INDEPENDENT AUDITORS' REPORT
To the members SHAFFI SECURITIES (PVT.) LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SHAFFI SECURITIES (PVT.) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2023, 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof confirm 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 profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than The Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

b) The statement of financial position, the statement of profit or loss, 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 Financial Statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Aslam Khan-FCA.

Iecnet-SKSSSCA

IECnet S.K.S.S.S.
Chartered Accountants
Lahore

IECnet S.K.S.S.S. Chartered Accountants

Date: November 05, 2023
UDIN: AR202310218OAx8iX35E

Statement of Financial Position

As at June 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	583,331	648,343
Intangible assets	7	6,020,000	6,020,000
Long term investments	8	9,006,813	16,406,874
Long term deposits	9	4,056,024	4,056,024
		19,666,168	**27,131,241**
Current assets			
Trade debts - net	10	52,507	129,448
Prepayments and advances	11	8,302,400	1,877,478
Short term investments	12	17,000,009	40,843,030
Cash and bank balances	13	494,979	1,994,160
		25,849,895	**44,844,116**
		45,516,064	**71,975,357**
EQUITY & LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	14	156,100,000	75,100,000
Unappropriated profit/(loss)		(124,368,329)	(108,217,614)
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		4,926,813	12,326,874
Long-term loan	15	2,950,000	81,790,440
Total equity		**39,608,484**	**60,999,700**
Current liabilities			
Trade and other payables	16	1,827,719	2,207,170
Short-term borrowings	17	2,508,715	8,768,487
Provision for taxation	18	1,571,146	-
		5,907,580	**10,975,657**
Contingencies and commitments	19	-	-
		45,516,064	**71,975,357**

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

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Chartered Accountants

Chief Executive Officer

Director

SHAFFI SECURITIES (PVT) LIMITED

Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Operating revenue	20	8,287,014	6,722,321
Gain/(loss) on sale of short term investments		(33,833,752)	(54,858,846)
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		17,281,516	7,042,112
		(8,265,221)	(41,094,413)
Operating and administrative expenses	21	(6,149,314)	(5,299,207)
Operating profit / (loss)		**(14,414,535)**	**(46,393,620)**
Financial charges	22	(303,672)	(270,069)
Other income and losses	23	138,638	4,416
Profit / (loss) before taxation		(14,579,569)	(46,659,273)
Taxation	24	(1,571,146)	(944,471)
Profit/(loss) for the year		**(16,150,715)**	**(47,603,744)**
Earnings/(loss) per share - basic	25	**(1.03)**	**(6.34)**

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

IECnet S.K.S.S.
Chartered Accountants

Chief Executive Officer

Director

SHAFFI SECURITIES (PVT) LIMITED

Statement of Comprehensive Income

For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Profit/(loss) for the year		(16,150,715)	(47,603,744)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gain / (loss) during the period in the market value of investments measured at FVOCI		(7,400,061)	(4,127,038)
Total comprehensive income/(loss) for the year		**(23,550,775)**	**(51,730,782)**

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

Chief Executive Officer

IECnet S.K.S.S. Chartered Accountants

Director

SHAFFI SECURITIES (PVT) LIMITED
Statement of Cash Flows
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit /(loss) before taxation		(14,579,569)	(46,659,273)
Adjustments:			
Depreciation and impairment		65,012	72,284
Provision for doubtful debts		61,580	-
Realized loss / (gain) on sale of short-term investments		33,833,752	54,858,846
Unrealized loss / (gain) on short-term investments		(17,281,516)	(7,042,112)
Dividend income		(7,758,408)	(6,257,362)
Interest expense		303,672	270,069
		9,224,091	41,901,726
Operating profit before working capital changes		(5,355,478)	(4,757,547)
(Increase)/decrease in current assets			
Trade debts - net		15,361	1,537,733
Deposits and prepayments		(4,831,517)	561,726
Increase/(decrease) in current liabilities			
Trade and other payables		(379,451)	(99,188)
		(5,195,607)	2,000,271
Cash generated from / (used in) operations		(10,551,085)	(2,757,276)
Proceeds from net sales of / (acquisition of) short-term investments		7,290,785	(37,867,988)
Dividends received		7,758,408	6,257,362
Interest paid		(303,672)	(270,069)
Taxes paid		(1,593,405)	(926,509)
		13,152,116	(32,807,204)
Net cash from operating activities		2,601,031	(35,564,480)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		-	(142,565)
Increase in share capital		81,000,000	-
Increase in long-term deposits		-	-
Net cash generated from / (used in) investing activities		81,000,000	(142,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Payment) of/from Director Loan		(78,840,440)	42,650,000
Short Term Borrowing		(6,259,772)	(6,753,418)
Proceeds from running finance facility		-	-
Net cash generated from / (used in) financing activities		(85,100,213)	35,896,582
Net (decrease)/increase in cash and cash equivalents		(1,499,181)	189,537
Cash and cash equivalents at the beginning of the year		1,994,160	1,804,623
Cash and cash equivalents at the end of the year	12	494,979	1,994,160

