

DJM SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DJM SECURITIES LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **DJM SECURITIES LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2021**, and the statement of 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 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, 2021 and of the profit and other comprehensive income, 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.



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 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).

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



Karachi

Date:

05 OCT 2021

DJM SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| Non - Current Assets | | | |
| Property, plant and equipment | 4 | 12,498,303 | 12,475,196 |
| Intangible assets | 5 | 366,280 | 373,257 |
| Long term deposits | 6 | 57,668,567 | 40,369,347 |
| | | 70,533,150 | 53,217,800 |
| Current Assets | | | |
| Short term investment | 7 | 2,901,972,631 | 1,024,254,317 |
| Trade debts | 8 | 40,617,468 | 28,540,135 |
| Advances and other receivables | 9 | 67,126,677 | 1,622,871 |
| Advance tax | 10 | 80,411,228 | 80,292,090 |
| Cash and bank balances | 11 | 55,274,645 | 45,899,658 |
| | | 3,145,402,649 | 1,180,609,071 |
| | | <u>3,215,935,799</u> | <u>1,233,826,871</u> |
| SHARE CAPITAL AND RESERVE | | | |
| Authorized Share Capital | | | |
| 25,000,000 Ordinary shares of Rs. 10/- each | | <u>250,000,000</u> | <u>250,000,000</u> |
| Issued, Subscribed and Paid up Share Capital | | | |
| 12,500,000 Ordinary shares of Rs. 10/- each | 12 | 125,000,000 | 125,000,000 |
| Unappropriated profit | | 1,965,000,404 | 673,639,669 |
| | | 2,090,000,404 | 798,639,669 |
| Current Liabilities | | | |
| Short term borrowing | 13 | 927,471,432 | 352,008,054 |
| Trade and other payables | 14 | 162,213,516 | 50,148,332 |
| Directors' loan | 15 | 22,577,530 | 22,577,530 |
| Mark-up payable | | 13,672,917 | 10,453,286 |
| | | 1,125,935,395 | 435,187,202 |
| | | <u>3,215,935,799</u> | <u>1,233,826,871</u> |

The annexed notes form an integral part of these financial statements.

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 Chief Executive Officer


 Director

DJM SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

| | Note | 2021 Rupees | 2020 Rupees |
|--|------|----------------------|--------------------|
| Commission income | 16 | 93,526,648 | 39,681,368 |
| Administrative expense | 17 | (61,213,999) | (45,784,418) |
| Operating profit / (loss) | | 32,312,649 | (6,103,050) |
| Financial charges | 18 | (42,381,249) | (50,644,862) |
| Other income / (loss) | 19 | 878,112,251 | (170,298,240) |
| Unrealized gain on revaluation of investment | | 491,812,328 | 356,100,817 |
| Unrealized gain - PSX | | - | 12,440,866 |
| Profit before taxation | | 1,359,855,979 | 141,495,531 |
| Taxation | 20 | (68,495,244) | 2,265,894 |
| Profit for the year | | 1,291,360,735 | 143,761,425 |
| Statement of other comprehensive income | | | |
| Items that may be reclassified to profit and loss account subsequently | | - | - |
| Total comprehensive income for the year | | 1,291,360,735 | 143,761,425 |
| Earnings per share | 21 | 103.31 | 11.50 |

The annexed notes form an integral part of these financial statements.

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 Chief Executive Officer


 Director

DJM SECURITIES LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2021

| | Issued, subscribed and paid up share capital | Unappropriated profit | Total |
|---|---|--------------------------|----------------------|
| | ----- Rupees ----- | | |
| Balance as at July 01, 2019 | 125,000,000 | 529,878,244 | 654,878,244 |
| Profit for the year ended June 30, 2020 | - | 143,761,425 | 143,761,425 |
| Other comprehensive income | - | - | - |
| | - | 143,761,425 | 143,761,425 |
| Balance as at June 30, 2020 | 125,000,000 | 673,639,669 | 798,639,669 |
| Profit for the year ended June 30, 2021 | - | 1,291,360,735 | 1,291,360,735 |
| Other comprehensive income | - | - | - |
| | - | 1,291,360,735 | 1,291,360,735 |
| Balance as at June 30, 2021 | <u>125,000,000</u> | <u>1,965,000,404</u> | <u>2,090,000,404</u> |

