

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2022**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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 and other comprehensive income, the statement of changes in equity and the cash flow statement 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 June 30, 2022 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement 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 year 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).
- e) The Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Future Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statements of financial position was prepared.

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The engagement partner on the audit resulting in this independent auditor's report is *Mehmood A. Razzak*.

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Baker Tilly Mehmoed Idrees Qamar
Chartered Accountants

Karachi

Date: October 07, 2022

UDIN: AR202210151H8w9uye7c

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non - Current Assets			
Operating assets	4	28,494,897	24,733,570
Intangible assets	5	2,579,046	2,601,280
Investment	6	7,000,000	7,000,000
Long term deposits	7	2,910,965	2,787,965
		40,984,908	37,122,815
Current Assets			
Short term investment	8	152,842,424	177,459,604
Trade debts	9	47,052,894	74,520,823
Advances, deposits, prepayments and other receivables	10	115,192,274	147,114,827
Cash and bank balances	11	202,365,741	243,876,307
		517,453,333	642,971,561
TOTAL ASSETS		558,438,241	680,094,376
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized Share Capital			
35,000,000 (2021: 35,000,000) Ordinary shares of Rs. 10/- each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, Subscribed and Paid-up Share Capital			
34,682,360 (2021: 34,682,360) Ordinary shares of Rs. 10/- each	12	346,823,600	346,823,600
Accumulated losses		(103,304,861)	(24,335,869)
Total shareholders' equity		243,518,739	322,487,731
Non - Current Liabilities			
Deferred liability - staff gratuity	13	5,734,274	4,074,409
Lease liabilities	14	2,085,241	-
		7,819,515	4,074,409
Current Liabilities			
Current portion of lease liabilities	14	339,825	-
Trade and other payables	15	229,999,836	273,762,614
Accrued mark-up		2,622,272	5,264,918
Short term borrowings - secured	16	74,138,054	74,504,704
		307,099,987	353,532,236
CONTINGENCIES AND COMMITMENTS	17	-	-
		<u>558,438,241</u>	<u>680,094,376</u>

The annexed notes 1 to 37 form an integral part of these financial statements

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Chief Executive Officer



Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Commission income	18	93,486,777	160,088,824
Operating expenses	19	(98,501,113)	(128,062,659)
Operating (loss) / profit		<u>(5,014,336)</u>	<u>32,026,165</u>
Financial charges	20	(13,397,090)	(18,866,356)
Other (loss) / income	21	(51,947,161)	42,543,772
(Loss) / profit before taxation		<u>(70,358,587)</u>	<u>55,703,581</u>
Taxation	22	(8,610,405)	(10,815,220)
(Loss) / profit after taxation		<u>(78,968,992)</u>	<u>44,888,361</u>
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		<u><u>(78,968,992)</u></u>	<u><u>44,888,361</u></u>
(Loss) / earnings per share	23	<u><u>(2.28)</u></u>	<u><u>1.29</u></u>

The annexed notes 1 to 37 form an integral part of these financial statements

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 Chief Executive Officer


 Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up share capital	Accumulated losses	Total
	Rupees		
Balance as at July 01, 2020	346,823,600	(69,224,230)	277,599,370
Profit for the year ended June 30, 2021	-	44,888,361	44,888,361
Other comprehensive income	-	-	-
Total comprehensive income for the year ended June 30, 2021	-	44,888,361	44,888,361
Balance as at June 30, 2021	346,823,600	(24,335,869)	322,487,731
Loss for the year ended June 30, 2022	-	(78,968,992)	(78,968,992)
Other comprehensive income	-	-	-
Total comprehensive loss for the year ended June 30, 2022	-	(78,968,992)	(78,968,992)
Balance as at June 30, 2022	346,823,600	(103,304,861)	243,518,739

