



# TRUST SECURITIES & BROKERAGE LTD

**HALF YEARLY REPORT**

DECEMBER 31ST 2022









# Our Commitment to Growth

For over 25 years, Trust Securities and Brokerage Limited have been providing cutting edge brokerage solution. We consecutively strive to achieve client satisfaction by providing a diversified portfolio with well-measured risk management. Our commitment to growth is well tied with our mantra 'to give back' to our stakeholders. With similar zeal, innovation, discipline and integrity, we strive to be the leading brokerage firm of Pakistan.









# Overview

Trust Securities and Brokerage Limited (TSBL) is a leading brokerage house listed on the Pakistan Stock Exchange with its headquarters in Karachi. We trace our history back to 1993 providing a full array of brokerage services to our clientele. We have our presence in Lahore and Karachi with a total of 7 branches on a pan-Pakistan basis, with combined staff strength of highly experienced employees.

The current sponsors took over the company in 2017 and through a fresh capital injection, hiring of experienced and dedicated staff, the company has made a turn around.

We remain client focused and work for long term benefit of our clients eventually leading to continuous growth for our stakeholders.

We are committed on serving our clients offering them unmatched services to help them achieve targets from the ever-growing capital market.









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*Arto Ruutinen*





# Vision

To create a viable and a diversified brokerage and financial services business dedicated to creating continuous value for our clients, fully compliant with the letter and spirit of the laws, while earning profits for our shareholders and crafting a workplace which attracts the best talent and enables us to train and retain them.

# Mission

To be a top tier brokerage and financial service company in Pakistan, with innovation, discipline and integrity at the heart of our business involved real value, impacting clients and shareholders

# Core Values

## ***Integrity***

Serve our customers with uncompromising honesty and transparency.

## ***Excellence***

Provide our customers with innovative technology and superior quality, value and service.

## ***Social Responsibility***

Be active in Social responsibility by paying attention to our social and physical environment.

## ***Leadership***

Value and develop our employees' diverse talents, initiative and leadership and make it possible for them to take on challenges.







The background features a large, light gray cross-like shape. In the top right corner, there is a green square containing a white arrow pointing diagonally upwards and to the right. The text is overlaid on these elements.

# Code of Conduct

Trust Securities & Brokerage Limited (TSBL) strongly support corporate decorum and ensure and running its business progressively while adopting a Code of Ethics and Business Practice

## Corporate Social Responsibility

Corporate social responsibility (CSR) is a subject that has garnered considerable attention in recent years.

It is our endeavor to contribute towards environmental responsibility, ethical responsibility philanthropic responsibility and economic responsibility .

We strive hard to mantian equilibrium between revenues for our share holders and our responsibiity towards fellow beings.



# Company Information





**Board of Directors:**

Ms. Zenobia Wasif  
 Mr. Abdul Basit  
 Mr. Zulfiqar Ali Anjum  
 Mr. Khizer Hayat Farooq  
 WG CDR. Talat Mahmood (Retd.)  
 Mr. Junaid Shehzad Ahmad  
 Sardar Abdul Majeed Khan

**Chief Financial Officer**

Muhammad Ahmed

**Audit Committee:**

Mr. Talat Mahmood	Chairman
Mrs. Zenobia Wasif	Member
Mr. Junaid Shehzad Ahmad	Member

**Auditors:**

Reanda Haroon Zakaria & Company  
 Chartered Accountants

**Management & Credit Rating**

Pakistan Credit Rating Agency (PACRA)

**Legal Advisors:**

Haider Waheed Partners

**Bankers:**

Habib Bank Limited  
 J.S. Bank Limited  
 Habib Metropolitan Bank Limited  
 Meezan Bank Limited

**Registered Office:**

Suite No. 401, 4<sup>th</sup> Floor, Business & Finance Centre  
 I.I. Chundrigar Road, Karachi (Pakistan)  
 UAN: (92-21)111-000-875  
 Tel: (92-21) 32469044-48, Fax: (92-21)32467660

**PSX Branch Office Karachi:**

2<sup>nd</sup> Floor, 202-203 & 725, PSX Building  
 Stock Exchange Road, Karachi, Pakistan  
 Tel: (92-21) 32460161-7, Fax: (92-21) 32467660

**PSX Branch Office LSE Plaza, Lahore:**

Room No. 607, 6<sup>th</sup> Floor, LSE Plaza  
 19-Khayaban-e-Aiwan-e-Iqbal, Lahore  
 Tel: (92-42) 36300181, 36300554, 36373045, 36374710

**PMEX Branch Office – BFC Building, Karachi**

Room No. 510, 5<sup>th</sup> Floor, Business & Finance Center  
 I.I. Chundrigar, Road, Karachi

