

DJM SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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**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, 2020**, 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, 2020 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.



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Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd, the members of which are separate and independent legal entities.

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 2020

DJM SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non - Current Assets			
Property, plant and equipment	3	12,475,196	14,498,408
Intangible assets	4	373,257	383,224
Long term Investment	5	-	10,811,941
Long term deposits	6	40,369,347	47,369,347
		53,217,800	73,062,920
Current Assets			
Short term investment	7	1,024,254,317	1,028,566,946
Trade debts	8	28,540,135	17,829,528
Advances and other receivables	9	1,622,871	1,529,373
Taxation - net	10	80,292,090	74,445,007
Cash and bank balances	11	45,899,658	13,006,066
		1,180,609,071	1,135,376,920
		<u>1,233,826,871</u>	<u>1,208,439,840</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		673,639,669	529,878,244
		798,639,669	654,878,244
Current Liabilities			
Short term borrowing	13	352,008,054	499,879,807
Trade and other payables	14	50,148,332	14,988,566
Directors' loan	15	22,577,530	22,577,530
Mark-up payable		10,453,286	16,115,692
		435,187,202	553,561,596
		<u>1,233,826,871</u>	<u>1,208,439,840</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, 2020

	Note	2020 Rupees	2019 Rupees
Commission income	16	39,681,368	20,510,482
Administrative expense	17	(45,784,418)	(35,020,622)
Operating (loss)		(6,103,050)	(14,510,140)
Financial charges	18	(50,644,862)	(53,760,817)
Other (loss)	19	(170,298,240)	(143,329,558)
Unrealized gain / (loss) on revaluation of investment		356,100,817	(397,843,588)
Unrealized gain - PSX		12,440,866	-
Profit / (loss) before taxation		141,495,531	(609,444,103)
Taxation	20	2,265,894	(12,167,159)
Profit / (loss) for the year		143,761,425	(621,611,262)
Statement of other comprehensive income			
Items that may be reclassified to profit and loss account subsequently		-	-
Total comprehensive income / (loss) for the year		143,761,425	(621,611,262)
Earnings / (loss) per share	21	11.50	(49.73)

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

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Chief Executive Officer



Director

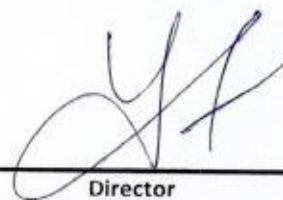
DJM SECURITIES LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up share capital	Unappropriated profit	Total
	----- Rupees -----		
Balance as at July 01, 2018	125,000,000	1,151,489,506	1,276,489,506
(Loss) for the year ended June 30, 2019	-	(621,611,262)	(621,611,262)
Other comprehensive income / (loss)	-	-	-
Total comprehensive (loss)	-	(621,611,262)	(621,611,262)
Balance as at June 30, 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 / (loss)	-	-	-
Total comprehensive income	-	143,761,425	143,761,425
Balance as at June 30, 2020	<u>125,000,000</u>	<u>673,639,669</u>	<u>798,639,669</u>

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Chief Executive Officer



Director

DJM SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	141,495,531	(609,444,103)
Adjustments for non cash items and other charges :		
Depreciation	2,023,212	2,368,992
Amortisation	9,968	14,239
Provision for doubtful debts	490,000,000	490,000,000
Appreciation in value of short term investments	(368,541,683)	397,843,588
Financial charges	50,644,862	53,760,817
	174,136,359	943,987,636
Operating profit before working capital changes	315,631,890	334,543,533
(Increase) / decrease in current assets		
Short term investment	372,854,312	362,200,195
Trade debts	(500,710,607)	(493,123,374)
Advances and other receivables	(93,498)	7,464,515
	(127,949,793)	(123,458,664)
Increase / (decrease) in current liabilities		
Trade and other payables	35,159,766	(3,135,884)
Directors' loan	-	(50,000,000)
Loan and advances	-	-
	35,159,766	(53,135,884)
Financial charges paid	(56,307,269)	(47,071,513)
Taxes paid	(3,581,190)	(12,453,379)
Net cash inflow from operating activities	162,953,404	98,424,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	-	(2,797,000)
Long term investment	10,811,941	-
Net cash inflow from / (used in) investing activities	10,811,941	(2,797,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term deposits	7,000,000	(1,490,000)
Net cash inflow / (used in) from financing activities	7,000,000	(1,490,000)
Net increase in cash and cash equivalents	180,765,345	94,137,093
Cash and cash equivalents at beginning of the year	(486,873,741)	(581,010,834)
Cash and cash equivalents at end of the year	22 (306,108,396)	(486,873,741)

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

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 Chief Executive Officer


 Director

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1. NATURE OF BUSINESS AND OPERATIONS

1.1 DJM Securities Limited (the Company) was incorporated in June 17, 2002 as a private limited company under the Companies Ordinance, 1984. 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.

