AUDITED FINANCIAL STATEMENTS
OF
FDM CAPITAL SECURITIES
(PRIVATE) LIMITED
FOR THE YEAR ENDED
JUNE 30, 2023

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD

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INDEPENDENT AUDITORS' REPORT

To the members of FDM Capital Securities (Private) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **M/s. FDM Capital Securities (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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.

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Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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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 scepticism 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;

- 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; and

- 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.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani**.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: **October 11, 2023**
UDIN: **AR202310210yfYEMkwmT**

FDM CAPITAL SECURITIES (PRIVATE) LIMITED
TREC HOLDER/BROKER
Pakistan Stock Exchange Limited
(Formally Karachi Stock Exchange Limited)

FDM Capital Securities (Pvt) Ltd
Head Office: Suite No. 620-621,
6th Floor, Stock Exchange Building,
Off. I.I. Chundrigar Road,
Karachi-Pakistan.
Phone : 021-32427176, 021-32275157

DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with audited financial statements of the Company for the financial year ended June 30, 2023. The working results of the company for the said financial year are given as under:

Financial Results:	**Rupees**
Operating Revenue	52,553,049
Operating expenses	(71,025,805)
Other expenses	(1,320,731)
Operating Profit/(Loss)	(19,793,487)
Financial Charges	(2,604,999)
Other Income	15,813,520
Profit/(Loss) before taxation	(6,584,966)
Taxation	(1,712,445)
Profit/(Loss) after taxation	(8,297,411)

Equity Market Review:

KSE100 Index closed relatvely flat during FY23, with the index falling cumulatvely by 179 ppts to end at 41,453 points, decline of 0.21%YoY during the period. The index remained relatvely volatle during the period, with highs and lows stayed between 43,677 (17th Aug'22) and 38,342 points (17th Jan'23). Average traded volume for the bourse during FY23 stood at 274mn shares per day, marking a decline of 33%YoY vs. the year before. The year was characterized by a combinaton of economic, politcal, and exogenous challenges. Overall, market capitalizaton of the KSE100 index fell by 8.6%/34.5% in rupee/US$ terms, to presently stand at PkR6.36tn and US$22.24bn, respectvely. On the currency front, PkR closed at PkR286/US$, reflectng a downgrade of 39.6%YoY from PkR204.8/US$ from June'22 end.

Future Prospects:

The future prospects of the Company are thoroughly promising on account of the Management's efforts towards continuing to increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes from its existing clientele as well as prospective foreign and domestic clients by expanding and growing relationships with them through the Company's premium suite of services.

Appointment of External Auditors:

The retiring auditor's M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for reappointment for the financial year ended June 30, 2024, subject to approval by the members in the forthcoming annual general meeting.

MUHAMMAD FAROOQ
Chief Executive Officer

FDM CAPITAL SECURITIES (PRIVATE) LIMITED FDM K-094

MUHAMMAD MUNIR
Director

Dated: October 07, 2023

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Compliance Report with the corporate financial reporting framework

This is to certify that M/s **FDM Capital Securities (Private) Limited** has obtained necessary [permission/ license/approval] from Securities and Exchange Commission of Pakistan to undertake the business activities as authorized in its memorandum of association, and that the company is compliant with the conditions contained in [permission/license/approval] to carry on the business activities imposed by Securities and Exchange Commission of Pakistan for the year ended June 30, 2023.

It is further certified that there are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities market laws.

FDM

Mr. Muhammad Farooq
Chief Executive Officer
Date: October 07, 2023

FDM CAPITAL SECURITIES (PRIVATE) LIMITED FDM K-094

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Statement of Compliance with Code of Corporate Governance for Securities Broker Regulations 2016

FDM Capital Securities (Private) Limited
June 30, 2023

The company has complied with the requirements of the Regulations in the followingmanner:

1. Board of Directors

a) The Company has established an effective Board of Directors which is responsible for ensuring long term success, and for monitoring and evaluating the management's performance. The Board of Directors is fully aware with the complexity of the business of the Company. At present the following are the executive directors of the company:

i)	Mr. Muhammad Farooq	Executive Director/CEO
ii)	Mr. Muhammad Munir	Executive Director

2. Responsibilities, power and functions of Board of Directors

The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. The Board has devised the policy which intended to encourage all stakeholders including employees and others to report suspected or actual occurrence of illegal, unethical or inappropriate events without retribution. The board has appointed Chief Executive Officer to lead the management team, and exercise executive authority over operations of the company. There is no any casual vacancy occurred on the board to intimate Securities Exchange.

3. Meetings of the Board

a) The Board meets on yearly and half yearly basis.
b) The Board ensures that the minutes of the meetings are appropriately recorded.

4. Board committees

The Board has formed the following committees comprising of members given below:

a. Audit Committee
- Mr. Muhammad Munir-Chairman
- Mr. Muhammad Farooq-Member

b. Human Resource Committee
- Mr. Muhammad Farooq-Chairman
- Mr. Muhammad Munir-Member

Corporate Office: Suite No. 506 5th Floor, Emerald Tower, Near 2 Talwar, Clifton, Block - 5, Karachi.
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5. Appointment of senior management officers

The Company has appointed appropriate and suitable qualified management team for its operations.

6. Awareness program of directors

One Director has obtained certificates as per the requirements of regulatory certifications.

7. Auditors

The Company has appointed Statutory Auditors from category "A" of the State Bank of Pakistan's panel of Auditors.

8. Related party transactions

The details of all related party transactions are placed before the Board for review and approval.

9. Corporate and financial reporting frame work

a) Financial Statement of the Company are prepared within the stipulated time which shall be submitted to related authorities. The Annual Report contains:

i) Annual audited financial statements
ii) Directors' Report;
iii) A statement by the CEO that there are no transactions entered into by the broker during the year, which are fraudulent, illegal or in violation of any securities market laws.

b) The half yearly and annual financial statements are approved by board and CEO.

c) The directors report is prepared as required by section 226 of the Companies Act, 2017.