**PMEX Branch Office – LSE Plaza, Lahore**

Room No. 616, 6<sup>th</sup> Floor, Stock Exchange Building,  
 19-Khayaban-e-Aiwan-e-Iqbal, Lahore

Chairperson/Director (Non-Executive)  
 Chief Executive Officer/Director (Executive)  
 Director (Executive)  
 Director (Non-Executive – Independent)  
 Director (Non-Executive – Independent)  
 Director (Non-Executive)  
 Director (Non-Executive)

**Company Secretary**

Syed Maqsood Ahmad

**H.R & Remuneration Committee:**

Mr. Khizer Hayat Farooq	Chairman
Mr. Junaid Shehzad Ahmad	Member
Mr. Zulfiqar Ali Anjum	Member

**Internal Auditors:**

Muhammad Adnan Siddiqui  
 Chartered Accountant

**Share Registrar:**

Hameed Majeed Associates (Pvt.) Ltd.  
 H.M. House, 7-Bank Square, Lahore.  
 Tel: (92-42) 3723 5081-82, Fax: (92-42) 37358817

MCB Bank Limited  
 Bank AL Habib Limited  
 Bank Islami Limited  
 Bank Al Baraka

**PSX Branch Office Lahore:**

2<sup>nd</sup> Floor, Associated House  
 Building No. 1&2, 7-Kashmir Road, Lahore  
 Tel: (92-42) 36310241-44, Fax: (92-42) 36373040

**PSX Branch Office – BFC Building, Karachi**

Room No. 510, 5<sup>th</sup> Floor, Business & Finance Center  
 I.I. Chundrigar, Road, Karachi

**PMEX Branch Office – DHA, Karachi**

Mezzanine No. 2, Mezzanine Floor, Plot No. 550-C,  
 11<sup>th</sup> Commercial Street, DHA, Phase-II Ext., Karachi





# Directors' Report



## DEAR SHAREHOLDERS,

The directors are pleased to present the Un-Audited Financial Statements of the Company for the Half-Year ended 31<sup>st</sup> December 2022 together with Directors' report thereon as per accounting, regulatory and legal requirements.

Following is the summary of the company's financial performance during the six month:

	December 31, 2022	December 31, 2021
Operating Revenue	87,298,419	125,929,628
Operating Loss	(1,438,028)	(8,886,080)
Profit-before Taxation	5,738,857	1,838,860
Profit / (Loss) After Taxation	4,068,506	(2,162,698)

We are pleased to announce the company's financial results for 6 months ended achieving a Net Profit and a Positive EPS.

The company earned a net profit of Rs. 4.068 Million for the Half year ended 2022 against a net loss of Rs. 2.162 Million in the previous corresponding period i.e. December 31' 2021.

The earning per share for the six months ended December 31, 2022 was 0.14 which is state contrast to the on-going market performance and hard work even though the economic and political condition of the country remained unstable.

The primary factors resulting in revenues were revenues earned from Pakistan Mercantile Exchange (PMEX). The bourse on the other hand did contribute to certain revenue generation but the contributions to the Profit were pretty low. The country has been facing ongoing economic crisis including the uncertainty of the IMF program as well as the political factors which has negatively affecting the volume hence resulting in low commissions. In terms of operating and administrative expenses, the company could have saved a big amount by making a massive lay-off but keeping the food at their table was more important with the vision of good days ahead.

## ACKNOWLEDGMENT

We express our sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners and shareholders for their support and confidence.

We would like to acknowledge the Securities and Exchange Commission of Pakistan (SECP), Central Depository Company of Pakistan Limited (CDC) and National Clearing Company of Pakistan Limited (NCCPL) and Pakistan Stock Exchange (PSX) for their efforts to strengthen capital markets and measures to protect investor rights.

*For and on behalf of the Board*



**Abdul Basit**  
Chief Executive Officer



**Zenobia Wasif**  
Chairperson/Director

Karachi, February 22, 2023



# Credit and Management Rating

Management Rating  
BMR2+  
With Stable Outlook

Entity Rating  
A- & A2  
Long Term & Short Term

Fiduciary Rating  
BFR 2  
With Stable Outlook





# Financials



## INDEPENDENT AUDITOR'S REVIEW REPORT

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **Trust Securities & Brokerage Limited** as at December 31, 2022, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the 'Condensed Interim Financial Statements'). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our reviews.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other matters*

The figures included in the condensed interim statement of profit or loss for the quarters ended December 31, 2022 and 2021 and the notes thereto have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

The engagement partner on the engagement resulting in this independent auditor's review report is **Muhammad Farooq**.