The annexed notes 1 to 37 form an integral part of these financial statements

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Chief Executive Officer


Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(70,358,587)	55,703,581
Adjustments for non cash charges and other items			
Depreciation		3,739,292	4,029,347
Amortization of intangible assets		22,234	73,504
Financial charges		13,397,090	18,866,356
Dividend income		(27,488,033)	(4,180,503)
Gratuity expense		2,976,582	905,104
Bad debts write-off		(1,054,661)	(138,492)
Unrealised loss / (gain) on re-measurement of short term investments		30,931,892	(20,297,409)
		22,524,396	(742,093)
Operating (loss) / profit before working capital changes		(47,834,191)	54,961,488
Decrease / (increase) in current assets			
Trade debts		28,522,590	(33,261,483)
Short term investments		(6,314,712)	(11,149,676)
Advances, deposits, prepayments and other receivables		31,074,047	(78,772,604)
		53,281,925	(123,183,763)
(Decrease) / increase in current liabilities			
Trade and other payables		(43,762,778)	20,837,327
Cash used in operations		(38,315,044)	(47,384,948)
Taxes paid - net		(7,761,899)	17,792,171
Gratuity paid		(1,316,717)	(316,374)
Financial charges paid		(16,039,736)	(19,387,618)
Net cash used in operating activities		(63,433,396)	(49,296,769)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from trading investments		27,488,033	4,194,738
Additions in operating assets		(2,218,619)	(11,756,624)
Long term deposits		(123,000)	(51,000)
Net cash inflow from / (used in) operating activities		25,146,414	(7,612,886)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability		(2,856,934)	-
Long term deposit		-	(12,500,000)
Net cash used in financing activities		(2,856,934)	(12,500,000)
Net decrease in cash and cash equivalents		(41,143,916)	(69,409,655)
Cash and cash equivalents at the beginning of the year		169,371,603	238,781,258
Cash and cash equivalents at the end of the year	24	128,227,687	169,371,603

The annexed notes 1 to 37 form an integral part of these financial statements

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Chief Executive Officer


Director

1. STATUS AND NATURE OF BUSINESS

- 1.1** The company is incorporated as a private company limited by shares under the Companies Ordinance, 1984 (repealed by Companies Act, 2017) and is a holder of the Trading Right Entitlement Certificate (TREC) of the Pakistan Stock Exchange Limited. It is principally engaged in the business of brokerage of shares and securities, investment advisory services, portfolio management and securities research. The Company is geographically located in the province of Sindh situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2** The Company also operates through its branch office in Pakistan Stock Exchange Building having address of Room no. 407, 4th Floor Stock Exchange Building, Stock Exchange Road, Karachi.

2. BASIS OF PREPARATION

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for short term investments in quoted securities which are stated at fair value.

These financial statements comprise statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity and notes to the financial statements and have been prepared under the accrual basis of accounting except for cash flow information.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016. Where provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016, shall prevail.

2.3 New and amended standards and interpretations

2.3.1 Standards, amendments to approved accounting standards effective in current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after July 01, 2021. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company has consistently applied the following accounting policies to all the years presented in these financial statements.

3.1 Operating assets

Owned

Operating assets are stated at cost less accumulated depreciation.

Depreciation on all operating assets is charged to income using the reducing balance method in accordance with the rates specified in note 4 to these financial statements. Depreciation on additions is charged from the month the asset is available for use.

Maintenance and normal repairs are charged to income as and when incurred; major improvements are capitalized.

Gain or loss on disposal of assets is included in statement of profit or loss.

3.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the company and that the cost of such asset can be measured reliably.

Costs directly associated with identifiable software and having probable economic benefit exceeding beyond one year are recognized as intangible assets. Direct costs include the purchase cost of software and related overhead cost. Computer software are amortized from the date such assets are put into use on straight-line basis over its useful life. Cost associated with maintaining computer software are recognized as an expense when incurred.

TREC having indefinite useful life are not amortized. It is stated at acquisition cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether they are in excess of the recoverable amounts, and where the carrying value exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

3.3 Financial assets

Initial Measurement

The Company classifies its financial assets into following three categories:

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

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.

Subsequent measurement

Debt Investments at FVOCI

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

Financial assets at FVTPL

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

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Financial assets measured at amortised cost

Financial assets measured at these assets are subsequently measured at amortised cost using the effective amortised cost interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognized in the statement of profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

3.4 Financial liabilities

Financial liabilities are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. The Company derecognizes the financial liabilities when contractual obligations are discharged or canceled 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 interest rate method.

3.5 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when the company has a legally enforceable right to off-set the recognized amounts and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.6 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement profit or loss as mark-up expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.7 Trade debtors

These are initially measured at original invoice amount, which approximates fair value, and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is recognized when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Trade debts are written off when considered irrecoverable.

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3.8 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are verified at each balance sheet date and adjusted to reflect the current best estimate.

3.9 Trade and other payables

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

3.10 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalized as part of cost of that asset.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand, balances with bank and short term running finances.

3.12 Staff retirement benefits

The company operates an unfunded gratuity scheme for all permanent employees based on their length of employment.