FDM CAPITAL SECURITIES (PRIVATE) LIMITED FDM K-094

Mr. Muhammad Farooq
Chief Executive Officer
Date: October 07, 2023

FDM Capital Securities (Private) Limited

Statement of Financial Position

As at June 30, 2023

ASSETS	Note	2023	2022
		Rupees	
Non-current assets			
Property and equipment	4	**24,073,230**	23,403,794
Intangible assets	5	**3,500,000**	3,500,000
Long term deposits and advances	6	**4,000,000**	4,000,000
		31,573,230	30,903,794
Current assets			
Trade debts	7	**54,104,794**	50,263,412
Short term investments	8	**125,906,538**	150,407,183
Deposits, loans and other receivables	9	**37,560,866**	19,588,330
Income tax refundable	10	**6,321,904**	3,965,595
Cash and bank balances	11	**129,598,240**	154,226,160
		353,492,342	378,450,680
Total assets		**385,065,572**	409,354,474
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	12	**150,000,000**	150,000,000
Issued subscribed and paid up capital	12	**139,000,000**	139,000,000
Capital reserve			
Capital contribution from directors		**5,900,852**	5,900,852
Revenue reserve			
Unappropriated profits		**119,230,633**	127,528,044
		264,131,485	272,428,896
Non-current liabilities			
Loans from directors	13	**-**	-
Current liabilities			
Trade and other payables	14	**117,747,655**	105,921,862
Current maturity of loans from directors	13	**2,500,000**	30,905,342
Payable to provident fund		**686,432**	98,374
Markup accrued		**-**	-
		120,934,087	136,925,578
Contingencies and commitments	15		-
Total equity and liabilities		**385,065,572**	409,354,474

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

FDM K-094 CAPITAL SECURITIES (PRIVATE) LIMITED

Director

FDM Capital Securities (Private) Limited

Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023	2022
		Rupees	
Commission revenue	*16*	**47,348,026**	69,575,157
Income / (loss) from investments - net	*17*	**5,205,023**	(43,356,055)
		52,553,049	26,219,102
Administrative expenses	*18*	**(71,025,805)**	(72,975,895)
Other expenses	*19*	**(1,320,731)**	(2,160,050)
Other income	*20*	**15,813,520**	6,797,207
		(56,533,016)	(68,338,738)
Finance costs	*21*	**(2,604,999)**	(2,859,805)
Loss before taxation		**(6,584,966)**	(44,979,441)
Taxation	*22*	**(1,712,445)**	(2,473,434)
Loss after taxation		**(8,297,411)**	(47,452,875)

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

FDM Capital Securities (Private) Limited

Statement of Comprehensive Income
For the year ended June 30, 2023

	2023	2022
	Rupees	
Loss after taxation	**(8,297,411)**	**(47,452,875)**
Other comprehensive income	-	-
Total comprehensive loss for the year	**(8,297,411)**	**(47,452,875)**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

FDM CAPITAL SECURITIES (PRIVATE) LIMITED FDM K-094

Director

FDM Capital Securities (Private) Limited

Statement of Cash Flows

For the year ended June 30, 2023

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		Rupees	
Loss before taxation		(6,584,966)	(44,979,441)
Adjustment for non-cash and other items:			
- Depreciation on property and equipment	4	5,104,464	4,519,303
- Trade debts written off	19	440,510	1,610,290
- Profit on saving accounts	20	(9,975,429)	(1,404,217)
- Profit on deposits placed with NCCPL / PSX	20	(1,650,990)	(1,228,954)
- Reversal of provision against expected credit losses	20	(592,249)	-
- Rental income	20	(80,000)	(480,000)
- Gain on sale of operating fixed assets	20	-	(378,467)
- Finance costs	21	2,604,999	2,859,805
Cash used in operating activities before working capital changes		(10,733,661)	(39,481,681)
Effects of working capital changes			
(Increase) / decrease in current assets			
- Trade debts		(3,689,643)	21,555,031
- Short term investments		24,500,645	46,652,753
- Deposits, loans and other receivables		(16,689,349)	53,580,911
Increase / (decrease) in current liabilities			
- Trade and other payables		11,825,793	(72,713,275)
- Payable to provident fund		588,058	98,374
		16,535,504	49,173,794
Cash generated from operations		5,801,843	9,692,113
Income tax paid		(4,068,754)	(2,917,748)
Finance costs paid		(10,341)	(43,683)
Long term deposits placed		-	-
Net cash generated from operating activities		1,722,748	6,730,682
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(5,773,900)	(23,656,705)
Proceeds from sale of operating fixed assets		-	9,137,000
Profit received on saving accounts		8,531,435	1,174,507
Profit received on deposits placed with NCCPL / PSX		1,531,797	1,063,968
Rental income received		360,000	200,000
Net cash generating from / (used in) investing activities		4,649,332	(12,081,230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan paid to directors		(31,000,000)	-
Net cash generated from investing activities		(31,000,000)	-
Net decrease in cash and cash equivalents		(24,627,920)	(5,350,548)
Cash and cash equivalents at the beginning of the year		154,226,160	159,576,708
Cash and cash equivalents at the end of the year		129,598,240	154,226,160

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

CAPITAL SECURITIES (PRIVATE) LIMITED FDM K-094

Director

FDM Capital Securities (Private) Limited

Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid up capital	Unappropriated profits	Capital contribution from a Director	Total
	Rupees			
Balance as at June 30, 2021 (restated)	139,000,000	174,980,919	5,900,852	317,458,159
Total comprehensive income for the year ended June 30, 2022				
- Loss after taxation	-	(47,452,875)	-	(47,452,875)
- Other comprehensive income	-	-	-	-
	-	(47,452,875)	-	(47,452,875)
Balance as at June 30, 2022	**139,000,000**	**127,528,044**	**5,900,852**	**270,005,284**
Total comprehensive income for the year ended June 30, 2023				
- Loss after taxation	-	**(8,297,411)**	-	**(8,297,411)**
- Other comprehensive income	-	-	-	-
	-	**(8,297,411)**	-	**(8,297,411)**
Capital contribution	-	-	-	-
Balance as at June 30, 2023	**139,000,000**	**119,230,633**	**5,900,852**	**261,707,873**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

1. INTRODUCTION

1.1 **FDM Capital Securities (Private) Limited** ('the Company') was incorporated in Pakistan on July 29, 2001 as a private limited company under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). The Company is a Trading Rights Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and is categorized as a 'Trading and Self-Clearing' broker under the Securities and Exchange Commission of Pakistan (SECP). The Company is also a member of Pakistan Mercantile Exchange Limited (PMEX).

The principal activities of the Company are investments, share brokerage and Initial Public Offer (IPO) underwriting.

1.2 The address of all business units of the Company are as follows:

Registered Office:

The registered office of the Company is situated at Room Nos. 620-621, Stock Exchange Building, Stock Exchange Road, Karachi.