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

Chief Executive Officer

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Director

SHAFFI SECURITIES (PVT) LIMITED

Statement of Changes in Equity

For the year ended June 30, 2023

	Issued, subscribed and paid-up capital	Unappropriated profit/ (loss)	Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI	Total
	……………Rupees……………			
Balance as at June 30, 2021	75,100,000	(60,613,870)	16,453,912	30,940,042
Total comprehensive income for the year				
Issuance of shares	-			-
Profit/(loss)for the year	-	(47,603,744)	-	(47,603,744)
Other comprehensive income/(loss)		-	(4,127,038)	(4,127,038)
	-	(47,603,744)	(4,127,038)	(51,730,782)
Balance as at June 30, 2022	75,100,000	(108,217,614)	12,326,874	(20,790,740)
Total comprehensive income for the year				
Issuance of shares	81,000,000	-	-	81,000,000
Profit/(loss)for the year	-	(16,150,715)	-	(16,150,715)
Other comprehensive income/(loss)		-	(7,400,061)	(7,400,061)
	81,000,000	(16,150,715)	(7,400,061)	57,449,225
Balance as at June 30, 2023	156,100,000	(124,368,329)	4,926,813	36,658,484

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

Chief Executive Officer

IECnet S.K.S.S.S. Chartered Accountants

Director

SHAFFI SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

SHAFFI SECURITIES (PVT) LIMITED (the "Company") was incorporated in Pakistan on **June 02, 1997** as a private limited company, limited by shares, under the Companies Ordinance 1984 (Now Companies Act, 2017). The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited.
The Company is principally engaged in brokerage of shares, stocks, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2. The geographical location of Company's offices are as follows:

Registered Office: Room # 201, 2nd Floor, Lahore Stock Exchange Building Khayaban-e-Iqbal, Lahore
Corporate Office: Room # 201, 2nd Floor, Lahore Stock Exchange Building Khayaban-e-Iqbal, Lahore

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

- Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations").

In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

3.2 Accounting convention

These financial statements have been prepared on trade basis under the historical cost convention, except:

- Short Term Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

3.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

3.4 Accounting estimates and judgments

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

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are as follows:

(i) Estimates of useful lives and residual values of items of property, plant and equipment (Note 6);
(ii) Estimates of useful lives of intangible assets (Note 7);
(iii) Allowance for credit losses (Note 4.5.4);
(iv) Fair values of unquoted equity investments (Note 8);
(v) Classification, recognition, measurement / valuation of financial instruments (Note 4.5); and
(vi) Provision for taxation (Note 18);

3.5 New accounting pronouncements

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

	Effective date
(a) IAS 37 - Onerous contracts	**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

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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.

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

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.

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

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:

	Effective date
(a) IAS 1 - Disclosure of accounting policies	**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.

	Effective date
(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

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(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 o-setting 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-lease back 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

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Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

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 account during the year in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 5 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account 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. The Company's estimate of residual value of property and equipment as at June 30, 2023 did not require any adjustment.

4.2 Intangible assets

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit and loss account during the year in which the assets are disposed of.

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4.2.1 Membership cards and offices

This is 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.