1.2 Disclosure of impact of COVID - 19 Pandemic on Financial

The COVID – 19 pandemic has taken a toll on all economies around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators/ governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The SBP has also responded to the crisis by cutting the policy rate by 625 basis points since beginning of the year. However, there are no material implications of COVID - 19. Company has only faced the generalized impact by COVID - 19 on financial market of Pakistan as a whole.

2. 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 2.5 & 3
- Useful lives, residual values and amortization method of intangible assets – Note 2.6 & 4
- Provision for doubtful trade receivables – Note 2.8 & 8
- Current income tax expense and provision for current tax - Note 2.13 & 20

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 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

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a) **Standards, interpretations and amendments to approved accounting standards which became effective during the period**

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company's accounting periods beginning on or after January 01, 2020. These are considered either not to be relevant or do not have any significant impact on the Company's operations and therefore are not detailed in these financial statements.

i. **IFRS - 16 "Leases"**

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an arrangement contain a leases, SIC-15, Operating leases- Incentive, and SIC-27, Evaluating the substance of transaction involving the legal form of a lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (Short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-to-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from January 1, 2019, however the application of above standard does not have any impact on the company's Financial Reporting and, therefore, have not been presented in these Financial Statement.

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

The following new standards and amendments to approved accounting standards are not effective for the period ended June 30, 2020 and have not been early adopted by the Company:

IAS 1 Presentation of Financial Statements

Effective date: January 1, 2022

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.

2.3 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 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.

2.4 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.

2.5 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.

2.6 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.

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2.6.1 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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 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.

2.14 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.

2.15 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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3. PROPERTY, PLANT AND EQUIPMENT

	Office premises	Office equipment	Office furniture	Computer	Generator	Vehicles	Total
Rupees							
Year ended June 30, 2019							
Opening net book value	1,129,755	280,296	760,984	29,816	11,014	11,858,534	14,070,400
Additions (at cost)	-	-	-	-	-	2,797,000	2,797,000
Disposals	-	-	-	-	-	-	-
Depreciation charge	(56,488)	(28,029)	(76,098)	(8,945)	(1,101)	(2,198,330)	(2,368,992)
Net Book Value	1,073,267	252,267	684,886	20,871	9,913	12,457,204	14,498,408
As at June 30, 2019							
Cost	2,316,614	1,037,889	3,466,860	1,840,247	39,000	17,611,580	26,312,190
Accumulated depreciation	(1,243,347)	(785,622)	(2,781,974)	(1,819,376)	(29,087)	(5,154,376)	(11,813,782)
Net Book Value	1,073,267	252,267	684,886	20,871	9,913	12,457,204	14,498,408
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	(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
Annual rate depreciation	5%	10%	10%	30%	10%	15%	

4. INTANGIBLE ASSETS

	Note	2020 Rupees	2019 Rupees
Computer software	4.1	23,257	33,224
Trading Right Entitlement Certificate (TREC)	4.2	100,000	100,000
Membership card	4.3	250,000	250,000
		373,257	383,224

4.1 Computer software

Cost

Opening value	1,550,000	1,550,000
Addition during the year		

Less: Amortization

Opening value	1,516,775	1,502,537
Amortization for the year the year	9,968	14,239
Closing value	1,526,743	1,516,776

Written down value (WDV)

23,257	33,224
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Annual rate amortization (%)

30%	30%
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4.2 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).

4.3 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.