Branch Office:

The Branch office of the Company is situated at Suit No. 506, 5th Floor, Emerald Tower, Near 2 Talwar, Block-5, Clifton, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments in equity instruments and mutual funds which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

2.4 Use of estimates and judgments

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

(a) Useful lives and residual values of property and equipment
(b) Effective interest rate use to determine the present value of future cash flows of long term loan from director.
(c) Provision for taxation

2.5 New Accounting Pronouncements

2.5.1 *New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:*

(a) IAS 37 -Onerous contracts — **Effective date: January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 - Proceeds before an asset's intended use — **Effective date: January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

(a) IAS 1 - Disclosure of accounting policies — **Effective date: January 01, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(b) **IAS 8 - Definition of accounting estimates** **January 01, 2023**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

Effective date:
(c) **IAS 12 - Deferred tax** **January 01, 2023**

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

Effective date:
(d) **IAS 1 - Classification of liabilities as current or non current** **January 01, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

Effective date:
(e) **IFRS 16 - Sale and leaseback transaction** **January 01, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

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.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

3.2 Intangible assets

Trading Right Entitlement Certificate (TREC) and Membership card of PMEX

The useful lives of these assets are indefinite and hence, no amortization is charged by the Company.

These are stated at cost less impairment, if any. The carrying amount is reviewed at each reporting 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.

3.3 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

3.4 Cash and cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and bank balances.

3.5 Taxation

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized only to the extent that the entity has sufficient taxable temporary differences or their is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Provisions and contingent liabilities

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognized for future operating losses.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.7 Financial assets

3.7.1 *Initial recognition, classification and measurement*

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost.
(b) fair value through other comprehensive income (FVOCI).
(c) fair value through profit or loss (FVTPL).

(a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) *Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.7.2 ***Subsequent measurement***

(a) *Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognized in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss.

Dividends received from investments measured at fair value through profit or loss are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be

3.7.3 *Impairment*

The Company recognizes a loss allowance for expected credit losses in respect of financial assets measured at amortized cost.

For trade debts , the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognizes in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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

3.7.4 *De-recognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.8 **Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.9 **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

3.10 Revenue

Revenue from trading activities - brokerage commission

Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of settlement of the transaction by the clearing house.

3.11 Other income

Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4. PROPERTY AND EQUIPMENT

	Office premises	Furniture and fixtures	Office equipment	Vehicles	Computers	Total
			Rupees			
At June 30, 2021						
Cost	30,731,465	2,383,684	3,040,039	10,665,629	6,336,600	53,157,417
Accumulated depreciation	(25,424,805)	(387,963)	(1,637,541)	(7,070,617)	(5,611,566)	(40,132,492)
Net book value	5,306,660	1,995,721	1,402,498	3,595,012	725,034	13,024,925
Movement during the year ended June 30, 2022						
Opening net book value	5,306,660	1,995,721	1,402,498	3,595,012	725,034	13,024,925
Additions	-	-	69,660	22,677,000	910,045	23,656,705
Disposals:						
- Cost	-	-	-	(16,546,629)	-	(16,546,629)
- Accumulated depreciation	-	-	-	7,788,096	-	7,788,096
	-	-	-	(8,758,533)	-	(8,758,533)
Depreciation charge	(530,666)	(199,572)	(146,336)	(3,252,206)	(390,523)	(4,519,303)
Closing net book value	4,775,994	1,796,149	1,325,822	14,261,273	1,244,556	23,403,794
At June 30, 2022						
Cost	30,731,465	2,383,684	3,109,699	16,796,000	7,246,645	60,267,493
Accumulated depreciation	(25,955,471)	(587,535)	(1,783,877)	(2,534,727)	(6,002,089)	(36,863,699)
Net book value	4,775,994	1,796,149	1,325,822	14,261,273	1,244,556	23,403,794
Movement during the year ended June 30, 2023						
Opening net book value	4,775,994	1,796,149	1,325,822	14,261,273	1,244,556	23,403,794
Additions	-	-	-	5,656,000	117,900	5,773,900
Disposals:						
- Cost	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-
	-	-	-		-	-
Depreciation charge	(477,600)	(179,615)	(132,582)	(3,927,669)	(386,998)	(5,104,464)
Closing net book value	4,298,394	1,616,534	1,193,240	15,989,604	975,458	24,073,230
At June 30, 2023						
Cost	30,731,465	2,383,684	3,109,699	22,452,000	7,364,545	66,041,393
Accumulated depreciation	(26,433,071)	(767,150)	(1,916,459)	(6,462,396)	(6,389,087)	(41,968,163)
Net book value	4,298,394	1,616,534	1,193,240	15,989,604	975,458	24,073,230
Annual rates of depreciation	10%	10%	10%	20%	30%	

5. INTANGIBLE ASSETS

	Note	2023	2022
		Rupees	
Trading Rights Entitlement (TRE) Certificate			
Cost		**8,170,850**	8,170,850
Less: Accumulated Impairment		**(5,670,850)**	(5,670,850)
	5.1	**2,500,000**	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		**1,000,000**	1,000,000
		3,500,000	3,500,000

5.1 Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Company received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Pakistan Stock Exchange Limited (PSX). This is being carried at cost less accumulated impairment computed based on the notional value of the TREC as notified by PSX.

6. LONG TERM DEPOSITS AND ADVANCES

	Note	2023	2022
		Rupees	
Trading deposits			
- National Clearing Company of Pakistan Limited	6.1	**1,400,000**	1,400,000
- Central Depository Company of Pakistan Limited		**100,000**	100,000
		1,500,000	1,500,000
Advances			
- Pakistan Mercantile Exchange Limited (PMEX)	6.2	**2,500,000**	2,500,000
		4,000,000	4,000,000

6.1 These includes basic deposits and security deposits (including the security deposit relating to DFC market).

6.2 This represent an advance made to Pakistan Mercantile Exchange Limited (PMEX) for acquiring an office space at NCEL Building Project.

7. TRADE DEBTS

	Note	2023	2022
		Rupees	
Trade receivables - gross	7.1	**55,633,659**	52,384,526
Less: Provision against expected credit losses	7.3	**(1,528,865)**	(2,121,114)
		54,104,794	50,263,412

7.1 These receivables include Rs. 16.112 million (2022: Rs.0.319 million) due from the related parties. The maximum aggregate amount outstanding during the year from such parties (with reference to month-end balances) amounted to Rs. 135.048 million (2022: Rs. 13.755 million).

7.2 As of the reporting date, the Company held equity securities having fair value of Rs. 931.441 million (2022: Rs. 882.514 million) owned by its clients, as collaterals against trade debts.