4.3 Investment property

Investment properties are held for capital appreciation and are measured initially at its cost, including transaction costs
Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value are recognized in the statement of profit or loss.

4.4 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the associate's post-acquisition profits or losses in income, and its share of the post acquisition movement in reserves is recognized in other comprehensive income.

4.5 Financial instruments

4.5.1. The Company classifies its financial assets in the following three categories:

(a) Financial assets measured at amortized cost;
(b) Financial assets measured at fair value through other comprehensive income (FVOCI); and
(c) Financial assets measured at 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 either:

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(i) 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, or

(ii) It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition. 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.

Such financial assets are initially measured at fair value.

4.5.2 Initial recognition

The Company recognizes an investment 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 trade date accounting i.e. on the date on which trading of the purchase transaction takes place. Trade date is the date on which the Company commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

4.5.3 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 profit and loss account.

(b) Financial assets at FVOCI

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

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A gain or loss on a financial asset measured at fair value through other comprehensive income 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 (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). 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 profit and loss account.

4.5.4 Impairment

Financial assets

The Company applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for financial assets measured at amortized cost. The Company's expected credit loss impairment model reflects the present value of all cash shortfalls related to default events, either over the following twelve months, or over the expected life of a financial instrument, depending on credit deterioration from inception. The allowance / provision for credit losses reflects an unbiased, probability-weighted outcomes which considers multiple scenarios based on reasonable and supportable forecasts.

Where there has not been a significant decrease in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.

When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, or when a financial instrument is considered to be in default, expected credit loss is computed based on lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue effort or cost. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessments, including forward-looking information.

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Forward-looking information includes reasonable and supportable forecasts of future events and economic conditions. These include macro-economic information, which may be reflected through qualitative adjustments or overlays. The estimation and application of forward-looking information may require significant judgment.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Company makes this assessment on an individual asset basis, after consideration of multiple historical and forward-looking factors. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Company's processes and procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount - defined as the higher of the asset's fair value less costs of disposal and the asset's value-in-use (present value of estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risk) - is estimated to determine the extent of the impairment loss.

For the purpose of assessing impairment, assets are grouped into cash-generating units: the lowest levels for which there are separately identifiable cash flows.

4.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at amortized cost using the effective interest rate method.

Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

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4.9 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss account over the period of the borrowings using the effective interest method.

4.10 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

4.11 Staff retirement benefits

The Company did not have any retirement benefits plan.

4.12 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

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Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.13 Provisions

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

4.14 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from marking to market financial assets are included in profit and loss (for assets measured at FVTPL) or OCI (for assets measured at FVOCI) during the period in which they arise.
- Income / profit on exposure deposits is recognized using the effective interest rate.

4.15 Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends 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 measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

4.16 Markup / interest income

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

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4.17 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

4.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

4.19 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

4.20 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

4.21 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

4.22 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market. Transactions with related parties have been disclosed in the relevant notes to the financial.

5 Trade Date Accounting

All "Regular Way" Purchases and Sales of financial assets are recognized on trade date on which the company commits to purchase and sale of financial assets. Regular way purchases or sales of financial assets.

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6 Property and equipment

2023

	Furniture & Fixture	Office equipment	Vehicless	Total Rupees
As at July 1, 2022				
Cost	364,230	3,501,004	223,000	4,088,234
Accumulated Depreciation	(326,327)	(2,892,338)	(221,226)	(3,439,892)
Net book value	37,903	608,666	1,774	648,343
Movement during the period				
Additions	-	-	-	-
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the period	3,790	60,867	355	65,012
As at June 30, 2023				
Cost	364,230	3,501,004	223,000	4,088,234
Accumulated Depreciation	(330,117)	(2,953,205)	(221,581)	(3,504,903)
Net book value	**34,113**	**547,800**	**1,419**	**583,331**
Depreciation rate per annum	10%	10%	20%	