3.13 Taxation

Current

The charge of the current year taxation is based on taxable income after consideration the rebates and tax credits available, if any. The certain portion of company's revenue falls under final tax regime to the Income Tax Ordinance, 2001.

Deferred

Deferred taxation is recognized using the balance sheet liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3.14 Revenue recognition

Brokerage, consultancy, advisory fee, underwriting, book running fee, commission on foreign exchange dealings and debt securities etc., are recognized as and when such services are provided.

Income from reverse repurchase transactions, debt securities and bank deposits is recognized at effective yield on time proportionate basis.

Interest income on financial assets (including margin financing) is recognized on time proportionate basis taking into account effective / agreed rate of the instrument.

Dividend income is recorded when the right to receive the dividend is established.

Gains / (losses) arising on sale of investments are included in the profit or loss account in the period in which they arise.

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3.15 Transactions with related parties

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using admissible valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the company to do so.

3.16 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statement when there is a legally enforceable right to set off and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.17 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

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4. OPERATING ASSETS

	Owned					Right-of-Use	Total
	Building	Office equipment	Computer and allied	Furniture and fixtures	Motor vehicles	Motor Vehicle	
Rupees							
Year ended June 30, 2021							
Opening net book value	4,971,542	1,186,168	844,858	174,995	9,828,730	-	17,006,293
Additions (at cost)	-	172,500	319,124	-	11,265,000	-	11,756,624
Disposals							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	(248,577)	(177,082)	(350,394)	(26,249)	(3,227,045)	-	(4,029,347)
Net book value as at June 30, 2021	4,722,965	1,181,586	813,588	148,746	17,866,685	-	24,733,570
At June 30, 2021							
Cost	6,425,000	3,037,896	3,964,651	1,514,157	36,912,231	-	51,453,935
Accumulated depreciation	(1,702,035)	(1,856,310)	(2,751,063)	(1,365,411)	(19,045,546)	-	(26,720,365)
Net book value as at June 30, 2021	4,722,965	1,181,586	813,588	148,746	17,866,685	-	24,733,570
Year ended June 30, 2022							
Opening net book value	4,722,965	1,181,586	813,588	148,746	17,866,685	-	24,733,570
Additions (at cost)	-	27,800	380,900	-	865,750	6,226,169	7,500,619
Disposals							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	(235,148)	(179,670)	(297,610)	(22,312)	(2,770,071)	(233,481)	(3,739,292)
Net book value as at June 30, 2022	4,486,817	1,029,716	896,878	126,434	15,962,364	5,992,688	28,494,897
At June 30, 2022							
Cost	6,425,000	3,065,696	3,945,551	1,514,157	37,777,981	6,226,169	58,954,554
Accumulated depreciation	(1,938,143)	(2,035,980)	(3,048,673)	(1,387,723)	(21,815,617)	(233,481)	(30,459,657)
Net book value as at June 30, 2022	4,486,817	1,029,716	896,878	126,434	15,962,364	5,992,688	28,494,897
Depreciation rate	5%	15%	30%	15%	15%	15%	

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5. INTANGIBLE ASSETS	Note	2022 Rupees	2021 Rupees
Trading rights entitlement certificates	5.1	2,500,000	2,500,000
Software	5.2	79,046	101,280
		<u>2,579,046</u>	<u>2,601,280</u>
5.1 Trading rights entitlement certificates (TREC)			
Cost		2,500,000	2,500,000
		<u>2,500,000</u>	<u>2,500,000</u>
5.2 Software			
Net carrying value basis			
Opening net book value		101,280	174,784
Add: Additions during the year		-	-
Less: Amortization for the year		(22,234)	(73,504)
Closing net book value		<u>79,046</u>	<u>101,280</u>
Gross carrying value			
Cost		3,399,880	3,399,880
Less: Accumulated amortization		(3,320,834)	(3,298,600)
Net book value		<u>79,046</u>	<u>101,280</u>
Amortization rate - number of years		<u>5</u>	<u>5</u>
6. INVESTMENT			
Investment at cost (unquoted - Dawood Family Takaful)		7,000,000	7,000,000
		<u>7,000,000</u>	<u>7,000,000</u>
6.1 This represents investment in unquoted equity securities of 700,000 shares in Dawood Family Takaful at par value of Rs. 10 each.			
7. LONG TERM DEPOSITS		2022 Rupees	2021 Rupees
Pakistan Stock Exchange Limited		150,000	150,000
Central Depository Company of Pakistan Limited		150,000	150,000
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Deposit against PSO card		435,515	365,515
Rent deposit		680,000	680,000
Other deposits		95,450	42,450
		<u>2,910,965</u>	<u>2,787,965</u>
8. SHORT TERM INVESTMENT			
At fair value through profit or loss (quoted equity securities)		152,842,424	177,459,604
		<u>152,842,424</u>	<u>177,459,604</u>