*Reanda Haroon Zakaria & Co.*  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

**Place:** Karachi  
**Dated:** February 22, 2023  
**UDIN:** RR2022101271NYsmrRZy



# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	(Un-Audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipment	5	12,885,831	13,582,427
Right of use asset	6	19,763,623	15,424,874
Intangibles	7	5,600,934	5,738,434
Long term deposits	8	7,484,805	10,239,515
Deferred taxation	9	13,174,849	12,755,206
		<b>58,910,042</b>	<b>57,740,456</b>
<b>Current Assets</b>			
Short term investments	10	29,760,734	45,494,101
Trade debts	11	171,950,276	177,276,250
Receivable against margin finance	12	33,392,137	42,864,992
Advances, deposits, prepayments and other receivables	13	133,021,348	127,927,316
Cash and bank balances	14	61,011,961	68,425,609
		<b>429,136,456</b>	<b>461,988,268</b>
<b>Total Assets</b>		<b>488,046,498</b>	<b>519,728,724</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
75,000,000 (2022 : 75,000,000) Ordinary shares			
Ordinary shares of Rs. 10 each		<b>750,000,000</b>	<b>750,000,000</b>
Issued, subscribed and paid-up capital		<b>300,000,000</b>	<b>300,000,000</b>
<b>Reserves</b>			
Accumulated loss		<b>(6,484,705)</b>	<b>(10,527,892)</b>
<b>Shareholders' Equity</b>		<b>293,515,295</b>	<b>289,472,108</b>
<b>Non-Current Liabilities</b>			
Lease liabilities		<b>9,112,437</b>	<b>8,596,852</b>
<b>Current Liabilities</b>			
Current maturity of lease liabilities	15	<b>8,923,522</b>	<b>7,699,929</b>
Short term borrowings	16	<b>28,047,945</b>	<b>50,219,839</b>
Trade and other payables	17	<b>147,464,476</b>	<b>162,167,481</b>
Accrued markup		<b>897,736</b>	<b>1,111,160</b>
Provision for taxation	18	<b>85,087</b>	<b>461,355</b>
		<b>185,418,766</b>	<b>221,659,764</b>
<b>Commitment</b>	19		
<b>Total Equity and Liabilities</b>		<b>488,046,498</b>	<b>519,728,724</b>

The annexed notes 1 to 24 form an integral part of these financial statements

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

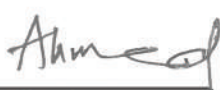
## FOR THE SIX MONTHS ENDED DECEMBER 31 2022 (UN-AUDITED)

		Half year ended		2nd quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note		----- Rupees -----			
Operating revenue	20	87,298,419	125,929,628	44,750,395	56,533,185
Gain / (loss) on sale of short term investments		19,586,052	(2,137,923)	9,320,794	(1,020,899)
Loss on remeasurement of at FVTPL		(5,065,575)	(12,353,770)	(4,139,802)	(5,515,138)
		101,818,896	111,437,935	49,931,387	49,997,148
Operating and administrative expenses		(99,937,106)	(117,344,950)	(54,353,874)	(54,870,207)
Finance cost		(3,319,818)	(2,979,065)	(1,561,569)	(1,244,215)
		(103,256,924)	(120,324,015)	(55,915,443)	(56,114,422)
Operating loss		(1,438,028)	(8,886,080)	(5,984,056)	(6,117,274)
Other charges	21	(7,551,171)	(1,352,545)	-	(634,983)
Other income		14,728,056	12,077,485	8,810,708	6,482,151
Profit / (loss) before taxation		5,738,857	1,838,860	2,826,652	(270,107)
Taxation		(1,670,351)	(4,001,558)	352,342	(2,167,951)
Profit / (loss) after taxation		4,068,506	(2,162,698)	3,178,994	(2,438,058)
Earning / (loss) per share - basic and diluted		0.14	(0.07)	0.11	(0.08)

The annexed notes 1 to 24 form an integral part of these financial statements



Chief Executive



Director



Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED DECEMBER 31 2022 (UN-AUDITED)**

	<i>Half year ended</i>		<i>2nd Quarter ended</i>	
	<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>----- Rupees -----</i>			
<b>Profit / (loss) for the period</b>	<b>4,068,506</b>	<b>(2,162,698)</b>	<b>3,178,994</b>	<b>(2,438,058)</b>
Other comprehensive loss for the period	(25,319)	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>4,043,187</b>	<b>(2,162,698)</b>	<b>3,178,994</b>	<b>(2,438,058)</b>

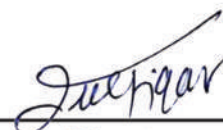
The annexed notes 1 to 24 form an integral part of these financial statements