2022

	Furniture & Fixture	Office equipment	Vehicless	Total Rupees
As at July 1, 2021				
Cost	364,230	3,358,439	223,000	3,945,669
Accumulated Depreciation	(322,116)	(2,824,708)	(220,783)	(3,367,607)
Net book value	42,114	533,731	2,217	578,062
Movement during the period				
Additions	-	142,565	-	142,565
Disposals				
Cost	-	-	-	-
Depreciation	-	-	-	-
Depreciation charge for the period	4,211	67,630	443	72,284
As at June 30, 2022				
Cost	364,230	3,501,004	223,000	4,088,234
Accumulated Depreciation	(326,327)	(2,892,338)	(221,226)	(3,439,892)
Net book value	**37,903**	**608,666**	**1,774**	**648,343**
Depreciation rate per annum	10%	10%	20%	

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

7 INTANGIBLE ASSETS

	Note	2023 Rupees	2022 Rupees
Trading Rights Entitlement Certificate ("TREC")	7.1	1,920,000	1,920,000
Rooms - PSX	7.2	3,100,000	3,100,000
PMEX Membership Card		1,000,000	1,000,000
		6,020,000	6,020,000
Impairment		-	-
		6,020,000	6,020,000

7.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.
The TREC has been recorded as an indefinite life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post mutualization was used as the initial value of the intangible. PSX vide notice PSX/N-225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million, due to this reason no Impairment is required.

7.2 This represent cost of rooms given by Lahore Stock Exchange with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

8 LONG-TERM INVESTMENTS

Investments at fair value through OCI

	Note	2023	2022
Long Term Investments	8.1	16,406,874	20,533,912
Adjustment for remeasurement to fair value		(7,400,061)	(4,127,038)
		9,006,813	16,406,874

8.1 During the year, M/s LSE Financial Services Limited demerged into two companies LSE Proptech Limited and LSE Ventures Limited (formerly LSE Financial Services Limited) and the Company received 295,535 of LSE Proptech Limited and 842,810 shares of LSE Ventures Limited as per the demerger scheme against 843,975 unquoted ordinary shares of LSE Financial Services Limited. The said new shares have been measured at their fair value (i.e. quoted price) at the reporting date. 295,535 shares of LSEPL and 842,810 shares of LSEVL, amounting to Rs. 1,421,523 and 7,585,290 respectively were pledged against BMC.

2023	2022	Name of Investee	2023	2022
Number of shares			Market value in rupees	
-	843,975	LSE FINANCIAL SERVICES LITED	-	16,406,874
295,535	-	LSE PROPTECH LIMITED	1,421,523	-
842,810	-	LSE VENTURES LIMITED	7,585,290	-
1,138,345	843,975		9,006,813	16,406,874

9 LONG-TERM DEPOSITS

	2023	2022
Trading floors	1,156,024	1,156,024
Building deposits with PMEX	2,500,000	2,500,000
Deposit With NCCPL	400,000	400,000
	4,056,024	4,056,024

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10 TRADE DEBTS

	Note	2023 Rupees	2022 Rupees
Considered good	*10.1*	52,507	129,448
Considered doubtful		185,117	123,537
		237,624	252,986
Less: Provision for doubtful debts	*10.2*	(185,117)	(123,537)
		52,507	129,448

10.1 The Company holds client-owned securities with a total fair value of PKR: 6,110,6330 7-(2022: PKR 1,832,518) as collateral against trade debts. Refer to note 4.7 for details around the Company's methodology for computing estimated credit losses under the expected loss model under IFRS 9.

Trade debts include PKR Nil receivable from related parties.

10.2 Movement in provision against trade debts is as under:

	Note	2023 Rupees	2022 Rupees
Opening balance (as at July 1)		**123,537**	**77,170**
Charged to profit and loss during the year		**61,580**	**46,367**
		185,117	123,537
Amounts written off during the year			
Closing balance (as at June 30)		**185,117**	**123,537**

10.3 Aging Analysis

The aging analysis of trade debts is as follows:

	2023 Rupees	2022 Rupees
Upto Fourteen days	52,507	71,011
More Than Fourteen days	185,117	181,972
	237,624	252,983

11 PREPAYMENTS AND ADVANCES

	2023 Rupees	2022 Rupees
Margin deposit	4,929,746	1,000,000
Receivable from NCCPL	1,190,854	289,084
Income Tax refundable	2,181,799	588,394
	8,302,400	1,877,478