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Chief Executive Officer



Director

DJM SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

| | 2021 Rupees | 2020 Rupees |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 1,359,855,979 | 141,495,531 |
| Adjustments for non cash items and other charges : | | |
| Depreciation | 1,996,193 | 2,023,212 |
| Amortisation | 6,977 | 9,968 |
| Loss on disposal of property and equipment | 22,700 | - |
| Appreciation in value of short term investments | (491,812,328) | (368,541,683) |
| Financial charges | 42,381,249 | 50,644,862 |
| | (447,405,209) | (315,863,641) |
| Operating profit before working capital changes | 912,450,770 | (174,368,110) |
| (Increase) / decrease in current assets | | |
| Short term investment | (1,385,905,986) | 372,854,312 |
| Trade debts | (12,077,333) | (10,710,607) |
| Advances and other receivables | (65,503,807) | (93,498) |
| | (1,463,487,126) | 362,050,207 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 112,065,184 | 35,159,766 |
| Directors' loan | - | - |
| | 112,065,184 | 35,159,766 |
| Financial charges paid | (39,161,618) | (56,307,269) |
| Taxes paid | (68,614,381) | (3,581,190) |
| Net cash (used in) / inflow from operating activities | (546,747,171) | 162,953,404 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (9,042,000) | - |
| Long term investment | - | 10,811,941 |
| Net cash (used in) / inflow from investing activities | (9,042,000) | 10,811,941 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term deposits | (17,299,220) | 7,000,000 |
| Sale proceeds on disposal of property and equipment | 7,000,000 | - |
| Net cash inflow from financing activities | (10,299,220) | 7,000,000 |
| Net (decrease) / increase in cash and cash equivalents | (566,088,391) | 180,765,345 |
| Cash and cash equivalents at beginning of the year | (306,108,396) | (486,873,741) |
| Cash and cash equivalents at end of the year | (872,196,787) | (306,108,396) |

The annexed notes form an integral part of these financial statements.




 Chief Executive Officer


 Director

DJM SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. NATURE OF BUSINESS AND OPERATIONS

DJM Securities Limited (the Company) was incorporated in June 17, 2002 as a private limited company under the Companies Ordinance, 1984 (repealed by Company's Act, 2017). The status of the company have been changed from Private Limited to Public Limited vide conversion certificate dated February 19, 2019 issued by SECP.. The registered and principal office of the company is situated at Suit # 203, 2nd Floor, Business and Finance Centre, I.I. Chundrigar Road, Karachi. The principal activity of the company is to carry on the business of stock brokerage, investments advisory, consultancy service underwriting and portfolio management etc.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of 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, relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 and section 78 of securities Act, 2015. Where provisions of and directives issued under the Companies Act, 2017, relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 and section 78 of securities Act, 2015 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 and section 78 of securities Act, 2015 shall prevail.

2.2 New and amended standards and interpretations

2.2.1 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, 2020. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

2.2.2 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 3.1 & 4
- Useful lives, residual values and amortization method of intangible assets – Note 3.2 & 5
- Provision for doubtful trade receivables – Note 3.4 & 8
- Current income tax expense and provision for current tax - Note 3.9 & 20



3.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Depreciation is charged to profit and loss account by applying reducing balance method at rates indicated in notes to the financial statements. Residual value and the useful life of assets are reviewed at least at each financial year-end and adjusted if impact on depreciation is significant.

Full year depreciation is charged on all additions, while no depreciation is charged on fixed assets disposed of during the year. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Gain or loss arising on the disposal is taken in income in the year of disposal. Maintenance and normal repairs are charged to income as and when incurred. Renewals and improvements are capitalized where it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably.

3.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.2.1 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the costs beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method using the rate specified in notes to the financial statements.

3.3 Membership cards

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.4 Trade and other receivables

Trade and other receivables are initially recognized at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for trade debts and other receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written off.

3.5 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 comprise of cash in hand, balances with banks, highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value, and short term running finance under mark-up arrangements.

3.6 Provisions

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

3.7 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.8 Revenue recognition

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

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

Interest income on financial assets (including margin financing) is recognised 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 and loss account in the period in which they arise.

Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.

Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expense.

3.9 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 company's revenue also 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.

3.10 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.

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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 recognised in the statement of profit or loss account. 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 and loss account. |
| 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 the statement of profit and loss account. |
| 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 recognised in the statement of profit and loss account. |
| Equity Investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account 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 and loss account. |

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise 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.

3.11 Financial liabilities

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

3.12 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.