*Chief Executive*



*Chief Financial Officer*



*Director*



# **CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

## **FOR THE SIX MONTHS ENDED DECEMBER 31 2022 (UN-AUDITED)**

	<i>Share Capital</i>	<i>Revenue Reserves Accumulated (losses)/Profit</i>	<i>Total Shareholders Equity</i>
	<i>----- Rupees -----</i>		
<b>Balance as at July 1, 2021</b>	300,000,000	3,123,470	303,123,470
Loss for the period ended December 31, 2021	-	(2,162,698)	(2,162,698)
<b>Balance as at December 31, 2021 (Un-Audited)</b>	<b>300,000,000</b>	<b>960,772</b>	<b>300,960,772</b>
<b>Balance as at July 1, 2022</b>	<b>300,000,000</b>	<b>(10,527,892)</b>	<b>289,472,108</b>
<b>Total comprehensive income for the period</b>			
Profit for the period	-	4,068,506	4,068,506
Other comprehensive income for the period	-	(25,319)	(25,319)
	-	4,043,187	4,043,187
<b>Balance as at December 31, 2022 (Un-Audited)</b>	<b>300,000,000</b>	<b>(6,484,705)</b>	<b>293,515,295</b>

The annexed notes 1 to 24 form an integral part of these financial statements

  
\_\_\_\_\_  
**Chief Executive**

  
\_\_\_\_\_  
**Chief Financial Officer**

  
\_\_\_\_\_  
**Director**



# CONDENSED INTERIM STATEMENT OF CASH FLOWS

## FOR THE SIX MONTHS ENDED DECEMBER 31 2022 (UN-AUDITED)

	December 31, 2022 Rupees	December 31, 2021 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,738,857	1,838,860
Adjustment for non-cash charges and other items		
Depreciation	768,218	810,147
Amortization on right of use assets	5,422,553	3,711,718
Amortization	137,500	137,500
Interest expense on lease liabilities	1,212,620	874,601
Provision for expected credit losses	7,551,171	1,352,545
Profit on saving account	(1,704,192)	(637,844)
Interest income on exposure deposited	(2,568,610)	(2,351,594)
Profit on margin financing	(4,321,915)	(5,729,295)
MTS markup	(2,599,776)	(2,310,139)
Profit on Base Minimum Capital	(350,604)	(65,294)
Finance cost	2,107,198	2,104,464
Dividend income	(406,000)	(534,231)
Reversal of provision for ECL	(3,182,959)	(978,937)
(Gain) / loss on sale of Investment	(19,586,052)	2,137,923
Unrealised loss on remeasurement of investment	5,065,575	12,353,770
	(12,455,273)	10,875,334
	(6,716,416)	12,714,194
<b>Changes in Working Capital:</b>		
<b>Decrease / (Increase) in current assets</b>		
Trade debts	957,762	(76,195,977)
Receivable against margin finance	9,472,855	33,122,325
Advances, deposits, prepayments and other receivables	(5,320,255)	69,301,552
	5,110,362	26,227,900
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(14,703,005)	(59,024,134)
<b>Cash used in operations</b>	(16,309,059)	(20,082,040)
Taxes paid	(2,466,262)	(2,982,993)
Finance cost paid	(2,320,623)	(3,085,689)
Long term deposits - net	2,754,710	(5,284,305)
<b>Net cash used in operating activities</b>	(18,341,234)	(31,435,027)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(71,622)	(1,710,343)
Loss on sale of short term investment	(25,319)	-
Interest income received	11,771,320	10,837,144
Dividend income received	406,000	534,231
Investments - net	30,253,844	(25,458,522)
<b>Net cash generated / (used) in investing activities</b>	42,334,223	(15,797,490)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of short term borrowings - Net	(22,171,894)	(7,770,523)
Repayment of liabilities against right of use asset	(9,234,743)	(4,252,731)
<b>Net cash used in financing activities</b>	(31,406,637)	(12,023,254)
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	(7,413,648)	(59,255,771)
<b>Cash and cash equivalents at beginning of year</b>	68,425,609	99,296,325
<b>Cash and cash equivalents at end of year</b>	61,011,961	40,040,554

The annexed notes 1 to 24 form an integral part of these financial statements

  
Chief Executive

  
Chief Financial Officer

  
Director



# **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31 2022 (UN-AUDITED)**

## **1 THE COMPANY AND ITS OPERATION**

The Company was incorporated in Pakistan on October 19, 1993 as a Public Limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The company is listed on Pakistan Stock Exchange Limited. The Company is the Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited.