11.1 Income Tax Refundable

	2023 Rupees	2022 Rupees
Opening balance (as at July 1)	588,394	606,357
Add: Current year additions	1,593,405	926,509
	2,181,799	1,532,865
Adjustment against current year provision for taxation	-	(944,471)
	2,181,799	588,394
Closing balance (as at June 30)		

12 SHORT TERM INVESTMENTS

Investments at fair value through profit or loss

	2023 Rupees	2022 Rupees
Investments in listed securities	17,000,009	40,843,030
	17,000,009	40,843,030

Shares with fair value of PKR 11,932,091(2022: PKR 20,281,680) have been pledged with commercial banks for obtaining finance facilities, NCCPL and PSX against margin requirements and no client shares pledge with Bank.

	Note	2023 Rupees	2022 Rupees
13 CASH AND BANK BALANCES			
Cash in hand		65,489	71,715
Cash at bank			
Proprietary Accounts		65,472	11,325
Client Account	*13.1*	364,018	1,911,120
		494,979	**1,994,160**

13.1 Cash at bank includes customers' assets in the amount of PKR: 494,979 (2022: PKR 1,994,160) held in designated bank accounts and Client CDC Sub Accounts have 2,882,885 shares amounting to Rs: 14,315,067.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	Note	2023 Rupees	2022 Rupees
14.1 Authorized capital			
17,000,000 (2022: 8,000,000) ordinary shares of PKR 10 each.		**170,000,000**	**80,000,000**
14.2 Issued, subscribed and paid-up share capital			
12,110,000 (2022: 4,100,000) ordinary shares of PKR 10/- each, issued for cash		121,100,000	40,100,000
3,500,000 (2022: 3,500,000) ordinary shares of PKR 10/- each, issued for consideration other than cash		35,000,000	35,000,000
		156,100,000	**75,100,000**

14.3 Pattern of shareholding more than 5 % of total shareholding

	Number of Shares		Percentage	
	2023	2022	**2023**	2022
M. Ilyas Shafi	1,440,000	1,440,000	*9.62%*	*20.97%*
M. Ashfaq Shafi	8,503,000	2,383,000	*56.81%*	*34.70%*
M. Ishtiaq Shafi	374,000	374,000	*2.50%*	*5.45%*
M. Altaf Shafi	4,242,500	2,262,500	*28.35%*	*32.95%*
M. Ikhlaq Shafi	407,000	407,000	*2.72%*	*5.93%*
	14,966,500	6,866,500		

15 LONG-TERM FINANCING	Note	2023	2022
Loan from Directors - unsecured	*15.1*	2,950,000	81,790,440
		2,950,000	**81,790,440**

15.1 This represents a subordinated, interest-free loan obtained from Directors of the Company to fund the working capital and other needs. Documented terms of the loan indicate that the loan is not repayable until after June 30, 2024. Repayment terms of the loan are such that the discounted value of the loan approximates proceeds received and, accordingly, the liability has been recorded at proceeds received.

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16 TRADE AND OTHER PAYABLES

	Note	2023 Rupees	2022 Rupees
Trade creditors	16.1	607,875	1,332,050
Accrued expenses		587,056	401,497
Worker welfare fund-Punjab		323,624	323,624
Others Payables		9,164	-
Auditor's remuneration payable		300,000	150,000
		1,827,719	**2,207,170**

16.1 This includes PKR (2022: PKR NIL) due to related parties.

17 SHORT-TERM BORROWINGS

	Note	2023 Rupees	2022 Rupees
From:			
Running finance	17.1	2,508,715	2,030,387
Loan from director			6,738,100
		2,508,715	**8,768,487**

17.1 The Company has secured a running finance facility from Bank Al Habib Limited to meet working capital requirements. The facility, with a limit of PKR 5 million, carries mark-up at the rate of 3-month KIBOR + 2.5% per annum, payable quarterly. The facility is secured against pledged shares as well as the personal guarantee of all of the Company's Directors.

17.2 This amount represents loans extended by Directors of the Company to meet short-term working capital needs. As the terms of the borrowing are not documented, the entire amount has been treated as short-term / repayable on demand, in accordance with relevant guidance.