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9. TRADE DEBTS	Note	2022 Rupees	2021 Rupees
Considered good:			
- Trade receivable		47,052,894	74,249,310
- Receivables against margin finance		-	271,513
		<u>47,052,894</u>	<u>74,520,823</u>

9.1 Aging of trade debts

Outstanding 0 to 14 days		7,590,392	38,158,588
Outstanding more than 14 days		39,462,502	36,090,722
		<u>47,052,894</u>	<u>74,249,310</u>

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance to staff		6,063,884	1,383,551
Exposure deposit into NCCPL	10.1	51,557,878	98,760,089
Receivable from PSX/NCCPL	10.2	709,120	1,006,709
Income tax refundable - net		18,470,216	19,318,722
Other receivables	10.3	38,098,833	21,239,802
Other advances		292,343	405,954
Advance against IPO/ Book building		-	5,000,000
		<u>115,192,274</u>	<u>147,114,827</u>

10.1 This represents deposit with NCCPL against trade in future and ready market.

10.2 This represents deposit with NCCPL against transactions in Margin Trading System and future profit held.

10.3 This represents / includes receivable from a director Mr. Ahfaz Mustafa amounting to Rs. 38,098,833 (2021: 19,093,847).

11. CASH AND BANK BALANCES

	Note	2022 Rupees	2021 Rupees
Cash in hand		5,618,375	4,834,462
Cash at banks:			
- Current accounts		196,463,603	239,041,845
- Saving accounts		283,763	-
	11.1	<u>202,365,741</u>	<u>243,876,307</u>

11.1 Customer and proprietor wise balances

Proprietary account balances including cash in hand		5,966,467	96,163,082
Client account balances		196,399,274	147,713,225
		<u>202,365,741</u>	<u>243,876,307</u>

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		2022	2021
		Rupees	Rupees
12. SHARE CAPITAL			
Authorized Share Capital			
<u>Number of Shares</u>			
2022	2021		
<u>35,000,000</u>	<u>35,000,000</u>	Ordinary shares of Rs. 10 each	
		<u>350,000,000</u>	<u>350,000,000</u>
Issued, Subscribed and Paid-up Share Capital			
<u>Number of Shares</u>			
2022	2021		
34,682,360	34,682,360		
<u>34,682,360</u>	<u>34,682,360</u>	Ordinary shares of Rs. 10 each fully paid in cash	
		<u>346,823,600</u>	<u>346,823,600</u>

12.1 Pattern of Shareholding

Name of Shares holders	2022	2021	2022	2021
	Percentage	Percentage	Number of Shares	Number of Shares
Ahfaz Mustafa	65.23%	65.23%	22,622,660	22,622,660
Azhar Iqbal	17.39%	17.39%	6,030,100	6,030,100
Ayesha Naeem	17.39%	17.39%	6,029,590	6,029,590
Mohammad Taufiq	0.00%	0.00%	10	10
Total	<u>100%</u>	<u>100%</u>	<u>34,682,360</u>	<u>34,682,360</u>

13. DEFERRED LIABILITY - STAFF GRATUITY

Note

	2022	2021
	Rupees	Rupees
Opening balance	4,074,409	3,485,679
Provision during the year	2,976,582	905,104
	7,050,991	4,390,783
Paid during the year	(1,316,717)	(316,374)
Closing balance	<u>5,734,274</u>	<u>4,074,409</u>

14. LEASE LIABILITIES

Opening balance	-	-
Additions during the year	5,282,000	-
Interest charge	120,522	-
	5,402,522	-
Payments during the year	(2,977,456)	-
	2,425,066	-
Current portion of lease liability	(339,825)	-
	<u>2,085,241</u>	<u>-</u>

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14.1 The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2022			2021		
	Minimum lease payments	Financial charges allocated	Present value of lease payments	Minimum lease payments	Financial charges allocated	Present value of lease payments
	----- Rupees -----					
Not later than one year	781,824	(441,999)	339,825	-	-	-
Later than one year but not later than five years	2,931,840	(846,599)	2,085,241	-	-	-
	3,713,664	(1,288,598)	2,425,066	-	-	-

14.2 The total principal amount along with financial charges is payable in 60 monthly installments and carries mark-up at 3 month KIBOR + 2% per annum.