The geographical location and address of company offices are as under:

- Head Office : Suite No. 401, 4th Floor, Business and Finance Center, I.I Chundrigar Road, Karachi.
- Branch Offices : Suite No. 202, 2nd Floor New Stock Exchange Building, I.I. Chundrigar Road, Karachi.  
  
2nd Floor, Associated House, Building # 1 & 2, 7-Kashmir Road, Lahore.  
  
Room No. 607, 6th Floor, LSE Plaza, 19-Khayaban-e-Aiwan-Iqbal, Lahore.  
  
Office No. 725, 7th Floor, PSX New Building, Stock Exchange Road, Karachi.  
  
PMEX Branch office- DHA, Karachi Mezzanine No.2, Plot No. 550-C 11th Commercial Street, DHA, Phase-II Ext, Karachi.  
  
Room No. 510, 5th Floor, Business and Finance Center, II Chundigarh Road, Karachi.  
  
Room No. 616, 6th Floor, Stock Exchange Building 19-Khayaban-e-Aiwan-Iqbal, Lahore.

The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex, and other financial instruments and corporate financial services.

Further the company is also engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange.

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2022.

## **2 BASIS OF PREPARATION**

### **2.1 Basis of Measurement**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.



Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Companies Act, 2017. The figures of the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the six months ended December 31, 2022 and December 31, 2021.

## **2.2 *Functional and presentation currency***

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

## **3 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2022.

## **4 *ACCOUNTING ESTIMATES AND JUDGEMENTS***

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2022.



		<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
<b>5</b>	<b>PROPERTY AND EQUIPMENT</b>		
Operating fixed assets	5.1	12,635,831	13,332,427
Capital work in progress	5.2	250,000	250,000
		<b>12,885,831</b>	<b>13,582,427</b>

### 5.1 Operating fixed assets

Opening written down value	13,332,427	12,749,879
Addition during the period	71,622	2,312,843
Disposals during the period	-	(27,737)
Depreciation charge for the period	(768,218)	(1,702,558)
	<b>12,635,831</b>	<b>13,332,427</b>

### 5.2 Capital work in progress

Opening balance	250,000	-
Addition during the period	-	1,350,065
Transferred to fixed assets	-	(1,100,065)
Closing balance	<b>250,000</b>	<b>250,000</b>

### 5.3 Details of additions of operating fixed assets during period/year are as follows:

	<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
Computers	71,622	59,700
Furniture and fittings	-	1,780,900
Vehicles	-	206,500
Office equipment	-	265,743
	<b>71,622</b>	<b>2,312,843</b>

## 6 RIGHT OF USE ASSETS

Opening balances	15,424,874	17,121,108
Additions	9,761,303	6,220,120
Amortization expense	(5,422,554)	(7,916,354)
<b>Closing balance</b>	<b>19,763,623</b>	<b>15,424,874</b>



## 7 INTANGIBLES

	<i>Note</i>	<i>(Un-Audited) December 31, 2022 Rupees</i>	<i>(Audited) June 30, 2022 Rupees</i>
<b>Trading Rights Entitlement Certificate (TREC)</b>			
Pakistan Stock Exchange Limited (PSX)	7.1&7.2	1,280,000	1,280,000
<b>Offices</b>			
LSE Financial Services Limited (LFSL)	7.3	262,600	262,600
<b>Pakistan Mercantile Exchange Limited (PMEX) membership</b>			
Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
<b>Software</b>	7.4	1,558,334	1,695,834
		<b>5,600,934</b>	<b>5,738,434</b>

- 7.1** Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integrations) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received the equity shares of LSE Financial Services Limited (LFSL) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Lahore Stock Exchange (Guarantee) Limited.
- 7.2** This certificate is subject to Hypothecation charge in favor of Pakistan Stock Exchange Limited.
- 7.3** These represent cost of offices given by LSE Financial Services Limited 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.

	<i>(Un-Audited) December 31, 2022 Rupees</i>	<i>(Audited) June 30, 2022 Rupees</i>
<b>7.4 Software</b>		
Opening net book value	1,695,834	1,970,834
Amortization charge	(137,500)	(275,000)
<b>Closing net book value</b>	<b>1,558,334</b>	<b>1,695,834</b>
Cost	2,750,000	2,750,000
Accumulated amortization	(1,191,666)	(1,054,166)
<b>Net book value</b>	<b>1,558,334</b>	<b>1,695,834</b>
<b>Amortization rate</b>	<b>10%</b>	<b>10%</b>