3.13 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

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4. PROPERTY, PLANT AND EQUIPMENT

| | Office premises | Office equipment | Office furniture | Computer | Generator | Vehicles | Total |
|----------------------------------|------------------|------------------|------------------|---------------|----------------|-------------------|-------------------|
| ----- Rupees ----- | | | | | | | |
| Year ended June 30, 2020 | | | | | | | |
| Opening net book value | 1,073,267 | 252,267 | 684,886 | 20,871 | 9,913 | 12,457,204 | 14,498,408 |
| Additions (at cost) | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Depreciation charge for the year | (53,663) | (25,227) | (68,489) | (6,261) | (991) | (1,868,581) | (2,023,212) |
| Net Book Value | 1,019,604 | 227,040 | 616,397 | 14,610 | 8,922 | 10,588,623 | 12,475,196 |
| As at June 30, 2020 | | | | | | | |
| Cost | 2,316,614 | 1,037,889 | 3,466,860 | 1,840,247 | 39,000 | 17,611,580 | 26,312,190 |
| Accumulated depreciation | (1,297,010) | (810,849) | (2,850,463) | (1,825,637) | (30,078) | (7,022,957) | (13,836,994) |
| Net Book Value | 1,019,604 | 227,040 | 616,397 | 14,610 | 8,922 | 10,588,623 | 12,475,196 |
| Year ended June 30, 2021 | | | | | | | |
| Opening net book value | 1,019,604 | 227,040 | 616,397 | 14,610 | 8,922 | 10,588,623 | 12,475,196 |
| Additions (at cost) | - | - | - | - | 780,000 | 8,262,000 | 9,042,000 |
| Disposals | | | | | | | |
| Cost | - | - | - | - | - | (8,262,000) | (8,262,000) |
| Accumulated depreciation | - | - | - | - | - | 1,239,300 | 1,239,300 |
| | - | - | - | - | - | (7,022,700) | (7,022,700) |
| Depreciation charge for the year | (50,980) | (22,704) | (61,640) | (4,383) | (78,892) | (1,777,594) | (1,996,193) |
| Net Book Value | 968,624 | 204,336 | 554,757 | 10,227 | 710,030 | 10,050,329 | 12,498,303 |
| As at June 30, 2021 | | | | | | | |
| Cost | 2,316,614 | 1,037,889 | 3,466,860 | 1,840,247 | 819,000 | 17,611,580 | 27,092,190 |
| Accumulated depreciation | (1,347,990) | (833,553) | (2,912,103) | (1,830,020) | (108,970) | (7,561,251) | (14,593,887) |
| Net Book Value | 968,624 | 204,336 | 554,757 | 10,227 | 710,030 | 10,050,329 | 12,498,303 |
| Annual rate depreciation | 5% | 10% | 10% | 30% | 10% | 15% | |

5. INTANGIBLE ASSETS

| | Note | 2021 Rupees | 2020 Rupees |
|--|------|----------------|----------------|
| Computer software | 5.1 | 16,280 | 23,257 |
| Trading Right Entitlement Certificate (TREC) | 5.2 | 100,000 | 100,000 |
| Membership card | 5.3 | 250,000 | 250,000 |
| | | 366,280 | 373,257 |

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| | | 2021 Rupees | 2020 Rupees |
|--|--|------------------------|------------------------|
| 5.1 Computer software | | | |
| <u>Cost</u> | | | |
| Opening value | | 1,550,000 | 1,550,000 |
| Addition during the year | | - | - |
| Less: Amortization | | | |
| Opening value | | 1,526,743 | 1,516,775 |
| Amortization for the year the year | | 6,977 | 9,968 |
| Closing value | | 1,533,720 | 1,526,743 |
| Written down value (WDV) | | 16,280 | 23,258 |
| Annual rate amortization (%) | | 30% | 30% |
| 5.2 | This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited after the merger of all the three stock exchange of Pakistan in accordance with the requirement of the Stock Exchange (Corporation. Demutualization and Integration) Act, 2012 (The Act). | | |
| 5.3 | This represents Universal Membership at the National Commodity Exchange Limited under the Memorandum and Articles of Association and subject to the Rules and Regulations of the Exchange. Given under the hands and Seal of the Exchange at Karachi on March 31, 2003. | | |
| 6. LONG TERM DEPOSITS | Note | 2021 Rupees | 2020 Rupees |
| Long term deposits | 6.1 | 57,668,567 | 40,369,347 |
| | | 57,668,567 | 40,369,347 |
| 6.1 | This includes non interest bearing deposits under statutory obligations (NCCPL, CDC and PMEX etc.). | | |
| 7. SHORT TERM INVESTMENT - fair value through profit and loss | Note | 2021 Rupees | 2020 Rupees |
| Investment in listed securities | 7.1 | 2,901,972,631 | 1,024,254,317 |
| 7.1 Gain / (loss) on re-measurement of investment at fair value through profit and loss | | | |
| Market value | | 2,901,972,631 | 1,024,254,317 |
| Cost of Investment | | 2,627,316,715 | 1,241,410,730 |
| Fair value profit / (loss)-unrealized | | 274,655,916 | (217,156,413) |
| 8. TRADE DEBTS | | | |
| Trade debts - Considered good | | 40,617,468 | 28,540,135 |
| Considered doubtful | | 490,000,000 | 490,000,000 |
| | | 530,617,468 | 518,540,135 |
| Less: Provision for doubtful debts | | (490,000,000) | (490,000,000) |
| | | 40,617,468 | 28,540,135 |