15. TRADE AND OTHER PAYABLES	Note	2022 Rupees	2021 Rupees
Creditors		2,686,707	4,803,484
Trade payables		198,331,872	207,307,615
Accrued expenses		5,432,761	4,212,832
Sales and other taxes payable		1,928,971	4,249,357
Other liabilities		21,619,525	53,189,326
		229,999,836	273,762,614
16. SHORT TERM BORROWINGS - SECURED	16.1	74,138,054	74,504,704

16.1 The company has obtained short term running finance facilities under mark-up arrangements with an aggregate limit of Rs. 650 million (2021: Rs. 475 million) from various commercial banks with variable mark-up rates ranging from 2022: 8.95% to 13.39% (2021: 8.69% to 9.50%). These are secured against pledge of marketable securities and personal guarantees of all the directors.

17. CONTINGENCIES AND COMMITMENTS

Contingencies

The company has filed a recovery suit amounting to Rs. 12.6 million against a customer. The same customer has filed a counter suit of the same amount against the company. The company based on the advice of its legal counsel is confident that the case will be decided in its favor and the amount against which the claim has been filed will be received. Hence, no provision against this receivable has been made in these financial statements.

Commitments

There has been no commitments at balance sheet date.

18. COMMISSION INCOME	2022 Rupees	2021 Rupees
Brokerage commission	93,486,777	160,088,824
	93,486,777	160,088,824

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19. OPERATING EXPENSES	Note	2022 Rupees	2021 Rupees
Salaries and benefits	19.1	52,755,380	50,165,623
Printing and stationery		200,510	151,017
Rent, rates and taxes		2,681,375	2,651,300
Vehicle running and maintenance		3,781,259	2,612,239
Repairs and maintenance		2,234,967	910,326
Electricity and gas charges		2,957,842	2,610,413
Legal and professional charges		2,056,712	1,743,170
Commission expenses		10,625,043	47,289,468
Travelling and conveyance		1,762,780	313,360
Insurance expenses		1,938,673	2,127,334
Entertainment		1,393,209	1,002,487
Fees and subscription		3,027,734	4,037,236
Depreciation	4	3,739,292	4,029,347
Amortization of intangible assets	5.2	22,234	73,504
Computer expenses		7,866,242	7,806,843
Donation and charity	19.2	33,200	30,500
Auditors' remuneration	19.3	370,000	370,000
Bad debt expense		1,054,661	138,492
		<u>98,501,113</u>	<u>128,062,659</u>

19.1 Salaries and benefits include Rs. 2,976,582 (2021: Rs. 905,104) in respect of staff retirement benefits.

19.2 None of the directors or their spouses had an interest in the donee's funds.

19.3 Auditors' Remuneration	Note	2022 Rupees	2021 Rupees
Audit fees		350,000	350,000
Out of pocket expenses		20,000	20,000
		<u>370,000</u>	<u>370,000</u>

20. FINANCIAL CHARGES	Note	2022 Rupees	2021 Rupees
Mark-up on bank borrowings	16.1	12,662,967	18,044,549
Interest on lease liabilities		120,522	-
Bank charges		613,601	821,807
		<u>13,397,090</u>	<u>18,866,356</u>

21. OTHER (LOSS) / INCOME	Note	2022 Rupees	2021 Rupees
Dividend income		27,488,033	4,180,503
Mark-up on exposure deposit		1,674,081	2,411,228
Mark-up on MF		292,977	1,531,132
Realized (loss) / gain on listed securities		(50,470,360)	14,123,500
Unrealized (loss) / gain on measurement of investments at FVTPL		(30,931,892)	20,297,409
		<u>(51,947,161)</u>	<u>42,543,772</u>

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22. TAXATION	Note	2022 Rupees	2021 Rupees
Current year		8,716,158	10,298,261
Prior year		(105,753)	516,959
		<u>8,610,405</u>	<u>10,815,220</u>

23. (LOSS) / EARNINGS PER SHARE		2022	2021
(Loss) / profit for the year (Rupees)		(78,968,992)	44,888,361
Weighted average number of ordinary shares		34,682,360	34,682,360
		<u>(2.28)</u>	<u>1.29</u>