	<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
<b>8 LONG TERM DEPOSITS</b>		
<i>- Unsecured - Considered good</i>		
National Clearing Company of Pakistan Limited (NCCPL)	<b>1,400,000</b>	1,400,000
Central Depository Company of Pakistan Limited (CDC)	<b>100,000</b>	100,000
Pakistan Mercantile Exchange Limited (PMEX)	<b>500,000</b>	500,000
Rentals deposits	<b>500,500</b>	565,500
Lease deposits	-	2,704,710
Base minimum capital	<b>4,969,305</b>	4,969,305
Other deposits	<b>15,000</b>	-
	<b>7,484,805</b>	10,239,515

## 9 DEFERRED TAXATION

Deferred tax asset is net off of (taxable) / deductible temporary differences in respect of the followings:-

	<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	<b>(1,019,787)</b>	(937,142)
Right of use asset	<b>(5,731,451)</b>	(4,473,213)
	<b>(6,751,238)</b>	(5,410,355)
<b>Deductible temporary differences</b>		
Provision for expected credit losses (ECL)	<b>5,809,574</b>	4,542,792
Tax losses	<b>1,232,737</b>	-
Lease liability	<b>5,230,428</b>	4,726,066
Minimum tax	<b>2,807,198</b>	1,721,043
Alternative Corporate Tax	<b>4,641,752</b>	4,641,752
Short term investments	<b>1,815,022</b>	2,533,908
	<b>21,536,711</b>	18,165,561
Unrecognised deferred tax assets	<b>(1,610,624)</b>	-
	<b>13,174,849</b>	12,755,206

## 10 SHORT TERM INVESTMENTS

*At fair value through profit or loss*

In shares of quoted company	<b>29,730,734</b>	32,779,157
In shares of unquoted company	<b>30,000</b>	12,714,944
	<b>29,760,734</b>	45,494,101



## 11 TRADE DEBTS

		<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
	<i>Note</i>		
Considered good		171,950,276	177,276,250
Considered doubtful		20,033,013	15,664,801
	11.1 & 11.2	191,983,289	192,941,051
Provision for doubtful debts	11.3.1	(20,033,013)	(15,664,801)
		<u>171,950,276</u>	<u>177,276,250</u>

**11.1** The company holds capital securities having fair value of **Rs. 423.635 million** (2022 : Rs. 822.352 million) owned by its clients, as collaterals against trade debts.

**11.2** This includes **Rs. 21.087 million** (2022 : Rs. 41.105 million) due from related parties and the maximum aggregate amount outstanding during the period **Rs. 158.884 million** (2022 : Rs. 184.890 million).

		<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
	<i>Note</i>		

### 11.3 Aging analysis

The aging analysis of trade debts is as follows:

Upto fourteen days		144,950,055	145,835,616
More than fourteen days	11.3.1	47,033,234	47,105,435
		<u>191,983,289</u>	<u>192,941,051</u>

**11.3.1** Adequate provision of **Rs. 20.033 million** (2022 : Rs. 15.665 million) has been provided in respect of amount due from customers.

		<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>

### 11.4 Provision for expected credit losses (ECL)

Balance as on July 01		15,664,801	9,119,762
Provision made during the period / year		7,551,171	7,103,542
		<u>23,215,972</u>	<u>16,223,304</u>
Reversal of excess provision against trade debt		(3,182,959)	-
Reversal of excess provision		-	(558,503)
		<u>20,033,013</u>	<u>15,664,801</u>

## 12 RECEIVABLE AGAINST MARGIN FINANCE

This amount is given as a Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in MF Blocked CDS A/C of the company. The company is financing on agreed Financing Participation Ratio (FPR) and charging markup upto the rate of 1 month KIBOR (prevailing at the close of immediately preceding working day) + 8%.

		(Un-Audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
	Note		
<b>13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - Considered good</b>			
<b>Advances</b>			
Advance to staff		4,975,233	4,542,073
Advance for office maintenance		915,390	1,909,140
		<b>5,890,623</b>	<b>6,451,213</b>
<b>Deposits</b>			
Deposit against exposure	13.1	43,663,784	49,206,529
Deposits against margin trading system	13.2	24,520,597	34,699,872
Deposit against PMEX margin	13.3	45,662,193	29,148,533
		<b>113,846,574</b>	<b>113,054,934</b>
<b>Prepayments</b>			
		<b>144,000</b>	-
<b>Other receivables</b>			
Other receivables		471,153	820,881
PMEX Clearing House		2,667,617	2,714,377
Markup receivable against leverage products		3,815,287	3,561,800
Markup receivable against Saving Account		15,493	495,203
Retained profit future contract from NCCPL		6,170,601	828,908
		<b>13,140,151</b>	<b>8,421,169</b>
		<b>133,021,348</b>	<b>127,927,316</b>

**13.1** This represents deposits with National Clearing Company of Pakistan Limited against exposure margin in respect of future and ready counter.