18 PROVISION FOR TAXATION

	Note	2023 Rupees	2022 Rupees
Opening balance (as at July 1)		-	-
Add: Current Year Provision		1,571,146	944,471
		1,571,146	944,471
Less: Adjustment against previous year advance tax		-	-
Adjustment against current year advance tax		-	(944,471)
Closing balance (as at june 30)		**1,571,146**	-

19 CONTINGENCIES AND COMMITMENTS

19.1 The Company made a deposit with LSE Financial Services Limited in the amount of PKR 1,206,024 to secure rooms in Faisalabad and Sialkot. Due to ongoing litigation with respect to the space, there is a contingency associated with the amount. Management is expectant of either full recovery or obtaining room rights. Should neither of these outcomes materialize, Management intends to enforce recovery through all legal means available.

Other than the afore-noted, there are no contingencies or commitments of the Company as at June 30, 2023 (2022: Nil).

20 OPERATING REVENUE

		2023 Rupees	2022 Rupees
Brokerage income		528,606	464,960
Dividend income		7,758,408	6,257,362
		8,287,014	6,722,321

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21 OPERATING & ADMINISTRATIVE EXPENSES

	Note	2023	2022
Directors' Salaries		1,872,000	1,872,000
Staff Salaries & Other Benefits		1,887,500	1,398,000
Electricity, Water & Gas		596,885	211,970
Communication		130,465	123,512
Repair & Maintenance		7,750	-
Stationery, Printing, Photocopies & Office Supplies		-	31,800
Regulatory Charges		668,453	991,186
Auditors Remuneration	21.1	150,000	150,000
Provision for doubtful debts and Deposits		61,580	-
Other Expenses		709,669	448,455
Depreciation	6	65,012	72,284
		6,149,314	**5,299,207**

21.1 Auditor's remuneration

	2023	2022
	150,000	150,000
	150,000	150,000

22 FINANCIAL CHARGES

	Note	2023 Rupees	2022 Rupees
Mark-up on interest-bearing loans		267,536	254,957
Bank and other charges		36,136	15,112
Mark up on MTS transactions		-	-
		303,672	**270,069**

23 OTHER INCOME / LOSSES

	2023	2022
Income from non-financial assets/liabilities		
RMS Profit	138,638	-
Sundry / miscellaneous income	0	4,416
	138,638	**4,416**

24 TAXATION

	2023	2022
Current tax expense / (income)		
for the year	1,571,146	944,471
prior years	-	-
	1,571,146	**944,471**

The tax provision made in the financial statements is considered sufficient.

25 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

	2023	2022
Profit / (loss) after taxation, attributable to ordinary shareholders	(16,150,715)	(47,603,744)
Weighted average number of ordinary shares in issue during the year	15,610,000	7,510,000
Earnings per share	**(1.03)**	**(6.34)**

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The Chief Executive and directors of the Company received PKR: 1,872,000 (2022: 1,872,000) remuneration during the year.

	2023		2022	
	Remuneration	# of persons	Remuneration	# of persons
Chief Executive Officer	624,000	1	624,000	1
Directors	1,248,000	2	1,248,000	2

27 FINANCIAL INSTRUMENTS BY CATEGORY

	2023			
	Amortized cost	FVOCI	FVTPL	Total
	Rupees			
ASSETS				
Non-current assets				
Long term deposits	4,056,024	-	-	**4,056,024**
Long term investment	-	9,006,813	-	**9,006,813**
Current assets				
Short-term investments	-	-	17,000,009	**17,000,009**
Trade debts - net	52,507	-	-	**52,507**
Prepayments and advances	8,302,400	-	-	**8,302,400**
Cash and bank balances	494,979	-	-	**494,979**
LIABILITIES				
Non current Liabilities				
Loan from Directors	2,950,000	-	-	**2,950,000**
Current liabilities				
Trade and other payables	1,827,719	-	-	**1,827,719**
Short term borrowing	2,508,715	-	-	**2,508,715**