7.3 Movement in provision against expected credit losses

	Note	2023	2022
		Rupees	
Balance at the beginning of the year		**2,121,114**	2,121,114
Reversed during the year	20	**(592,249)**	-
Balance at the end of the year		**1,528,865**	2,121,114

8	SHORT TERM INVESTMENTS - At fair value through profit or loss	Note	2023	2022
			Rupees	
	Investment in equity securities			
	- Quoted equity securities	*8.1*	**122,444,209**	146,747,799
	- Unquoted equity securities	*8.2*	**1,473,014**	1,473,014
			123,917,223	148,220,813
	Units of mutual funds	*8.3*	**1,989,315**	2,186,370
			125,906,538	150,407,183

8.1 Investment in quoted equity securities

2023	2022	Name of Investee	Scrip Symbol	2023	2022
Number of shares				Market value in Rupees	
28,750	25,000	ASKARI BANK LIMITED	AKBL	**372,600**	435,750
2,500	-	ATTOCK PETROLEUM LIMITED	APL	**750,625**	-
25,587	25,000	AISHA STEEL MILLS LIMITED	ASL	**138,170**	276,250
10,000	10,000	AISHA STEEL MILLS LIMITED - PREFERENCE SHARES	ASLPS	**164,200**	132,700
-	25,000	AMRELI STEELS LIMITED	ASTL	**-**	586,000
23,000	33,750	AVANCEON LIMITED	AVN	**1,012,920**	2,629,463
50,000	50,000	BANK ALFALAH LIMITED	BAFL	**1,522,000**	1,600,000
50,000	50,000	BANK AL HABIB LIMITED	BAHL	**2,161,000**	2,903,000
10,000	10,000	BECO STEEL LIMITED	BECO	**80,000**	168,700
50,000	25,000	BANKISLAMI PAKISTAN LIMITED	BIPL	**888,000**	301,000
-	56,250	THE BANK OF PUNJAB	BOP	**-**	304,875
-	20,000	BESTWAY CEMENT LIMITED	BWCL	**-**	2,539,600
22,000	22,000	CENTURY INSURANCE COMPANY LIMITED	CENI	**352,000**	374,000
25,000	25,120	CHERAT CEMENT COMPANY LIMITED	CHCC	**3,007,000**	2,337,165
100,000	5,000	CNERGYICO PK LIMITED	CNERGY	**284,000**	26,700
28,912	25,033	CHERAT PACKAGING LIMITED	CPPL	**2,815,740**	2,826,726
20,000	10,000	CRESCENT STEEL & ALLIED PRODUCTS LIMITED	CSAP	**430,000**	416,700
50,000	-	DESCON OXYCHEM LIMITED	DOL	**1,211,000**	-
25,000	25,000	ENGRO FERTILIZERS LIMITED	EFERT	**2,063,250**	2,216,000
50,000	50,000	ENGRO POLYMER & CHEMICALS LIMITED	EPCL	**2,112,500**	3,981,500
25,000	25,000	ENGRO POWERGEN QADIRPUR LIMITED	EPQL	**570,000**	564,250
75,000	-	FAYSAL BANK LIMITED	FABL	**1,513,500**	-
100,000	100,000	FAUJI CEMENT COMPANY LIMITED	FCCL	**1,176,000**	1,417,000
25,000	25,000	FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED	FCEPL	**1,475,750**	1,707,000
100,000	100,000	FAUJI FERTILIZER BIN QASIM LIMITED	FFBL	**1,178,000**	2,024,000
50,000	50,000	FAUJI FERTILIZER COMPANY LIMITED	FFC	**4,922,000**	5,511,000
25,000	25,000	FAUJI FOODS LIMITED	FFL	**143,500**	165,750
5,000	5,000	GADOON TEXTILE MILLS LIMITED	GADT	**1,217,250**	1,350,000
30,000	25,000	GUL AHMED TEXTILE MILLS LIMITED	GATM	**534,300**	845,250
30	28	GHANI GLOBAL HOLDINGS LIMITED	GGL	**296**	462
47,997	40,300	GHANI GLASS LIMITED	GHGL	**1,223,924**	1,645,449
10,000	20,000	GLAXOSMITHKLINE PAKISTAN LIMITED	GLAXO	**753,700**	2,498,600
-	15,000	GHANDHARA TYRES & RUBBER COMPANY LIMITED	GTYR	**-**	510,150
100,000	-	HASCOL PETROLEUM LIMITED	HASCOL	**555,000**	-
25,000	25,000	HI-TECH LUBRICANTS LIMITED	HTL	**530,750**	991,250
50,000	50,000	THE HUB POWER COMPANY LIMITED	HUBC	**3,479,000**	3,408,500
-	50,000	HUM NETWORK LIMITED	HUMNL	**-**	356,000
11,023	10,021	IBL HEALTHCARE LIMITED	IBLHL	**358,799**	520,992
-	8,750	ICI PAKISTAN LIMITED	ICI	**-**	6,339,813
5,750	5,750	IGI HOLDINGS LIMITED	IGIHL	**483,115**	636,813

