87% | 48.87% | Mr. Adil Ahmed | **96,288,747** | 96,288,747 |
| 48.87% | 48.87% | Mr. Sarocsh Ahmed | **96,288,747** | 96,288,747 |
| 2.25% | 2.25% | Wasim Akram | **4,432,730** | 4,432,730 |
| 0.01% | 0.01% | Others | **6** | 6 |
| | | | **197,010,230** | **197,010,230** |

## 17. LONG TERM BORROWINGS - *secured*

| | | September 30, 2022 | June 30, 2022 |
|---|---|---|---|
| | | ---------- (Rupees) ---------- | |
| Loan from conventional financial institutions | *17.1* | **-** | 4,113,056 |
| Current portion shown under current liabilities | | **-** | (4,113,056) |
| | | **-** | 4,680,589 |

**17.1** Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The Company has obtained the said borrowing from Bank Al-Habib Limited ("BAHL") at subsidized rate in five tranches on 21 May 2020, 25 June 2020, 14 July 2020, 24 August 2020 and 13 October 2020 at 3% concessional interest rate which is repayable in October 2022 in 8 quarterly installments to BAHL under the SBP scheme.

## 18. DEFERRED INCOME - GOVERNMENT GRANT

| | | | |
|---|---|---|---|
| Deferred income - government grant | *18.1* | | 54,533 |
| Current portion of deferred income - government grant | | | (54,533) |
| | | **-** | - |

**18.1** The value of benefit of below-market interest rate on the borrowings disclosed in note 17 to these special purpose financial statements has been accounted for as government grant under IAS - 20 Government grants.

## 19. TRADE AND OTHER PAYABLES

| | | |
|---|---|---|
| Trade payables | **4,456,200** | 4,353,690 |
| Accrued expenses | **19,764,936** | 17,545,274 |
| Withholding tax payable | **3,120,244** | - |
| EOBI payable | **203,030** | 248,270 |
| Sales tax payable | **-** | 73,549 |
| | **27,544,410** | 22,220,783 |

**20. SHORT TERM FINANCE - *secured***

This represents running finance facility obtained from Askari Bank Limited against available limit of Rs. 19.70 million, which carries mark-up @ 3 months KIBOR plus 2% payable quarterly in arrears. The facility is secured against hypothecation charge over receivables with 25% margin, mortgage over 100 yards commercial plot situated in Phase - VII (Ext.) DHA, owned by family member of director and personal guarantees of all directors and owner of mortgaged property. Amount unutilized for such facility as at 30 September 2021 was Rs. 1,777 thousand (30 June 2021: Rs. 34,574 thousand).

**21. LOAN PAYABLE TO A RELATED PARTY**

| | | **September 30, 2022** | June 30, 2022 |
|---|---|---|---|
| | | **---------- (Rupees) ----------** | |
| Ms. Dur-e-Shahwar Fareed | *21.1* | **16,946,984** | 25,964,314 |

**21.1** This represents loan from Ms. Dur-e-Shahwar Fareed (close family member of the Company's shareholders, Mr. Adil Ahmed and Mr. Sarocsh Ahmed) and bearing interest at the rate of 12% (30 June 2021: 15%) per annum. The loan is payable on demand.

**22. CONTINGENCIES AND COMMITMENTS**

There were no contingences and commitments as at reporting date (30 June 2021: Nil).

**23. REVENUE- net**

| | | **For the three months ended September 30, 2022** | For the three months ended September 30, 2021 |
|---|---|---|---|
| | | **(Un-udited)** | (audited) |
| | | **---------- (Rupees) ----------** | |
| Gross sales | | **119,512,212** | 83,065,638 |
| Sales tax | | **(10,756,099)** | (7,322,272) |
| | *23.1* | **108,756,113** | 75,743,366 |
| Cost of services | *23.2* | **(41,114,954)** | (42,498,264) |
| | | **67,641,159** | 33,245,102 |

**23.1.1** Export of IT services are not taxable as per clause 9815.600, First Schedule to the Sindh Sales Tax Act, 2011.

## 24. ADMINISTRATIVE AND GENERAL EXPENSES

| | | | |
|---|---|---|---|
| Salaries and other benefits | | **21,086,214** | 16,672,107 |
| Traveling and conveyance | | **5,270,532** | 3,099,071 |
| Depreciation | | **3,241,779** | 2,021,309 |
| Amortisation | | **-** | 334,156 |
| Utilities | | **2,179,766** | 1,744,856 |
| Entertainment | | **1,931,440** | 1,236,857 |
| Advertisement / sales promotion | | **45,750** | 35,098 |
| Rent, rates and taxes | | **2,512,806** | 1,954,608 |
| Legal and professional | | **415,300** | 52,830 |
| Fees and subscription | | **261,510** | 200,808 |
| Repairs and maintenance | | **1,893,778** | 221,015 |
| Insurance | | **247,383** | 290,351 |
| Office supplies | | **5,000** | 410,023 |
| Auditors' remuneration | *24.1* | **-** | 1,782,000 |
| Printing and stationery | | **85,820** | 86,655 |
| Miscellaneous expenses | | **205,908** | - |
| Communication and courier | | **40,450** | 49,350 |
| Others | | **1,001,031** | 124,104 |
| Shared service expense / (Income) | *25.1* | **16,549,332** | - |
| | | **56,973,799** | 30,315,198 |

## 24.1 Auditors' remuneration

| | | |
|---|---|---|
| Audit fee for special purpose financial statements | **-** | 1,500,000 |
| Sindh sales tax | **-** | 132,000 |
| Out of pocket expenses | **-** | 150,000 |
| | **-** | 1,782,000 |

## 25. OTHER INCOME

| | | | |
|---|---|---|---|
| Interest income on Term Deposit Receipts | | **-** | 175,564 |
| Amortization of government grant | | **166,800** | 613,731 |
| Shared service income | *25.1* | **-** | 4,702,146 |
| Exchange gain | | **1,991,120** | 1,066,096 |
| | | **2,157,920** | 6,557,537 |

**25.1** This includes salaries of key management personal, utilities, insurance, conveyance, rent, security cost, cleaning, office supplies, computer cost, printing and stationary, courier, advertising and marketing, staff and guest entertainment, repair and maintenance, travelling and accommodation, donations and other miscellaneous expenses allocated among group companies on an agreed basis.

## 26. FINANCE COSTS

| | For the three months ended September 30, 2022 | For the three months ended September 30, 2021 |
|---|---|---|
| | **(Audited)** | (Un-audited) |
| | **---------- (Rupees) ----------** | |
| Markup charges on: | | |
| - running finance | **734,647** | 427,231 |
| - finance lease | **-** | 152,410 |
| - long term borrowings | **-** | 272,568 |
| - loan from other parties | **-** | 512,588 |
| | **734,647** | 1,364,797 |
| Bank charges | **3,461,036** | 505,123 |
| | **4,195,683** | 1,869,920 |

## 27. TAXATION

| | | |
|---|---|---|
| Current | **2,005,399** | 2,564,547 |
| Deferred | **-** | 2,264,165 |
| | **2,005,399** | 4,828,712 |