5. LONG TERM INVESTMENT	Note	2020 Rupees	2019 Rupees
Investment in Share of Pakistan Stock Exchange Limited		-	<u>10,811,941</u>
6. LONG TERM DEPOSITS			
Long term deposits	6.1	40,369,347	47,369,347
		<u>40,369,347</u>	<u>47,369,347</u>
6.1 Includes non interest bearing deposits under statutory obligations (NCCPL & CDC etc.)			
7. SHORT TERM INVESTMENT - fair value through profit and loss			
Investment in listed securities	7.1	<u>1,024,254,317</u>	<u>1,028,566,946</u>
7.1 Loss on re-measurement of investment at fair value through profit and loss - held for trading			
Market value		1,024,254,317	1,028,566,946
Cost of Investment		1,241,410,730	1,601,824,176
Fair value (loss) (unrealized)		<u>(217,156,413)</u>	<u>(573,257,230)</u>
8. TRADE DEBTS			
Trade debts - Considered good		28,540,135	17,829,528
Considered doubtful		490,000,000	490,000,000
		518,540,135	507,829,528
Less: Provision for doubtful debts		(490,000,000)	(490,000,000)
		<u>28,540,135</u>	<u>17,829,528</u>
9. ADVANCES AND OTHER RECEIVABLES			
Receivables from PSX/NCCPL		-	1,400,405
Other receivables		1,622,871	128,968
		<u>1,622,871</u>	<u>1,529,373</u>

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10. TAXATION - NET	2020 Rupees	2019 Rupees
Opening balance	74,445,007	74,158,786
Add: Paid / deducted during the year	3,581,188	12,453,380
	78,026,195	86,612,166
Less: Provision for taxation		
Current	3,479,521	12,349,461
Prior	(5,745,416)	(182,302)
	(2,265,895)	12,167,159
	<u>80,292,090</u>	<u>74,445,007</u>

11. CASH AND BANK BALANCES		
Cash in hand	14,049	11,812
Cash at banks:		
- Current accounts	45,868,989	12,977,634
- Saving accounts	16,620	16,620
	<u>45,899,658</u>	<u>13,006,066</u>

12. SHARE CAPITAL			
Authorized Share Capital			
<u>Number of Shares</u>			
2020	2019		
<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>			
2020	2019		
12,500,000	12,500,000		125,000,000 125,000,000
<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					
Name of Shares holders	2020	2019	2020	2019	
	<u>Percentage</u>		<u>Number of Shares</u>		
Dawood Jan Muhammad	-	66%	-	8,200,000	
Yaqoob Jan Muhammad	31%	31%	3,900,000	3,900,000	
Abdul Samad Dawood	22%	-	2,700,000	-	
Sumya Abdul Qadir	22%	-	2,700,100	-	
Maryam Dawood	22%	-	2,700,100	-	
Shanila Dawood	3%	-	319,900	-	
Faiza Yaqoob	1%	-	100,000	-	
Farida Jan Muhammad	1%	-	79,900	-	

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13. SHORT TERM BORROWING	Note	2020 Rupees	2019 Rupees
Bank Al Habib Limited	13.1	352,008,054	499,879,807
		<u>352,008,054</u>	<u>499,879,807</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	2020 Rupees	2019 Rupees
Trade payables		5,522,290	12,590,196
Accrued and other liabilities		44,626,042	2,398,370
		<u>50,148,332</u>	<u>14,988,566</u>

15. DIRECTORS' LOAN	Note	2020 Rupees	2019 Rupees
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	Note	2020 Rupees	2019 Rupees
Brokerage commission	16.1	39,681,368	20,510,482
		<u>39,681,368</u>	<u>20,510,482</u>

16.1 Brokerage commission

Gross brokerage commission	45,147,225	23,221,619
Less: Sales tax and FED	(5,465,857)	(2,711,137)
	<u>39,681,368</u>	<u>20,510,482</u>

17. ADMINISTRATIVE EXPENSE	Note	2020 Rupees	2019 Rupees
Director remuneration		2,160,000	3,110,000
Staff salary and benefits		8,799,788	8,872,036
Utilities		1,625,067	1,669,052
Auditors' remuneration	17.1	240,800	240,800
Rent, rate and taxes		1,309,270	340,927
Entertainment		318,300	350,400
Printing and stationery		62,243	17,000
Travelling and conveyance		3,791,030	2,340,869
Repair and maintenance expense		369,493	293,784
Fee and subscription charges		7,706,875	5,649,189
Donation	17.2 & 17.3	15,270,000	7,550,000
Legal and professional charges		402,900	15,450
Depreciation and amortization	4 & 5.1	2,033,180	2,383,231
Miscellaneous expenses		1,695,472	2,187,884
		<u>45,784,418</u>	<u>35,020,622</u>

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17.1 Auditors' Remuneration	2020 Rupees	2019 Rupees
Audit services		
Audit fee	230,000	230,000
Out of pocket expenses	10,800	10,800
	<u>240,800</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, memon health and education foundation and the indus hospital.