2023	2022	Name of Investee	Scrip Symbol	2023	2022
Number of shares				Market value in Rupees	
37,500	50,000	INTERLOOP LIMITED	ILP	1,322,250	3,050,000
10,000	10,000	INTERNATIONAL INDUSTRIES LIMITED	INIL	732,400	1,037,300
25,000	25,000	INTERNATIONAL STEELS LIMITED	ISL	1,013,250	1,484,000
250,000	850,000	K-ELECTRIC LIMITED	KEL	430,000	2,584,000
25,000	25,000	KOHAT CEMENT COMPANY LIMITED	KOHC	4,336,750	3,253,250
8,500	-	LUCKY CORE INDUSTRIES LIMITED	LCI	5,135,190	-
100,000	125,000	LOTTE CHEMICAL PAKISTAN LIMITED	LOTCHEM	2,752,000	2,952,500
9,000	8,255	MARI PETROLEUM COMPANY LIMITED	MARI	13,631,760	14,361,554
15,000	15,000	MCB BANK LIMITED	MCB	1,717,050	1,844,700
50,000	25,000	MAPLE LEAF CEMENT FACTORY LIMITED	MLCF	1,416,500	683,750
-	3,000	MILLAT TRACTORS LIMITED	MTL	-	2,617,770
50,000	50,000	MUGHAL IRON AND STEEL INDUSTRIES LTD	MUGHAL	2,422,000	2,882,000
25,000	25,000	NATIONAL BANK OF PAKISTAN	NBP	487,000	698,750
25,000	25,000	NISHAT (CHUNIAN) LIMITED	NCL	507,500	1,119,750
69,531	50,000	NISHAT CHUNIAN POWER LIMITED	NCPL	1,161,168	745,500
-	10,000	NETSOL TECHNOLOGIES LIMITED	NETSOL	-	997,400
10,000	-	NISHAT MILLS LIMITED	NML	567,700	-
50,000	50,000	NISHAT POWER LIMITED	NPL	847,500	975,000
28,750	25,000	OCTOPUS DIGITAL LIMITED	OCTOPUS	1,074,961	1,782,750
25,000	10,000	OIL & GAS DEVELOPMENT COMPANY LIMITED	OGDC	1,950,000	786,700
10,001	10,001	PAKISTAN ALUMINIUM BEVERAGE CANS LIMITED	PABC	452,245	315,332
-	25,000	PAK ELEKTRON LIMITED	PAEL	-	397,250
-	2,502	PAKISTAN OXYGEN LIMITED	PAKOXY	-	316,503
-	30,000	PAKISTAN REINSURANCE COMPANY LIMITED	PAKRI	-	262,500
500	-	PAKISTAN INTERNATIONAL AIRLINES CORP	PIAA	1,680	-
100,000	100,000	PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED	PIBTL	411,000	602,000
25,000	25,000	PIONEER CEMENT LIMITED	PIOC	2,165,750	1,508,250
100,000	100,000	PAKGEN POWER LIMITED	PKGP	4,461,000	1,849,000
7,500	7,500	PACKAGES LIMITED	PKGS	2,917,050	2,991,450
-	7,500	PAKISTAN NATIONAL SHIPPING CORPORATION	PNSC	-	361,950
4,000	-	PAKISTAN OILFIELDS LIMITED	POL	1,607,080	-
10,000	10,000	PAKISTAN PETROLEUM LIMITED	PPL	591,400	675,100
1,652,953	1,652,953	PAKISTAN STOCK EXCHANGE LIMITED	PSX	12,231,852	16,909,709
24,600	24,600	PANTHER TYRES LIMITED	PTL	495,936	797,040
4,500	4,500	RUPALI POLYESTER LIMITED	RUPL	85,500	171,000
25,000	25,000	STANDARD CHARTERED BANK (PAKISTAN) LTD.	SCBPL	543,750	477,750
15,555	15,555	SERVICE GLOBAL FOOTWEAR LIMITED	SGF	433,673	625,000
500	500	SIEMENS PAKISTAN ENGINEERING CO. LTD.	SIEM	346,245	324,995
35,124	-	SUI NORTHERN GAS PIPELINES LIMITED	SNGP	1,382,832	-
12,298	12,298	SYNTHETIC PRODUCTS ENTERPRISES LIMITED	SPEL	127,899	173,279
50,000	25,000	SITARA PEROXIDE LIMITED	SPL	618,500	356,500
50,000	50,000	SAIF POWER LIMITED	SPWL	900,000	1,042,000
50,000	50,000	SHABBIR TILES & CERAMICS LIMITED	STCL	416,000	731,500
20,000	20,000	SYSTEMS LIMITED	SYS	8,066,600	6,597,200
-	500	TELECARD LIMITED	TELE	-	5,415
5,500	5,500	THAL LIMITED	THALL	891,000	1,482,910
30,000	27,500	THE ORGANIC MEAT COMPANY LIMITED	TOMCL	623,400	600,600
-	70,000	TPL PROPERTIES LIMITED	TPLP	-	1,411,200
25,000	25,000	TREET CORPORATION LIMITED	TREET	395,750	729,500
10,000	70,000	TRG PAKISTAN LIMITED - CLASS 'A'	TRG	921,300	5,413,100
1,916	1,916	TRI-PACK FILMS LIMITED	TRIPF	228,675	316,140
-	30,000	UNITY FOODS LIMITED	UNITY	-	602,100
23,287	23,287	WAVES SINGER PAKISTAN LIMITED	WAVES	143,215	296,444
20	20	ZEAL PAK CEMENT FACTORY LIMITED - FREEZE	ZELP	9	-
4,364,107	4,906,911			122,444,209	146,747,799

8.1.1 The number and fair value of securities pledged with PSX and NCCPL are as follows:

	June 30 , 2023		June 30 , 2022	
	Number of securities	Fair value	Number of securities	Fair value
		Rupees		
Clients	52,500	2,893,100	188,000	11,179,285
Brokerage House	3,349,876	84,925,265	2,916,892	71,040,627
	3,402,376	87,818,365	3,104,892	82,219,912

8.1.2 The number and fair value of securities pledged with Banks are as follows:

	June 30 , 2023		June 30 , 2022	
	Number of	Fair value	Number of securities	Fair value
		Rupees		
Clients	759,500	39,253,390	796,400	45,915,968
Brokerage House	378,621	20,883,514	454,621	23,493,563
	1,138,121	60,136,904	1,251,021	69,409,531

8.2 **Investment in unquoted equity securities**

This represents the investment in 200,000 ordinary shares (2022: 200,000 ordinary shares) of M/s.Dawood Family Takaful Limited.

8.3 **Investment in units of mutual funds**

2023	2022	Name of Funds	Fund Symbol	2023	2022
Number of units				Market value in Rupees	
50,000	50,000	HBL GROWTH FUND - CLASS A	HGFA	234,000	257,500
50,000	50,000	HBL GROWTH FUND - CLASS B SEGMENT	HGFB	612,315	645,000
150,000	150,000	HBL INVESTMENT FUND - CLASS A	HIFA	232,500	300,000
150,000	150,000	HBL INVESTMENT FUND - CLASS B SEGMENT	HIFB	910,500	970,500
-	134	AL HAMRA DAILY DIVIDEND FUND	ALHDDF	-	13,370
400,000	400,134			1,989,315	2,186,370

9. **DEPOSITS, LOANS AND OTHER RECEIVABLES**

	2023	2022
	Rupees	
Deposits		
Deposits placed with NCCPL in respect of:		
- Exposure margin on Ready Market	5,200,000	5,200,000
- Exposure margin on DFCs	15,845,739	10,978,390
- Deposits placed with NCCPL in respect of Loss on DFCs	5,548,020	1,772,605
- Exposure margin and loss on GEM	318,408	124,775
	26,912,167	18,075,770
Loans		
Loan to employees - unsecured	324,000	35,000
Other receivables		
-Receivable from NCCPL against profit held on Deliverable Futures Contracts	8,261,050	535,540
Rent receivable	-	280,000
Profit receivable on saving accounts	1,673,704	229,710
Profit receivable on deposits with NCCPL / PSX	284,179	164,986
Others	105,766	267,324
	10,324,699	1,477,560
	37,560,866	19,588,330