	2022			
	Amortized cost	FVOCI	FVTPL	Total
	Rupees			
ASSETS				
Non-current assets				
Long term deposits	4,056,024	-	-	**4,056,024**
Long term investment	-	16,406,874	-	**16,406,874**
Current assets				
Short-term investments	-	-	40,843,030	**40,843,030**
Trade debts - net	129,448	-	-	**129,448**
Prepayments and advances	1,289,084	-	-	**1,289,084**
Cash and bank balances	1,994,160	-	-	**1,994,160**
LIABILITIES				
Non current Liabilities				
Loan from Directors	81,790,440	-	-	**81,790,440**
Current liabilities				
Trade and other payables	2,207,170	-	-	**2,207,170**
Short term borrowing	8,768,487	-	-	**8,768,487**

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28 FINANCIAL RISK MANAGEMENT

28.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

28.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuers of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

28.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

28.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

28.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

28.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities 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.

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advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequency holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients,
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below.

	2023	2022
Long term investments	9,006,813	16,406,874
Long term deposits	4,056,024	4,056,024
Trade debts - net	52,507	129,448
Prepayments and advances	8,302,400	1,877,478
Short term investments	17,000,009	40,843,030
Cash and bank balances	494,979	1,994,160
	38,912,733	**65,307,014**

28.4 **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

The table below classifies the Company's financial liabilities into relevant maturity groupings based on the time to contractual maturity date, as at the balance sheet date. The amounts in the table are contractual undiscounted cash flows.

	As at June 30, 2023		
Financial liabilities	**Carrying amount**	**Within one year**	**More than one year**
Loan from Directors	2,950,000	-	2,950,000
Short term borrowings	2,508,715	2,508,715	
Trade and other payables	1,827,719	1,827,719	
Total	**7,286,434**	**4,336,434**	**2,950,000**

	As at June 30, 2022		
Financial liabilities	**Carrying amount**	**Within one year**	**More than one year**
Loan from Directors	81,790,440		81,790,440
Short term borrowings	8,768,487	8,768,487	
Trade and other payables	2,207,170	2,207,170	
Total	**92,766,098**	**10,975,657**	**81,790,440**

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The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfill its obligations as they come due.

29 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level follows the table.

Recurring FV Measurement - June 30, 2023	Level I	Level II	Level III
Long-term investment - at FVOCI	-	9,006,813	-
Short-term investments - at FVTPL	17,000,009	-	-

Recurring FV Measurement - June 30, 2022	Level I	Level II	Level III
Long-term investment - at FVOCI	-	16,406,874	-
Short-term investments - at FVTPL	40,843,030	-	-

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- 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.

There were no transfers into or out of Level 3 measurements.

31 CAPITAL MANAGEMENT

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

31.2 CAPITAL ADEQUACY	Notes	Amount
The Capital Adequacy level as required by CDC is Calculated as Follows:		(Rupees)
Total Assets	*31.2.1*	45,516,064
Less: Total Liabilities Excluding Long Term Loan Amounting to Rs.3,443,900		(8,857,580)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		**36,658,484**

31.2.1 While determining the value of the total assets of the TREC Holder, Notional value of the TREC Certificate held by SHAFFI SECURITIES (PVT) LTD as at year ended June 30th 2023 as determined by Pakistan Stock Exchange has been considered.

AS ON 30-JUNE-2023

S. No.	Head of Account	Hair Cut / Adjustments	Net Adjusted Value Pak Rupees
1. Assets			
1.1	Property & Equipment	100% of net value	-
1.2	Intangible Assets	100% of net value	-
1.3	Investment in Govt. Securities	Difference between book value and sale value on the date on the basis of PKRV published by NIFT	-
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	If listed than: 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher Provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	12,398,833
		If unlisted than: 100% of carrying value.	-
1.6	Investment in subsidiaries	100% of net value	-
1.7	Investment in associated companies/undertaking	If listed: 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-
		If unlisted than: 100% of net value.	
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	100% of net value, however, any excess amount of cash deposited with securities exchange to comply with requirements of Base minimum capital, may be taken in the calculation of LC.	
1.9	Margin deposits with exchange and clearing house.	Nil	4,920,746
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	Nil	
1.11	Other deposits and prepayments	100% of carrying value	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	Nil	-
		100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-
1.13	Dividends receivables.	Nil	-
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.)	-