17.3 None of the directors or their spouses had any interest in the donees.

18. FINANCIAL CHARGES	2020 Rupees	2019 Rupees
Mark-up on bank overdraft	50,509,120	53,539,454
Bank charges	135,742	221,363
	<u>50,644,862</u>	<u>53,760,817</u>

19. OTHER LOSS		
Profit on bank saving accounts	-	261
Capital (loss) on sale of investment	(195,999,265)	(188,722,985)
Dividend income	25,701,025	45,393,166
	<u>(170,298,240)</u>	<u>(143,329,558)</u>

20. TAXATION		
Current for the year	3,479,521	12,349,461
Prior year charge	(5,745,415)	(182,302)
	<u>(2,265,894)</u>	<u>12,167,159</u>

21. EARNINGS / (LOSS) PER SHARE		
Profit / (loss) for the year	143,761,425	(621,611,262)
Weighted average number of ordinary shares	12,500,000	12,500,000
Earnings / (loss) per share	<u>11.50</u>	<u>(49.73)</u>

22. CASH AND CASH EQUIVALENT		
Cash and bank balances	45,899,658	13,006,066
Bank overdraft	(352,008,054)	(499,879,807)
	<u>(306,108,396)</u>	<u>(486,873,741)</u>

23. PLEDGE SECURITIES	No. of Securities	Value
Pledged to financial institutions on behalf of brokerage house	33,009,400	867,062,008
Pledged to financial institutions on behalf of Clients	5,153,000	125,064,615

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24. CUSTOMERS ASSETS HELD IN CDC

The house holds approx 57.4 million securities of his clients in the clients CDC sub accounts having fair value of Rs. 1.5 billion.

25. REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	CHIEF EXECUTIVE		DIRECTORS	
	2020	2019	2020	2019
	----- Rupees -----			
Managerial remuneration	800,000	1,000,000	640,000	1,073,333
House rent allowance	320,000	400,000	256,000	429,333
Utilities	80,000	100,000	64,000	107,333
	1,200,000	1,500,000	960,000	1,610,000
Number of persons	1	1	1	2

26. NUMBER OF EMPLOYEES

The number of employees as at June 30, 2020 were 20 (2019: 20) and average number of employees are 18 and (2019: 20).

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	2020 Rupees	2019 Rupees
Dawood Jan Muhammad Director	0%	Vehicle purchase	-	2,797,000
		Loan provided during the year	-	-
		Repayment of loan during the year	-	50,000,000
		Loan Payable due at the year end	-	-
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			2020 Total
Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total	

----- 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
Long term investment	-	-	-	-	-	-	-
At amortized cost							
Long term deposits	-	-	-	-	40,369,347	40,369,347	40,369,347
Trade debts	-	-	-	28,540,135	-	28,540,135	28,540,135
Receivables	-	-	-	1,622,871	-	1,622,871	1,622,871
Cash and bank balances	-	16,620	16,620	45,883,038	-	45,883,038	45,899,658
	-	16,620	16,620	1,100,300,361	40,369,347	1,140,669,708	1,140,686,328

Financial Liabilities

At amortised cost

Short term borrowing	352,008,054	-	352,008,054	-	-	-	352,008,054
Trade and other payables	-	-	-	50,148,332	-	50,148,332	50,148,332
Directors' loan	-	-	-	22,577,530	-	22,577,530	22,577,530
Mark-up payable	10,453,285	-	10,453,285	-	-	-	10,453,285
	362,461,339	-	362,461,339	72,725,862	-	72,725,862	435,187,202

Mark-up bearing			Non-Mark-up bearing			2019 Total
Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total	

----- Rupees -----

Financial Assets at fair value through profit or loss

Short term investment	-	-	-	1,028,566,946	-	1,028,566,946	1,028,566,946
Long term investment	-	-	-	-	10,811,941	10,811,941	10,811,941
At amortized cost							
Long term deposits	-	-	-	-	47,369,347	47,369,347	47,369,347
Trade debts	-	-	-	17,829,528	-	17,829,528	17,829,528
Receivables	-	-	-	1,529,373	-	1,529,373	1,529,373
Cash and bank balances	16,620	-	16,620	12,989,446	-	12,989,446	13,006,066
	16,620	-	16,620	1,060,915,293	58,181,288	1,119,096,581	1,119,113,202

Financial Liabilities

At amortised cost

Short term borrowing	499,879,807	-	499,879,807	-	-	-	499,879,807
Trade and other payables	-	-	-	14,988,566	-	14,988,566	14,988,566
Directors' loan	-	-	-	22,577,530	-	22,577,530	22,577,530
Mark-up payable	16,115,692	-	16,115,692	-	-	-	16,115,692
	515,995,499	-	515,995,499	37,566,096	-	37,566,096	553,561,595

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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.