10. INCOME TAX REFUNDABLE

	Note	2023 Rupees	2022 Rupees
Opening balance		**3,965,595**	3,521,281
Advance tax paid during the year		**4,068,754**	2,917,748
Less: Provision for current tax for the year		**(1,712,445)**	(2,473,434)
		6,321,904	3,965,595

11. CASH AND BANK BALANCES

	Note	2023 Rupees	2022 Rupees
Cash in hand		**22,970**	10,527
Cash at bank:			
- current accounts		**81,073,749**	143,611,497
- saving accounts	*11.1*	**48,501,521**	10,604,136
		129,575,270	154,215,633
		129,598,240	154,226,160

11.1 This amount carries interest ranging from 10% to 19% per annum (2022: 6% to 7.5%).

11.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 76.194 million (2022: Rs. 88.10 million).

12. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023 (Number of shares)	2022 (Number of shares)		2023 Rupees	2022 Rupees
		Authorized capital		
1,500,000	1,500,000	Ordinary shares of Rs. 100/- each	**150,000,000**	150,000,000
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.100/- each		
1,390,000	1,390,000	Issued for cash	**139,000,000**	139,000,000

12.1 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal, and block voting.

12.2 As of the reporting date, the pattern of shareholding of the Company was as follows:

Shareholder name	June 30, 2023 Shares held	June 30, 2023 % of holding	June 30, 2022 Shares held	June 30, 2022 % of holding
Mohammad Farooq Moosa	**1,299,997**	**93.52%**	1,299,997	93.52%
Mohammad Munir	**90,003**	**6.48%**	90,003	6.48%
	1,390,000	**100%**	1,390,000	100%

13. LOANS FROM DIRECTORS

	Note	2023 Rupees	2022 Rupees
Opening balance		**30,905,342**	**28,059,123**
Loan paid during the year		**(31,000,000)**	-
Effect of unwinding of loan during the year	*21*	**2,594,658**	**2,846,219**
		2,500,000	**30,905,342**
Less: Current maturity shown under current liabilities		**(2,500,000)**	**(30,905,342)**
		-	-

13.1 The company received an interest free loan from it's director for the purpose of working capital financing. The loan was agreed to be repaid after 2 years from the date of disbursement, therefore it had been discounted at the company's borrowing rate of KIBOR + 3%. Hence the company measured it at its present value in accordance with the requirement of IFRS 9 Financial Instruments and Technical release 32 Accounting Director's Loan issued by the Institute of Chartered Accountant of Pakistan (ICAP).

14. TRADE AND OTHER PAYABLES

	2023	2022
	Rupees	
Creditors	**72,886,617**	87,720,491
Exposure withheld	**33,945,459**	14,410,645
Commission payable to dealers	**860,184**	1,083,054
Accrued expenses	**1,703,848**	1,536,190
Profit on DFCs payable to clients	**7,355,888**	426,285
Withholding income tax payable	**503,289**	215,437
Sales tax payable	**492,370**	529,760
	117,747,655	105,921,862

14.1 This includes Rs. nil (2022: Rs. 6.028 million) payable to related parties.

15. CONTINGENCIES AND COMMITMENTS

As of the reporting date, there were no material contingencies and commitments to report (2022: None).

16. COMMISSION REVENUE

	Note	2023	2022
		Rupees	
Brokerage commission		**47,348,026**	**68,963,076**
Book building and IPO commission		**-**	**612,081**
		47,348,026	**69,575,157**

17. INCOME / (LOSS) FROM INVESTMENTS - net

	2023	2022
Capital loss:		
- Realized gain on disposal - net	**613,516**	9,738,933
- Net change in unrealized loss	**(7,067,207)**	(64,344,589)
	(6,453,691)	(54,605,656)
Other returns:		
- Dividend income on investment in quoted equity securities	**8,721,933**	10,103,796
- Dividend income on investment in mutual funds	**2,936,781**	1,145,805
	11,658,714	11,249,601
	5,205,023	(43,356,055)

18. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Commission to dealers		**19,112,311**	29,723,093
Salaries, benefits and allowances	*18.1*	**23,124,074**	14,550,163
Communication expense		**6,030,006**	6,036,624
Depreciation	*4*	**5,104,464**	4,519,303
Repairs and maintenance		**3,500,094**	3,910,883
Directors' remuneration	*23*	**1,392,000**	2,784,000
PSX, SECP and CDC charges		**3,153,251**	2,399,316
NCCPL charges		**962,094**	1,326,192
Electricity charges		**2,017,087**	1,826,261
Entertainment expenses		**1,958,054**	1,722,160
Legal and professional charges		**1,202,917**	618,004
Printing and stationery		**182,780**	474,900
Insurance		**314,922**	256,700
Auditor's remuneration	*18.2*	**1,200,000**	960,000
Miscellaneous		**1,771,751**	1,868,296
		71,025,805	72,975,895

18.1 This includes 304,580 (2022: Rs. 49,187) in respect of staff retirement benefits.

18.2 Auditor's remuneration	Note	2023	2022
		Rupees	
Audit fee		900,000	700,000
Certification and advisory services		300,000	260,000
		1,200,000	960,000

19. OTHER EXPENSES

		2023	2022
Trade debts written off		440,510	1,610,290
Zakat		757,965	544,760
Donation		-	5,000
Other		122,256	-
		1,320,731	2,160,050

20. OTHER INCOME

		2023	2022
Profit on saving accounts		9,975,429	1,404,217
Profit on deposits placed with NCCPL / PSX		1,650,990	1,228,954
Rental income		80,000	480,000
Reversal of provision against expected credit losses		592,249	-
Gain on sale of operating fixed assets		-	378,467
Others		3,514,852	3,305,569
		15,813,520	6,797,207

21. FINANCE COSTS

		2023	2022
Interest on unwinding of loans from directors	13	2,594,658	2,846,219
Markup on short term borrowings		10,341	13,586
		2,604,999	2,859,805

22. TAXATION

		2023	2022
Current tax		1,712,445	2,473,434

22.1 The income tax assessments of the Company have been finalized up to, and including, the tax year 2022. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