Signature

| 9. ADVANCES AND OTHER RECEIVABLES | 2021 Rupees | 2020 Rupees |
|---|-------------------|------------------|
| Advance against property to Silk Bank Limited | 25,000,000 | - |
| Other receivables | 5,302,335 | 1,622,871 |
| Receivables from NCCPL | 29,324,342 | - |
| Other advances | 7,500,000 | - |
| | <u>67,126,677</u> | <u>1,622,871</u> |

| 10. ADVANCE TAX | | |
|--------------------------------------|-------------------|-------------------|
| Opening balance | 80,292,090 | 74,445,007 |
| Add: Paid / deducted during the year | 119,138 | 5,847,083 |
| | <u>80,411,228</u> | <u>80,292,090</u> |

| 11. CASH AND BANK BALANCES | | |
|----------------------------|-------------------|-------------------|
| Cash in hand | 17,000 | 14,049 |
| Cash at banks: | | |
| - Current accounts | 16,620 | 16,620 |
| - Saving accounts | 55,241,025 | 45,868,989 |
| | <u>55,274,645</u> | <u>45,899,658</u> |

| 12. SHARE CAPITAL | | | | |
|---------------------------------|-------------------------|-------------------|---------------------------------|---------------------------------------|
| Authorized Share Capital | | | | |
| | <u>Number of Shares</u> | | | |
| | <u>2021</u> | <u>2020</u> | | |
| | <u>25,000,000</u> | <u>25,000,000</u> | Ordinary shares of Rs.10/- each | <u>250,000,000</u> <u>250,000,000</u> |

| Issued, Subscribed and Paid-up Share Capital | | | | |
|--|-------------------------|-------------------|--|---------------------------------------|
| | <u>Number of Shares</u> | | | |
| | <u>2021</u> | <u>2020</u> | | |
| | <u>12,500,000</u> | <u>12,500,000</u> | Ordinary shares of Rs.10/- each fully paid in cash | <u>125,000,000</u> <u>125,000,000</u> |

| 12.1 Pattern of shareholding | 2021 | 2020 | 2021 | 2020 |
|------------------------------|-------------------|--------|-------------------------|-----------|
| Name of Shares holders | <u>Percentage</u> | | <u>Number of Shares</u> | |
| Muhammad Yaqoob | 31.52% | 31.20% | 3,939,950 | 3,900,000 |
| Abdul Samad Dawood | 21.92% | 21.60% | 2,740,050 | 2,700,000 |
| Sumya Abdul Qader | 21.60% | 21.60% | 2,700,100 | 2,700,100 |
| Mariam Dawood | 21.60% | 21.60% | 2,700,000 | 2,700,100 |
| Shanila Dawood | 2.56% | 2.56% | 319,900 | 319,900 |
| Faiza Yaqoob | 0.80% | 0.80% | 100,000 | 100,000 |
| Farida Jan Muhammad | 0.00% | 0.64% | - | 79,900 |