**13.2** This represents deposits with National Clearing Company of Pakistan Limited against the exposure margin against trade and sustained losses to date on Margin Trading Services.

**13.3** This represents deposits with Pakistan Mercantile Exchange Limited against the exposure margin against commodities future.



		<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
	<i>Note</i>		
<b>14 CASH AND BANK BALANCES</b>			
Cash in hand		1,135,663	668,764
<b>Cash at banks</b>			
In current accounts		519,317	1,486,785
In saving account	14.1	59,356,981	66,270,060
	14.2	59,876,298	67,756,845
		<u>61,011,961</u>	<u>68,425,609</u>

**14.1** Saving account carries markup which ranges from **7.00% to 14.60%** (June 2022 : 6.5% to 10.75%) per annum.

		<i>(Un-Audited)</i> <i>December 31,</i> <i>2022</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2022</i> <i>Rupees</i>
<b>14.2 Balance pertaining to :</b>			
Clients		59,271,452	65,917,676
Brokerage house		604,846	1,839,169
		<u>59,876,298</u>	<u>67,756,845</u>

## 15 LEASE LIABILITIES

Opening balances	16,296,781	17,359,085
Additions	5,906,593	6,220,120
Interest expense	1,212,620	1,928,418
Payments	(5,380,035)	(9,210,842)
	1,739,178	(1,062,304)
<b>Closing balances</b>	<u>18,035,959</u>	<u>16,296,781</u>
Current	8,923,522	7,699,929
Non - current	9,112,437	8,596,852
	<u>18,035,959</u>	<u>16,296,781</u>

Rate of return on lease liabilities ranges from **18.16% - 20%** (June 22 : 9.92% - 18.6%).

## 16 SHORT TERM BORROWINGS

### *Secured - interest bearing - from banking companies*

Running finance	<u>28,047,945</u>	<u>50,219,839</u>
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**16.1** This represents running finance facility of Rs. 240 million from JS Bank Limited to finance daily clearing obligation of Pakistan stock exchange and settlement of client trade. The facility carries markup of 3 months kibar + 2.5% per annum to be paid on quarterly basis. The facility is secured against pledge of shares as per approved lists and margins charge over shares duly registered with SECP. Lien over account in name of company, Director and Sponsors of company or 3rd party @ 10% maintained.

**16.2** Fair value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

	<i>(Un-Audited)</i>		<i>(Audited)</i>	
	<i>December 31, 2022</i>		<i>June 30, 2022</i>	
	<i>Number of Securities</i>	<i>Amount</i>	<i>Number of Securities</i>	<i>Amount</i>
	<i>----- Rupees -----</i>			
Client	2,176,780	38,696,865	1,549,855	53,340,117
House	692,900	13,923,442	335,600	7,197,176
<b>Total</b>	<b>2,869,680</b>	<b>52,620,307</b>	<b>1,885,455</b>	<b>60,537,293</b>

<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>December 31,</i>	<i>June 30,</i>
<i>2022</i>	<i>2022</i>
<i>Rupees</i>	<i>Rupees</i>

## **17 TRADE AND OTHER PAYABLES**

Trade creditors	55,279,179	72,428,448
Accrued liabilities	16,919,147	14,009,170
Withholding tax payable	6,669,487	4,267,591
Sindh sales tax payables	3,131,726	2,813,567
Employees compensated absences	-	651,567
Retain future profit of clients	12,341,200	1,657,815
DFC withheld exposure demand from clients	17,187,958	10,714,052
Withheld Regular & MTS exposure and margin	31,067,963	47,273,923
Other liabilities	4,867,816	8,351,348
	<b>147,464,476</b>	<b>162,167,481</b>

## **18 PROVISION FOR TAXATION**

Opening tax payable	461,355	11,537,330
Tax paid during the period	(2,466,262)	(14,173,941)
	<b>(2,004,907)</b>	<b>(2,636,611)</b>
Provision for the period	2,089,994	3,097,966
	<b>85,087</b>	<b>461,355</b>



## 19 COMMITMENT

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end: -

	<i>(Un-Audited)</i> <b>December 31,</b> <b>2022</b> <b>Rupees</b>	<i>(Audited)</i> <b>June 30,</b> <b>2022</b> <b>Rupees</b>
For purchase of shares	<b>254,350,138</b>	133,753,324
For sale of shares	<b>305,004,548</b>	139,061,397

<i>(Un-Audited)</i> <b>Half year ended</b>		<i>(Un-Audited)</i> <b>2nd Quarter ended</b>	
<b>December 31,</b> <b>2022</b>	<b>December 31,</b> <b>2021</b>	<b>December 31,</b> <b>2022</b>	<b>December 31,</b> <b>2021</b>
<b>----- Rupees -----</b>			