22.2 *Relationship between tax expense and accounting loss*	2023	2022
	Rupees	
Loss before taxation	(6,584,966)	(44,979,441)
Accounting tax expense as per applicable rate	(1,909,640)	(13,044,038)
Tax effect of income taxed under FTR / reduced rate	(2,456,912)	(4,660,089)
Tax effect of exempt / notional income	2,049,490	18,659,931
Other miscelleneous items	4,029,507	1,517,630
	1,712,445	2,473,434

23. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors and Chief Executive of the Company, are as follows:

Particulars	2023				2022			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
Managerial Remuneration (Rupees)	696,000	696,000	1,285,200	2,677,200	1,392,000	1,392,000	-	2,784,000
House allowance	-	-	469,200	469,200	-	-	-	-
Utilities	-	-	285,600	285,600	-	-	-	-
	696,000	696,000	2,040,000	3,432,000	1,392,000	1,392,000	-	2,784,000
Number of persons	1	1	1	3	1	1	-	2

23.1 In addition to the above emoluments, the Chief Executive and Director of the Company have been provided with Company-maintained cars.

24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel including directors and their close family members and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive and Directors is disclosed in note 23 to the financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

24.1 Name of the related party, relationship with the Company and the nature of transaction / balance	2023	2022
	Rupees	
KEY MANAGEMENT PERSONNEL		
Mr. Muhammad Farooq (CEO / Director)		
Trade receivable /(payable) at year end	12,060,213	(66,424)
Mr. Muhammad Munir (Director)		
Transactions during the year		
Loan repaid	31,000,000	-
Balance at year end		
Trade receivable at year end	3,335,786	306,516
CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL		
Mr. Faizan Farooq		
Trade payable at year end	167,309	1,059,938
Mr. Qasim Farooq		
Trade payable at year end	413,797	43,886
Ms. Anjum Banoo		
Trade receivable /(payable) at year end	616,737	(439,818)
Mr. Abdul Basit Munir		
Trade receivable at year end	-	2,260
Mr. Muqeet Munir		
Trade receivable /(payable) at year end	99,020	(2,177)

24.2 The Company has a practice of not charging any commission from its directors and their spouses / children in respect of trading in securities carried out on their behalf.

24.3 The Company's branch office (referred to in note 1.2) has been rented out to the Company by Mr. Faizan Farooq (son of the Chief Executive). The rental arrangement is on a non-arm's length basis whereby the Company has been granted a right of use the said office premises against no consideration.

25. FINANCIAL INSTRUMENTS

25.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

- Credit risk
- Liquidity risk
- Market risk

25.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days or more**.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date was as follows:

	Note	2023	2022
		Rupees	
Long term deposits		**1,500,000**	**1,500,000**
Trade debts	*(a)*	**54,104,794**	**50,263,412**
Deposits, loans and other receivables		**37,560,866**	**19,588,330**
Bank balances	*(b)*	**129,575,270**	**154,215,633**
		222,740,930	**225,567,375**

Note (a) - Credit risk exposure on trade debts

Credit risk of the Company mainly arises from deposits with banks, trade debts, short term deposits, loans and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

As of the reporting date, the aging analysis of trade debts was as follows:

	June 30, 2023		June 30, 2022	
	Gross carrying amount	**Provision for expected credit losses**	Gross carrying amount	Provision for expected credit losses
	----------	Rupees	----------	
Past due 1-30 days	**42,940,768**	-	35,003,345	-
Past due 31-180 days	**7,051,113**	-	11,171,095	-
Past due 181-365 days	**2,178,983**	-	4,395,732	-
More than 365 days	**3,462,795**	**1,528,865**	1,814,354	2,121,114
	55,633,659	**1,528,865**	52,384,526	2,121,114

Note (b) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

	Short term rating	**Credit rating agency**	**2023**	**2022**
			Rupees	
Bank Al-Falah Limited	A-1+	PACRA	**168,687**	5,033,024
Bank Al-Habib Limited	A-1+	PACRA	**2,992,586**	7,370,730
Habib Bank Limited	A-1+	JCR-VIS	**659,983**	6,555,353
Habib Metropolitan Bank Limited	A-1+	PACRA	**120,062,776**	127,627,784
JS Bank Limited	A-1+	PACRA	**5,006,457**	1,000,000
Meezan Bank Limited	A-1+	JCR-VIS	**645,086**	6,628,742
MCB Bank Limited	A-1+	PACRA	**39,695**	-
			129,575,270	154,215,633

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was exposed to the following concentrations of credit risk:

	June 30, 2023			June 30, 2022		
	Total exposure	**Concentration**	**% of total exposure**	Total exposure	Concentration	% of total exposure
			Rupees			
Trade debts	**54,104,794**	**12,060,213**	**22%**	50,263,412	7,750,460	15%
Bank balances	**129,575,270**	**120,062,776**	**93%**	154,215,633	127,627,784	83%
		132,122,989			135,378,244	

25.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The following are the contractual maturities of financial liabilities:

	June 30, 2023					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
Non-derivative financial liabilities	Rupees					
Loan to director	2,500,000	2,500,000	2,500,000	-	-	-
Trade and other payables	119,251,996	119,251,996	119,251,996	-	-	-
	121,751,996	121,751,996	121,751,996	-	-	-

	June 30, 2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
Non-derivative financial liabilities	Rupees					
Loan to director	30,905,342	33,500,000	16,750,000	16,750,000	-	-
Trade and other payables	136,082,007	136,082,007	136,082,007	-	-	-
	166,987,349	169,582,007	152,832,007	16,750,000	-	-

25.1.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As of the reporting date, the Company was not exposed to currency risk since there were no foreign currency transactions and balances at the reporting date.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up 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 or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by regulatory authorities which reduces the volatility of prices of equity securities. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to price risk since it had investments in quoted securities and mutual funds and also because the Company held collaterals in the form of equity securities against their debtor balances.

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized on the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, the amount realized on the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Sensitivity analysis

The table below summarizes Company's price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's investment portfolio.