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| 13. SHORT TERM BORROWING | Note | 2021 Rupees | 2020 Rupees |
|--|-------------|--------------------|--------------------|
| Bank Al Habib Limited | 13.1 | 927,471,432 | 352,008,054 |
| | | <u>927,471,432</u> | <u>352,008,054</u> |
| 13.1 These borrowings are secured against lien/pledge over Diversified portfolio of listed securities. Mark-up is payable in arrears on a calendar quarterly basis and the KIBOR + 1% per annum shall be revised on a calendar quarterly basis and is calculated as 3 Months Average. | | | |
| 14. TRADE AND OTHER PAYABLES | Note | 2021 Rupees | 2020 Rupees |
| Accrued and other liabilities | | 4,283,606 | 5,522,290 |
| Trade payables | | 94,081,815 | 44,626,042 |
| Provision for taxation | | 63,848,095 | - |
| | | <u>162,213,516</u> | <u>50,148,332</u> |
| 15. DIRECTORS' LOAN | | | |
| Mr. Muhammad Yaqoob | 15.1 | 22,577,530 | 22,577,530 |
| | | <u>22,577,530</u> | <u>22,577,530</u> |
| 15.1 This represents unsecured interest free directors' loan to company, payable on demand. | | | |
| 16. COMMISSION INCOME | | | |
| Brokerage commission | 16.1 | 93,526,648 | 39,681,368 |
| | | <u>93,526,648</u> | <u>39,681,368</u> |
| 16.1 Brokerage commission | | | |
| Gross brokerage commission | | 106,486,252 | 45,147,225 |
| Less: Sales tax and FED | | (12,959,604) | (5,465,857) |
| | | <u>93,526,648</u> | <u>39,681,368</u> |
| 17. ADMINISTRATIVE EXPENSE | | | |
| Director remuneration | | 2,580,000 | 2,160,000 |
| Staff salary and benefits | | 10,502,190 | 8,799,788 |
| Utilities | | 1,784,181 | 1,625,067 |
| Auditors' remuneration | 17.1 | 280,000 | 240,800 |
| Rent, rate and taxes | | 1,010,002 | 1,309,270 |
| Entertainment | | 1,615,325 | 318,300 |
| Printing and stationery | | 41,075 | 62,243 |
| Travelling and conveyance | | 2,071,360 | 3,791,030 |
| Repair and maintenance expense | | 597,600 | 369,493 |
| Fee and subscription charges | | 19,930,135 | 7,706,875 |
| Donation | 17.2 & 17.3 | 16,550,000 | 15,270,000 |
| Legal and professional charges | | 189,325 | 402,900 |
| Depreciation and amortization | 4 & 5.1 | 2,003,170 | 2,033,180 |
| Loss on disposal of property and equipment | | 22,700 | - |
| Miscellaneous expenses | | 2,036,936 | 1,695,472 |
| | | <u>61,213,999</u> | <u>45,784,418</u> |

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| | 2021 Rupees | 2020 Rupees |
|--|--------------------------|------------------------|
| 17.1 Auditors' Remuneration | | |
| Audit fee | 270,000 | 230,000 |
| Out of pocket expenses | 10,000 | 10,800 |
| | <u>280,000</u> | <u>240,800</u> |
| 17.2 The names of donees to whom donation is equal to or exceeds Rs. 0.5 million are All Pakistan Memon Federation, Bantva town memon welfare committee, World Memon Organization, Indus hospital, Habib University, Khidmat-e-Insaniyat, SUIT Trust, The Okhai Memom youth Service, Kharadar General Hospital, Usman Memorial Hospital Foundation, and Al Mustafa Society. | | |
| 17.3 None of the directors or their spouses had any interest in the donees. | | |
| 18. FINANCIAL CHARGES | 2021 Rupees | 2020 Rupees |
| Mark-up on bank overdraft | 42,058,308 | 50,509,120 |
| Bank charges | 322,941 | 135,742 |
| | <u>42,381,249</u> | <u>50,644,862</u> |
| 19. OTHER INCOME / (LOSS) | | |
| Capital gain / (loss) on sale of investment | 844,109,211 | (195,999,265) |
| Dividend income | 34,003,040 | 25,701,025 |
| | <u>878,112,251</u> | <u>(170,298,240)</u> |
| 20. TAXATION | | |
| Current for the year | 68,495,244 | 3,479,521 |
| Prior year charge | - | (5,745,415) |
| | <u>68,495,244</u> | <u>(2,265,894)</u> |
| 21. EARNINGS PER SHARE | | |
| Profit for the year | 1,291,360,735 | 143,761,425 |
| Weighted average number of ordinary shares | 12,500,000 | 12,500,000 |
| Earnings per share | <u>103.31</u> | <u>11.50</u> |
| 22. CASH AND CASH EQUIVALENT | | |
| Cash and bank balances | 55,274,645 | 45,899,658 |
| Bank overdraft | (927,471,432) | (352,008,054) |
| | <u>(872,196,787)</u> | <u>(306,108,396)</u> |
| 23. PLEDGE SECURITIES | No. of Securities | Value |
| Pledged to financial institutions on behalf of brokerage house | 54,655,000 | 2,481,684,640 |
| Pledged to financial institutions on behalf of Clients | 13,777,500 | 399,001,060 |

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24. CUSTOMERS ASSETS HELD IN CDC

The house holds approx 132.5 million securities of his clients in the clients CDC sub accounts having fair value of Rs. 10.387 Billion.

25. REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

| | CHIEF EXECUTIVE | | DIRECTORS | |
|-------------------------|--------------------|------------------|------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | ----- Rupees ----- | | | |
| Managerial remuneration | 700,000 | 800,000 | 1,020,000 | 640,000 |
| House rent allowance | 280,000 | 320,000 | 408,000 | 256,000 |
| Utilities | 70,000 | 80,000 | 102,000 | 64,000 |
| | 1,050,000 | 1,200,000 | 1,530,000 | 960,000 |
| Number of persons | 1 | 1 | 1 | 1 |

26. NUMBER OF EMPLOYEES

The number of employees as at June 30, 2021 were 20 (2020: 20) and average number of employees are 18 and (2020: 18).

27. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

| Name and relation with the related Party | Percentage Shareholding | Transactions during the year and year end balances | 2021 Rupees | 2020 Rupees |
|--|-------------------------|--|-------------|-------------|
| Muhammad Yaqoob Director | 31% | Loan Payable due at the year end | 22,577,530 | 22,577,530 |

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28. FINANCIAL ASSETS AND LIABILITIES

| Mark-up bearing | | | Non-Mark-up bearing | | 2021 Total |
|---------------------------|-------------------------------|-----------|---------------------------|-------------------------------|---------------|
| Maturity upto one year | Maturity after one year | Sub-Total | Maturity upto one year | Maturity after one year | |

Rupees

Financial Assets at fair value through profit or loss

Short term investment - - 2,901,972,631 - 2,901,972,631 2,901,972,631

At amortized cost

Long term deposits - - - - 57,668,567 57,668,567
 Trade debts - - - 40,617,468 40,617,468
 Receivables - - 67,126,677 67,126,677
 Cash and bank balances 55,241,025 - 55,241,025 33,620 33,620 55,274,645

55,241,025 - 55,241,025 3,009,750,396 57,668,567 3,067,418,963 3,122,659,988

Financial Liabilities

At amortised cost

Short term borrowing 927,471,432 - 927,471,432 - - 927,471,432
 Trade and other payables - - - 162,213,516 162,213,516
 Directors' loan - - - 22,577,530 22,577,530
 Mark-up payable 13,672,917 - 13,672,917 - - 13,672,917

941,144,349 - 941,144,349 184,791,046 - 184,791,046 1,125,935,395

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| Mark-up bearing | | | Non-Mark-up bearing | | 2020 Total |
|---------------------------|-------------------------------|-----------|---------------------------|-------------------------------|---------------|
| Maturity upto one year | Maturity after one year | Sub-Total | Maturity upto one year | Maturity after one year | |
| Rupees | | | | | |

Financial Assets at fair value through profit or loss

Short term investment

- - 1,024,254,317 - 1,024,254,317 1,024,254,317

At amortized cost

Long term deposits

Trade debts

Receivables

Cash and bank balances

- - - - 40,369,347 40,369,347 40,369,347
 - - - - 28,540,135 28,540,135 28,540,135
 - - - - 1,622,871 1,622,871 1,622,871
 45,868,989 - 45,868,989 30,669 - 30,669 45,899,658

Financial Liabilities

At amortised cost

Short term borrowing

Trade and other payables

Directors' loan

Mark-up payable

352,008,054 - - 352,008,054 - - 352,008,054
 - - - - 50,148,332 50,148,332 50,148,332
 - - - - 22,577,530 22,577,530 22,577,530
 10,453,285 - 10,453,285 - - 10,453,285
 362,461,339 - 362,461,339 72,725,862 - 72,725,862 435,187,201

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29. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks: market risk (comprising interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

29.1 Market risk

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

- Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.

- Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. During the year the Company does not have any exposure to equity price risk.

29.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances.

29.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

29.4 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.