24. CASH AND CASH EQUIVALENTS		2022	2021
Cash and bank balances	11	202,365,741	243,876,307
Short term borrowings - secured	16	(74,138,054)	(74,504,704)
		<u>128,227,687</u>	<u>169,371,603</u>

25. PLEDGE SECURITIES WITH FINANCIAL INSTITUTION		Number of Shares	Pledge Value
Pledged to financial institutions on behalf of brokerage house		2,351,800	96,394,794
Pledged to financial institutions on behalf Directors/ Sponsors/Ceo /Shareholder		19,926,000	298,890,000
Pledged to financial institutions on behalf of clients		15,741,956	2,094,994,059

26. CUSTOMERS ASSETS HELD IN CDC

The house holds approx. 117.1 millions (2021: 154.2) million securities of his clients in the clients CDC sub accounts having approx. fair value Rs. 4,646.6 million (2021: Rs. 5,261.9 million).

27. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and key management personnel. The company continues to have a policy whereby all transactions with related parties are at contractual / agreed rates.

Name and relation with the related Party	Transactions during the year and year end balances	2022 Rupees	2021 Rupees
Mr. Ahfaz Mustafa, Chief Executive	Brokerage income earned by the Company	<u>972,676</u>	<u>649,503</u>
	Trade receivable / (payable) at year end	<u>296,764</u>	<u>731,465</u>
	Other receivables at year end	<u>38,098,833</u>	<u>19,093,849</u>

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28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2022	2021	2022	2021
	----- Rupees -----			
Managerial remuneration	3,801,900	3,401,700	14,704,237	14,372,970
Allowances	1,898,100	1,698,300	7,341,096	6,248,965
Bonus	-	-	334,182	926,745
Total	5,700,000	5,100,000	22,379,515	21,548,680
Number of persons	1	1	8	6

28.1 The company also provided the company maintained car to chief executive and executive

29. 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 provide benefits to all stakeholders.

In order to maintain the balance of its capital structure the company may consider injecting further equity or issuing fresh debt. The company monitors its capital on the basis of its gearing ratio. Debt is calculated as total borrowings including both long term and short term borrowings. The gearing ratio as at June 30, 2022 and 2021 was as follows:

	2022 Rupees	2021 Rupees
Total borrowings	76,563,120	74,504,704
Paid-up capital	346,823,600	346,823,600
Accumulated losses	(103,304,861)	(24,335,869)
	243,518,739	322,487,731
Gearing ratio	24%	19%

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

i) Financial instruments by category

Financial assets

At cost

Long term investment

7,000,000 7,000,000

At amortized cost

Long term deposits

2,910,965 2,787,965

Trade debts

47,052,894 74,520,823

Advances, deposits and other receivables

45,164,180 24,036,015

Cash and bank balances

202,365,741 243,876,307

At fair value through profit or loss

Short term investments

152,842,424 177,459,604

Total financial assets

457,336,204 529,680,714

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	2022 Rupees	2021 Rupees
Financial liabilities		
Lease liabilities	2,425,066	-
Deferred liability - staff gratuity	5,734,274	4,074,409
Trade and other payables	229,999,836	273,762,614
Accrued mark-up on borrowings	2,622,272	5,264,918
Short term borrowings	74,138,054	74,504,704
Total financial liabilities	<u>314,919,502</u>	<u>357,606,645</u>

ii) **Financial risk management objectives and policies**

The company's activities are exposed to a variety of financial risks which are mainly market risk, liquidity risk and credit risk. The company has established adequate procedures to manage each of these risks as mentioned below:

a) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks namely interest rate risk, currency risk and other price risk. The company is exposed to interest rate risk and other price risk only.

b) **Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Credit risk arises from deposit with banks, trade debts, loans, advances, deposits and other receivables. The maximum exposure to credit risk (which is the carrying value of financial assets) at the balance sheet date is as follows:

	2022 Rupees	2021 Rupees
Long Term Investment	7,000,000	7,000,000
Long term deposits	2,910,965	2,787,965
Short term investments	152,842,424	177,459,604
Trade debts	47,052,894	74,520,823
Advances, deposits and other receivables	115,192,274	147,114,827
Bank balances	196,463,603	239,041,845
	<u>521,462,160</u>	<u>647,925,064</u>

To reduce the exposure to credit risk, the company has developed a formal approval process whereby credit limits are applied to its customers. The company is doing its utmost to recover the amount outstanding from its customers and is confident that the amount would be recovered based on the past experience and the recovery efforts being carried out by the company.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

No impairment has been recognized in respect of these debts as the custody of equity securities against the same is considered to be adequate.

c) **Liquidity risk**

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

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The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date.