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S. No.	Head of Account	Hair Cut / Adjustments	Net Adjusted Value Pak Rupees
1.15	Advances and Receivables other than trade receivables	1. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months	-
		2. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation	1,571,146
		3. In all other cases, 100% of net value	-
1.16	Receivables from clearing house or securities exchange(s)	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains	1,190,854
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.	
		ii. in case receivables are against margin trading, 5% of the net balance sheet value.	-
		iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.	-
		iv. in case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	21,028
		v. in case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts. (ii) cash deposited as collateral by the respective customer and, (iii) the market value of securities held as collateral after applying VaR based haircuts.	24,901
		vi. In the case of amount receivable form 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.*	
1.18	Cash and Bank balances	Nil	
		i. Bank Balance-proprietary accounts	65,472
		ii. Bank Balance-customer accounts	364,018
		iii. Cash in hand	65,489

S. No.	Head of Account	Hair Cut / Adjustments	Net Adjusted Value Pak Rupees
1.19	**Subscription money against investment in IPO/Offer for sale (asset)**	i. 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. ii. In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities. iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right shares.	-
1.20	**Total Assets**		20,631,487
2. Liabilities			
2.1	**Trade Payables**	i. Payable to exchanges and clearing house	-
		ii. Payable against leveraged market products	
		iii. Payable to customers	607,875
2.2	**Current Liabilities**	Nil	
		i. Statutory and regulatory dues	
		ii. Accruals and other payables	1,219,844
		iii. Short-term borrowings	2,508,715
		iv. Current portion of Subordinated loans	
		v. Current portion of long term liabilities	-
		vi. Deferred Liabilities	
		vii. Provision for taxation	1,571,146
		viii. Other liabilities as per accounting principles and included in the financial statements	
2.3	**Non-Current Liabilities** i. Long Term Financing ii. Staff Retirement benefits iii. Other liabilities as per accounting principles and included in the financial statements	1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases.	
		2. Nil in all other cases	
2.4	**Subordinated Loans**	i. 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 if :**	100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital. b. Board of Directors of the company has approved the increase in capital. c. Relevant Regulatory approvals have been obtained. d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.	
2.6	Total Liabilities		5,907,580

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S. No.	Head of Account	Hair Cut / Adjustments	Net Adjusted Value Pak Rupees
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 finances. Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs. 5 million Note: Only amount exceeding by 10% of each financee from aggregate amount shall be included in the ranking liabilities.	
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. Note: Only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities.	
3.3	**Net underwriting Commitments**	(a) in the case of right issue: if the market value of securities is less than or equal to the subscription price the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment. (b) In any other case : 12.5% of the net underwriting commitments.	
3.4	**Negative equity of subsidiary**	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) Exceed the total liabilities of the subsidiary	
3.5	**Foreign exchange agreements and foreign currency positions**	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	
3.6	**Amount Payable under REPO**	Carrying value	

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S. No.	Head of Account	Hair Cut / Adjustments	Net Adjusted Value Pak Rupees
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	
		ii. In case of proprietary positions, The total margin requirements in respect of open positions to the extent not already met	
3.10	**Short sell positions**	i. in case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	
		ii. in case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	
3.11	**Total Ranking Liabilities**		-

TOTAL	**Liquid Capital**	14,723,907

Calculations Summary of Liquid Capital

i) Adjusted value of Assets (serial number 1.20)	20,631,487
ii) Less: Adjusted value of liabilities (serial number 2.6)	(5,907,580)
iii) Less: Total ranking liabilities (serial number 3.11)	-
	14,723,907

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32 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

33 EVENTS AFTER REPORTING PERIOD

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

34 NUMBER OF EMPLOYEES

Total number of employees at the end of year was 6 (2023: 6). Average number of employees was 6 (2022: 6)

35 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

36 GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

37 AUTHORIZATION

37.1 These financial statements were authorized for issue on Novemebr 05, 2023 by the Board of Directors of the Company.

Chief Executive

TECnet E.A.S.S.S. Chartered Accountants

Director