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 categorised:

| | 2021 | | | |
|-----------------------|----------------------|---------|---------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees ----- | | | |
| Short term investment | 2,901,972,631 | - | - | 2,901,972,631 |
| | 2,901,972,631 | - | - | 2,901,972,631 |

| | 2020 | | | |
|-----------------------|--------------------|---------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees ----- | | | |
| Short term investment | 1,024,254,317 | - | - | 1,024,254,317 |
| | - | - | - | - |

30. CAPITAL RISK MANAGEMENT

The company's prime objective of 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 30 June, 2021 and 2020 was as follows:

| | 2021 Rupees | 2020 Rupees |
|-----------------------|----------------------|--------------------|
| Total borrowings | 927,471,432 | 352,008,054 |
| Paid up capital | 125,000,000 | 125,000,000 |
| Unappropriated profit | 1,965,000,404 | 673,639,669 |
| | 2,090,000,404 | 798,639,669 |
| Gearing ratio | 31% | 31% |

31. CAPITAL ADEQUACY LEVEL

| | 2021 Rupees | 2020 Rupees |
|---|----------------------|--------------------|
| Total assets | 3,215,935,799 | 1,233,826,871 |
| Less: Total liabilities | (1,125,935,395) | (435,187,202) |
| Revaluation reserves (created upon revaluation of fixed assets) | - | - |
| Capital Adequacy Level | 2,090,000,404 | 798,639,669 |

31.1 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, 2021 as determined by Pakistan Stock Exchange has been considered.

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32. 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:

| <u>DESCRIPTION</u> | <u>VALUATION</u> | Note | <u>2021 RUPEES</u> |
|--|---|------|-----------------------------|
| CURRENT ASSETS | | | |
| Cash and bank balances | As per book value | 32.1 | 55,274,645 |
| Trade receivables | Book value less overdue for more than 14 days | 32.2 | 23,004,828 |
| Investment in listed securities in the name of brokerage house | Securities marked to market less 15% discount | 32.3 | 2,382,459,161 |
| Securities purchased for client | | 32.4 | 2,234,432 |
| PIBS | Marked to market less 5% discount | | - |
| | | | <u>2,462,973,066</u> |
| CURRENT LIABILITIES | | | |
| Trade payables | Book value less overdue for more than 30 days | 32.5 | 82,026,104 |
| Other payables | As per book values | 32.6 | 1,043,909,291 |
| | | | <u>1,125,935,395</u> |
| Net capital balance as at June 30, 2021 | | | <u><u>1,337,037,671</u></u> |

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| | Note | <u>2021</u> <u>Rupees</u> |
|--|---------------|------------------------------|
| 32.1 Cash and bank balances | | |
| Cash in hand | | 17,000 |
| Bank balance pertaining to clients | | 54,365,635 |
| Bank balance pertaining to brokerage house | | 892,010 |
| | | <u>55,274,645</u> |
| 32.2 Trade Receivables | | |
| Aging of trade receivables | | |
| Total receivables | | 40,617,468 |
| Outstanding for more than 14 days | | (17,612,640) |
| | | <u>23,004,828</u> |
| 32.3 Investment in listed securities in the name of brokerage house | | |
| Investment in shares | | 2,802,893,131 |
| Less: 15% Discount | | (420,433,970) |
| | | <u>2,382,459,161</u> |
| 32.4 Securities purchased for client | | |
| Overdue balance for more than 14 days - gross value | | 2,234,432 |
| Lower of overdue balance and securities held against such balance | | <u>-</u> |
| 32.5 Trade Payables | | |
| Book value | | 94,081,815 |
| Less: overdue for more than 30 days | | (12,055,711) |
| | | <u>82,026,104</u> |
| 32.6 Other Payables | | |
| Accrued and other liabilities | 32.6.1 | 1,031,853,580 |
| Trade payables more than 30 days | | 12,055,711 |
| | | <u>1,043,909,291</u> |