	2022					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
Lease liabilities	2,425,066	2,425,066	161,493	178,332	414,389	1,670,852
Trade and other payables	229,999,836	229,999,836	-	229,999,836	-	-
Accrued mark-up	2,622,272	2,622,272	2,622,272	-	-	-
Short term borrowings - secured	74,138,054	74,138,054	74,138,054	-	-	-
	309,185,228	309,185,228	76,921,819	230,178,168	414,389	1,670,852
	2021					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
Trade and other payables	273,762,614	273,762,614	-	273,762,614	-	-
Accrued mark-up	5,264,918	5,264,918	5,264,918	-	-	-
Short term borrowings - secured	74,504,704	74,504,704	74,504,704	-	-	-
	353,532,236	353,532,236	79,769,622	273,762,614	-	-

iii) Fair value of financial assets and liabilities

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

The fair value measurement hierarchy of the financial instruments carried at fair value is as follows:

Level 1 - quoted market prices

Level 2 - valuation techniques (market observable)

Level 3 - valuation techniques (non-market observable)

Fair value of investments traded in an active market are based on quoted market prices under the level 1 valuation method. Since investment in Pakistan Stock Exchange Limited (PSX) is not listed on any stock exchange, a quoted market price is not available and the fair value of such investment can not be determined with reasonable accuracy.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2022			
	Level 1	Level 2	Level 3	Total
	Rupees			
Investment	-	-	7,000,000	7,000,000
Short term investment	152,842,424	-	-	152,842,424
	152,842,424	-	7,000,000	159,842,424

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2021			
Level 1	Level 2	Level 3	Total
Rupees			
Investment	-	7,000,000	7,000,000
Short term investment	177,459,604	-	177,459,604
177,459,604	-	7,000,000	184,459,604

31. NUMBER OF EMPLOYEES

	2022	2021
Total number of employees at the end of the year	<u>33</u>	<u>33</u>
Average number of employees during the year	<u>33</u>	<u>30</u>

32. CAPITAL ADEQUACY LEVEL

	2022 Rupees	2021 Rupees
Total assets	558,438,241	680,094,376
Less: Total liabilities	(314,919,502)	(357,606,645)
Revaluation Reserves (Created upon revaluation of fixed assets)	-	-
	<u>243,518,739</u>	<u>322,487,731</u>

Capital Adequacy Level

32.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Company as at year ended June 30, 2022 as determined by Pakistan Stock Exchange has been considered.

33. NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

DESCRIPTION	VALUATION	Note	2022 Rupees
CURRENT ASSETS			
Cash and bank balances	As per book value	33.1	254,632,739
Trade receivables	Book value less overdue for more than 14 days	33.2	7,590,392
Other trade receivables	As per book value	33.3	-
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount	33.4	95,547,352
Securities purchased for client		33.5	4,425,444
PIBS	Marked to market less 5% discount		-
			<u>362,195,927</u>

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		Note	2022 Rupees
CURRENT LIABILITIES			
Trade payables	Book value less overdue for more than 30 days	33.6	144,871,774
Other payables	As per book values	33.7	162,228,213
			<u>307,099,987</u>
Net capital balance as at June 30, 2022			<u><u>55,095,940</u></u>
33.1 Cash and Bank Balances			
Margin Deposit(s)			52,266,998
Cash in hand			5,618,375
Bank balance pertaining to clients			196,399,274
Bank balance pertaining to brokerage house			348,092
			<u>254,632,739</u>
33.2 Trade Receivables			
Aging of trade receivables			
Total receivables			47,052,894
Outstanding for more than 14 days			(39,462,502)
			<u>7,590,392</u>
Balance generated within 14 days and/or not year due			
33.3 Other Trade Receivables			
Margin financing (MF)			-
33.4 Investment in listed securities in the name of brokerage house			
Investment in shares			112,408,649
Less: 15% Discount			(16,861,297)
			<u>95,547,352</u>
33.5 Securities purchased for client			
Lower of overdue balance and securities held against such balance			<u>4,425,444</u>
33.6 Trade Payables			
Book value			198,331,872
Less: overdue for more than 30 days			(53,460,098)
			<u>144,871,774</u>
33.7 Other Payables			
Short term running finance			74,138,054
Accrued and other liabilities			34,630,061
Trade payables more than 30 days			53,460,098
			<u>162,228,213</u>