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, 2018 and 2017 was as follows:

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	2020 Rupees	2019 Rupees
Total borrowings	352,008,054	499,879,807
Paid up capital	125,000,000	125,000,000
Unappropriated profit	529,878,243	529,878,244
	654,878,243	654,878,244
Gearing ratio	35%	43%

31. CAPITAL ADEQUACY LEVEL

Total assets	1,233,826,871	1,208,439,840
Less: Total liabilities	(435,187,202)	(553,561,596)
Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	798,639,669	654,878,244

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, 2020 as determined by Pakistan Stock Exchange has been considered.

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:

DESCRIPTION	VALUATION	Note	2020 RUPEES
CURRENT ASSETS			
Cash and bank balances	As per book value	32.1	45,899,658
Trade receivables	Book value less overdue for more than 14 days	32.2	13,407,727
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount	32.3	839,946,682
Securities purchased for client		32.4	-
PIBS	Marked to market less 5% discount		-
			899,254,067
CURRENT LIABILITIES			
Trade payables	Book value less overdue for more than 30 days	32.4	37,675,744
Other payables	As per book values	32.5	397,511,458
			435,187,202
Net capital balance as at June 30, 2020			464,066,865

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	2020
	RUPEES
32.1 Cash and bank balances	
Cash in hand	14,049
Bank balance pertaining to clients	44,626,041
Bank balance pertaining to brokerage house	1,259,568
	<u>45,899,658</u>
32.2 Trade Receivables	
Aging of trade receivables	
Total receivables	28,540,135
Outstanding for more than 14 days	(15,132,408)
Balance generated within 14 days and/or not year due	<u>13,407,727</u>
32.3 Investment in listed securities in the name of brokerage house	
Investment in shares	988,172,567
Less: 15% Discount	(148,225,885)
	<u>839,946,682</u>
32.4 Trade Payables	
Book value	44,626,042
Less: overdue for more than 30 days	(6,950,298)
	<u>37,675,744</u>
32.5 Other Payables	
Accrued and other liabilities	390,561,160
Trade payables more than 30 days	6,950,298
<i>hi</i>	<u>397,511,458</u>

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	12,475,196	100%	-
1.2	Intangible Assets	373,257	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.	-	-	-
	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.	1,024,254,317	183,471,517	840,782,800
	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.	-	-	-
	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)	-	-	-
1.5				
1.6	Investment in subsidiaries	-	-	-
	Investment in associated companies/undertaking			
	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.	-	-	-
1.7				
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.	7,500,000	-	7,500,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	31,259,347	100%	-
	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
	Amounts receivable against Repo financing.	-	-	-
1.14	Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	ii. Receivables other than trade receivables	81,914,961	100%	-
	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 M&M gains.	-	-	-
1.16	claims on account of entitlements against trading of securities in all markets including M&M gains.	-	-	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (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>	28,540,135	11,011,587	11,011,587
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	-	-
	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>	-	-	-
1.17	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>	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	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. v. Lower of net balance sheet value or value determined through adjustments	-	-	-
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-
1.18	Cash and Bank balances			
	i. Bank Balance -proprietary accounts	1,259,568	-	1,259,568
	ii. Bank balance-customer accounts	44,626,041	-	44,626,041
	iii. Cash in hand	14,049	-	14,049
1.19	Total Assets	1,233,826,871	194,483,109	905,194,045
2.	Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	44,626,043	-	44,626,043
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	15,975,575	-	15,975,575
	iii. Short-term borrowings	352,008,054	-	352,008,054
	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	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	22,577,530	-	22,577,530
2.3	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	-	-	-
	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	-	-	-
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 or 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	435,187,202	-	435,187,202
3.	Ranking Liabilities Relating to			
3.1	Concentration in Margin Financing			
	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.	-	-	-
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 110% of the market value of shares borrowed	-	-	-

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	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	-	-	-
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 cuurrency 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 requiremnets in respect of open postions 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. Incase 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. Incase 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 Liabilites	-	-	-

798,639,669 Liquid Capital 470,006,843

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)

905,194,045

(ii) Less: Adjusted value of liabilities (serial number 2.5)

(435,187,202)

(iii) Less: Total ranking liabilities (series number 3.11)

470,006,843

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 2020 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.

Handwritten mark



Chief Executive Officer



Director