	Fair value (Rupees)	Hypothetical price change	Estimated fair value after hypothetical change in prices (Rupees)	Hypothetical effect on profit / loss before tax (Rupees)
June 30, 2023	**124,433,524**	**10% increase**	**136,876,876**	**12,443,352**
		10% decrease	**111,990,172**	**(12,443,352)**
June 30, 2022	148,934,169	10% increase	163,827,586	14,893,417
		10% decrease	134,040,752.10	(14,893,417)

iii) **Interest rate risk**

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

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective interest rate (%)		Carrying amounts (Rs.)	
	2023	2022	**2023**	2022
Financial assets				
Variable rate instruments				
Balance held in saving accounts	**10%-19%**	6%-7.5%	**48,501,521**	10,604,136

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the profit or loss and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax	
	1% increase	*1% decrease*
	------------- Rupees -------------	
As at June 30, 2023		
Cash flow sensitivity - Variable rate financial instruments	**485,015**	**(485,015)**
As at June 30, 2022		
Cash flow sensitivity - Variable rate financial instruments	106,041	(106,041)

25.2 Financial instruments by category

	2023	2022
	------------- Rupees -------------	
25.2.1 Financial assets		
At fair value through profit or loss		
Short term investments	**125,906,538**	**150,407,183**
At amortized cost		
Long term deposits	**1,500,000**	**1,500,000**
Trade debts	**54,104,794**	**50,263,412**
Deposits, loans and other receivables	**37,560,866**	**19,588,330**
Cash and bank balances	**129,598,240**	**154,226,160**
	222,763,900	**225,577,902**
25.2.2 Financial liabilities		
At amortized cost		
Loans from directors	**2,500,000**	**30,905,342**
Trade and other payables	**119,251,996**	**136,082,007**
	121,751,996	**166,987,349**

26. FAIR VALUE OF ASSETS AND LIABILITIES

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

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

	Level 1	Level 2	Level 3	Total
	Rupees			
June 30, 2023				
Short term investments	124,433,524		1,473,014	125,906,538
June 30, 2022				
Short term investments	148,934,169	-	1,473,014	150,407,183

27. CAPITAL RELATED DISCLOSURES

27.1 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Following is the capital analysis of what company manages as capital:

	2023	2022
	Rupees	
Borrowings:		
Loan from directors	2,500,000	33,500,000
Shareholders' equity:		
Issued, subscribed and paid up capital	139,000,000	139,000,000
Unappropriated profits	119,230,633	127,528,044
	258,230,633	266,528,044
	260,730,633	300,028,044

The Company is not subject to any externally imposed capital requirements other than the ones specified in notes 27.2 and 27.3 below.

27.2 Capital Adequacy Level

The **Capital Adequacy Level** as defined by the Central Depository Company of Pakistan Limited (CDC) is calculated as follows:

	Note	2023	2022
		Rupees	
Total assets	*27.2.1*	385,065,572	409,354,474
Less: Total liabilities		(120,934,087)	(136,925,578)
Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
Capital Adequacy Level		264,131,485	272,428,896

27.2.1 While determining the value of the total assets of the Company, notional value of the TRE certificate as determined by Pakistan Stock Exchange Limited has been considered.

27.3 **Liquid Capital [as per the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016]**

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	24,073,230	24,073,230	-
1.2	Intangible Assets	3,500,000	3,500,000	-
1.3	Investment in Govt. Securities	-	-	-
1.4	**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.	-	-	-
1.5	**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.	87,261,239	14,059,376	73,201,863
	Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	35,182,970	35,182,970	
	ii. If unlisted, 100% of carrying value.	3,462,329	3,462,329	-
1.6	Investment in subsidiaries	-	-	-
1.7	**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.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,500,000	1,500,000	-
1.9	Margin deposits with exchange and clearing house.	26,912,167	-	26,912,167
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	2,500,000	2,500,000	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	1,673,704	-	1,673,704
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (***Securities purchased under repo arrangement shall not be included in the investments.***)	-	-	-
1.15	**Advances and receivables other than trade Receivables;**			
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	324,000	324,000	-
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	6,321,904	-	6,321,904
	(iii) In all other cases 100% of net value	105,766	105,766	-
1.16	**Receivables from clearing house or securities exchange(s)**			
	i. 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	8,545,229	-	8,545,229

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.17	**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. Lower of net balance sheet value or value determined through adjustments.***	-	-	-
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ***ii. Net amount after deducting haircut***	-	-	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, ***iii. Net amount after deducting haricut***	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	10,427,228	-	10,427,228
	v. Incase 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	27,565,810	3,210,158	24,355,652
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; *(a) Up to 30 days, values determined after applying var based haircuts.* *(b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher.* *(c) above 90 days 100% haircut shall be applicable.* *vi. Lower of net balance sheet value or value determined through adjustments*	16,111,756	47,952	16,063,804
1.18	**Cash and Bank balances**			
	I. Bank Balance-proprietary accounts	53,380,723	-	53,380,723
	ii. Bank balance-customer accounts	76,194,547	-	76,194,547
	iii. Cash in hand	22,970	-	22,970
1.19	***Subscription money against investment in IPO / offer for sale (asset)*** No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.20	**Total Assets**	**385,065,572**		**297,099,791**
2. Liabilities				
2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	72,886,617	-	72,886,617
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	995,659	-	995,659
	ii. Accruals and other payables	44,551,811	-	44,551,811
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	2,500,000	-	2,500,000
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing	-	-	-
	a. 100% haircut may be allowed against Long-Term financing obtained from financial institution including amount due against finance leases	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements.	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
2.4	**Subordinated Loans**	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted.	-	-	-
2.5	***Advance against shares for increase in capital of securities broker***			
	100% haircut may be applied 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	-	-	-
2.6	**Total Liabilities**	**120,934,087**		**120,934,087**
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	-	-	-
3.3	**Net underwriting Commitments**			
	<u>(a) in the case of right issues :</u> if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	<u>(b) in any other case :</u> 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	**Repo adjustment**			
	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	-	-	28,432,843
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :				
	Short sell positions			
3.10	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 Liabilities**	-	-	28,432,843
		264,131,485	**Liquid Capital**	147,732,861

28. GENERAL

	2023	2022
28.1 Customers assets held in the Central Depository System		
No. of shares	**263,833,903**	235,122,544
Amount of shares	**2,976,594,680**	2,896,436,201

28.2 Number of employees

Number of persons employed by the Company as on the year end were 39 (2022: 37) and average number of employees during the year were 38 (2022: 38).

28.3 Date of authorization of financial statements for issue

These financial statements were approved by the Board of Directors of the Company in their meeting held on 07 OCT 2023.

28.4 Level of rounding

All the figures in the financial statements have been rounded off to the nearest rupee.

FDM CAPITAL SECURITIES (PRIVATE) LIMITED FDM K-094

Chief Executive

Director