32.6.1 This includes loan from Director of amounting to Rs. 22,577,530.



33. COMPUTATION OF LIQUID CAPITAL

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|--|---------------------|------------------------|--------------------|
| 1. | Assets | | | |
| 1.1 | Property & Equipment | 12,498,303 | 100% | - |
| 1.2 | Intangible Assets | 366,280 | 100% | - |
| 1.3 | Investment in Govt. Securities (150,000*99) | - | - | - |
| | 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 1-3 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. | 2,901,972,631 | 492,125,515 | 2,409,847,116 |
| | ii. If unlisted, 100% of carrying value. | - | - | - |
| | iii. Subscription money against investment in 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. | 7,500,000 | - | 7,500,000 |
| 1.5 | iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge 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/basic deposits with the exchanges, clearing house or central depository or any other entity. | 1,610,000 | 100% | - |
| 1.9 | Margin deposits with exchange and clearing house. | 24,799,220 | - | 24,799,220 |
| 1.10 | Deposit with authorized intermediary against borrowed securities under SLB. | - | - | - |
| 1.11 | Other deposits and prepayments | 31,259,347 | 100% | - |
| 1.12 | Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil) | - | - | - |
| | 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. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>) | - | - | - |
| 1.15 | i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months | - | - | - |
| | ii. Receivables other than trade receivables | 110,713,563 | 100% | - |
| 1.16 | Receivables from clearing house or securities exchange(s) | | | |
| | 100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains. | 29,324,342 | - | 29,324,342 |
| | claims on account of entitlements against trading of securities in all markets including MTM 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 financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i> | 40,617,468 | 12,543,514 | 12,543,514 |
| | ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i> | - | - | - |
| 1.17 | iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i> | - | - | - |
| | iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i> | - | - | - |
| | v. In case of other trade receivables are overdue, or 5 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. <i>v. Lower of net balance sheet value or value determined through adjustments</i> | - | - | - |
| | vi. 100% haircut in the case of amount receivable from related parties. | - | - | - |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|--|----------------------|------------------------|----------------------|
| | Cash and Bank balances | | | |
| 1.18 | i. Bank Balance-proprietary accounts | 892,010 | - | 892,010 |
| | ii. Bank balance-customer accounts | 54,365,635 | - | 54,365,635 |
| | iii. Cash in hand | 17,000 | - | 17,000 |
| 1.19 | Total Assets | 3,215,935,799 | 504,669,034 | 2,539,288,837 |
| 2. | Liabilities | | | |
| | Trade Payables | | | |
| 2.1 | i. Payable to exchanges and clearing house | - | - | - |
| | ii. Payable against leveraged market products | - | - | - |
| | iii. Payable to customers | 94,081,815 | - | 94,081,815 |
| | Current Liabilities | | | |
| | i. Statutory and regulatory dues | - | - | - |
| | ii. Accruals and other payables | 17,956,523 | - | 17,956,523 |
| | iii. Short-term borrowings | 927,471,432 | - | 927,471,432 |
| 2.2 | iv. Current portion of subordinated loans | - | - | - |
| | v. Current portion of long term liabilities | - | - | - |
| | vi. Deferred Liabilities | - | - | - |
| | vii. Provision for bad debts | - | - | - |
| | viii. Provision for taxation | 63,848,096 | - | 63,848,096 |
| | ix. Other liabilities as per accounting principles and included in the financial statements | 22,577,530 | - | 22,577,530 |
| | Non-Current Liabilities | | | |
| | i. Long-Term financing | - | - | - |
| | a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease | - | - | - |
| | b. Other long-term financing | - | - | - |
| | ii. Staff retirement benefits | - | - | - |
| 2.3 | 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. | - | - | - |
| | iv. Other liabilities as per accounting principles and included in the financial statements | - | - | - |
| | Subordinated Loans | | | |
| 2.4 | 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. | - | - | - |
| | ii. Subordinated loans which do not fulfill the conditions specified by SECP | - | - | - |
| 2.5 | Total Liabilities | 1,125,935,395 | - | 1,125,935,395 |
| 3. | Ranking Liabilities Relating to : | | | |
| | Concentration in Margin Financing | | | |
| 3.1 | The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees. | - | - | - |
| | Concentration in securities lending and borrowing | | | |
| 3.2 | 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 110% of the market value of shares borrowed | - | - | - |
| | Net underwriting Commitments | | | |
| 3.3 | (a) in the case of right issue : 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 issue 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 | - | - | - |

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| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|--|---------------------|------------------------|--------------------|
| | Foreign exchange agreements and foreign currency positions | - | - | - |
| 3.5 | 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 | | | |
| | Repo adjustment | - | - | - |
| 3.7 | In the case of financier/purchaser the total amount receivable under Repo 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 | - | - | - |
| 3.9 | Opening 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 haircuts 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 customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts 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 haircuts. | - | - | - |
| 3.11 | Total Ranking Liabilities | - | - | - |

2,090,000,404 Liquid Capital 1,413,353,441

Calculations Summary of Liquid Capital

| | |
|--|----------------------|
| (i) Adjusted value of Assets (serial number 1.19) | 2,539,288,837 |
| (ii) Less: Adjusted value of liabilities (serial number 2.5) | (1,125,935,395) |
| (iii) Less: Total ranking liabilities (series number 3.11) | - |
| | <u>1,413,353,441</u> |

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

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34. DATE OF AUTHORIZATION

These Financial statements were authorized on 05 OCT 2021 by the Board of Directors of the Company.

35. CORRESPONDING FIGURES

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

36. GENERAL

Figures have been rounded off to the nearest rupee.

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Chief Executive Officer



Director