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14. COMPUTATION OF LIQUID CAPITAL.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Assets			
1.1	Property & Equipment	28,494,897	28,494,897	-
1.2	Intangible Assets	2,579,046	2,579,046	-
1.3	Investment in Govt. Securities (150,000*60)	-	-	-
	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 2-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.4	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	152,842,434	58,145,670	94,706,964
	ii. If unlisted, 100% of carrying value.	7,000,000	7,000,000	-
1.5	iii. Subscription money against investment is IPO/offer for sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Black, Brown or Red status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term Financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	-
1.6	Investment in subsidiaries	-	-	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/bank deposits with the exchanges, clearing house or central depository or any other entity.	1,700,000	1,700,000	-
1.9	Margin deposits with exchange and clearing house	31,557,878	-	31,557,878
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments.	58,172,358	58,071,358	-
1.12	Accrued interest, profit or markup on amounts placed with financial institutions or debt securities etc (Net)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties.	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. (Amount paid as purchaser under the Repo agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-
1.15	i. Short Term Loan To Employees: loans are Secured and Due for repayment within 12 months.	6,063,884	6,063,884	-
	ii. Receivables other than trade receivables	-	-	-
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of value other than those on account of entitlements against trading of securities in all markets including MIFM gains.	709,120	-	709,120
	claims on account of entitlements against trading of securities in all markets including MIFM gains.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VaR based Haircut, (ii) cash deposited as collateral by the Finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to MCCPL as collateral upon entering into contract. iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 3 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	5,928,874	-	5,928,874
	v. In case of other trade receivables are overdue, or 3 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VaR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	41,134,230	3,169,385	3,169,385
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Cash and Bank balances			
1.10	i. Bank Balance-proprietary accounts	348,092	-	348,092
	ii. Bank balance-customer accounts	186,399,274	-	186,399,274
	iii. Cash in hand	5,618,375	-	5,618,375
1.10	Total Assets	558,436,341	187,214,840	360,427,502
2	Liabilities			
	Trade Payables			
2.1	i. Payable to exchanges and clearing houses	10,214,278	-	10,214,278
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	186,331,672	-	186,331,672
	Current Liabilities			
2.2	i. Statutory and regulatory dues	1,428,971	-	1,428,971
	ii. Accruals and other payables	22,146,987	-	22,146,987
	iii. Short-term borrowings	74,138,054	-	74,138,054
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	339,825	-	339,825
	vi. Deferred liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Non-Current Liabilities			
2.3	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institutions: Long term portion of financing obtained from a financial institution including amount due against finance lease	2,085,241	2,085,241	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	5,734,274	-	5,734,274
	iii. Advance against shares for Increase in Capital of Securities Broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital. f. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted. The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital Statement must be submitted to exchange. d. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	314,319,502	2,085,241	312,834,261
3	Ranking Liabilities relating to:			
3.1	Concentration in Margin Financing The amount calculated direct-to-credit basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.			
3.2	Concentration in securities lending and borrowing The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 100% of the market value of shares borrowed			
3.3	Net underwriting Commitments (a) in the case of right issues: if the market value of securities is less than or equal to the subscription price, the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting. (b) in any other case: 12.5% of the net underwriting commitments.			
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.7	Rogo adjustment	-	-	-
	In the case of Financier/purchaser the total amount receivable under Rogo less the 110% of the market value of underlying securities. In the case of Financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	+	-	-
3.8	Concentrated proprietary positions	-	-	-
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security.	3,387,138	3,387,138	3,387,138
3.9	Open positions in futures and options	-	-	-
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircut. ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met.	-	-	-
3.10	Short sell positions	-	-	-
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customer after increasing the same with the VaR based haircut less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VaR based haircut. ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VaR based haircut less the value of securities pledged as collateral after applying haircut.	+	-	+
3.11	Total Ranking liabilities	3,387,138	3,387,138	3,387,138
		<u>140,131,600</u>	Liquid Capital	<u>44,206,153</u>

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.15)	360,427,552
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(312,834,260)
(iii) Less: Total ranking liabilities (serial number 3.11)	(5,387,138)
	<u>44,206,153</u>

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35. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors in their meeting held on _____

36. CORRESPONDING FIGURES

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison

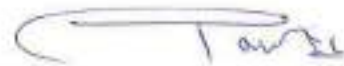
37. GENERAL

Figures have been rounded off to the nearest rupee.

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Chief Executive Officer



Director