## 20 OPERATING REVENUE

Brokerage income from PSX	<b>60,065,623</b>	107,074,321	<b>32,540,922</b>	47,330,039
Brokerage income from PMEX	<b>20,564,636</b>	7,682,607	<b>8,783,826</b>	4,408,212
Transaction charges from clients	<b>6,262,160</b>	10,638,469	<b>3,019,647</b>	4,260,703
Dividend income	<b>406,000</b>	534,231	<b>406,000</b>	534,231
	<b>87,298,419</b>	125,929,628	<b>44,750,395</b>	56,533,185

## 21 OTHER CHARGES

Provision for expected credit losses (ECL)	<b>(7,551,171)</b>	<b>(1,352,545)</b>	-	(634,983)
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## 22 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management employees and chief executive officer. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial statement, are as under:

<i>Relationship with party</i>	<i>Transactions with</i>	<i>Nature of Transactions</i>	<i>Unaudited</i> <b>December 31,</b> <b>2022</b> <b>Rupees</b>	<i>Unaudited</i> <b>December 31,</b> <b>2021</b> <b>Rupees</b>
		Trade payable	<b>24,837</b>	22,261
		Commission paid	<b>40,902</b>	100,885
Chief Executive Officer	Abdul Basit	The maximum aggregate amount outstanding during the year was Rs. 951,064		
		Brokerage commission earned	<b>26,907</b>	32,286

<i>Relationship with party</i>	<i>Transactions with</i>	<i>Nature of Transactions</i>	<i>Unaudited December 31, 2022 Rupees</i>	<i>Unaudited December 31, 2021 Rupees</i>
Shareholder	Paramount Commodities (Private) Limited	Trade receivable	<b>2,709,897</b>	6,506,728
		The maximum aggregate amount outstanding during the year was Rs.28,745,431		
		Brokerage commission earned	<b>204,182</b>	698,279
Shareholder	MG Media (Private) Limited	Trade receivables	<b>0.85</b>	1,726,439
		The maximum aggregate amount outstanding during the year was Rs. 20,394,913		
		Brokerage commission earned	<b>139,792</b>	72,960
Shareholder	Foresight Investment Pakistan (Pvt) (Ltd)	Trade receivables	<b>6,251</b>	3,037
		The maximum aggregate amount outstanding during the year was Rs.6,251		
Shareholder	Mr. Sikandar Mehmood	Trade receivables	-	5,474,109
		Brokerage commission earned	-	277,608
Shareholder	Mr. Khurram Faraz	The maximum aggregate amount outstanding during the year was Rs. 1,210,683		
		Brokerage commission earned	<b>1,636</b>	130,794
Director	Zenobia Wasif	Trade receivables	<b>250</b>	-
Director	Mr. Junaid Shehzad Ahmed	Trade payable	<b>880</b>	-
		Trade receivables	-	797,820
		The maximum aggregate amount outstanding during the year was Rs. 1,580		
Director	Mr. Khizer Hayat	Trade receivables	<b>80,199</b>	3,907,887
		The maximum aggregate amount outstanding during the year was Rs. 7,412,001		
		Brokerage commission earned	<b>20,000</b>	19,569
Director	Mr. Sardar A. Majeed	Trade payable	<b>732,984</b>	1,004,177
		The maximum aggregate amount outstanding during the year was Rs. 26,882,510		
		Brokerage commission earned	<b>413,746</b>	315,873
Director	Mr. Zulfiqar Ali Anjum	Trade receivables	<b>217,768</b>	86,736
		The maximum aggregate amount outstanding during the year was Rs. 5,055,003		
		Brokerage commission earned	<b>465,572</b>	1,105,055
		Brokerage commission paid	<b>1,705,313</b>	2,651,953
Director	Mr. Talat Mehmood	Trade receiveable	<b>7,493,106</b>	4,104,054
		The maximum aggregate amount outstanding during the year was Rs. 39,126,926		
		Brokerage commission earned	<b>218,970</b>	477,555
Shareholder	Muhammad Shayan Ghayas	Trade receivables	<b>10,254,388</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 29,097,868		
		Brokerage commission earned	<b>140,190</b>	-



## 23 RECLASSIFICATION

Corresponding figure have been rearranged and reclassified, wherever necessary for the purpose of better presentation. Significant reclassification is as follows:

<i>Description</i>	<i>Head of account of the financial statements for the year ended December 31, 2021</i>	<i>Head of account of the financial statements for the year ended December 31, 2022</i>	<i>Amount Rupees</i>
Transaction charges from clients	Other income	Operating revenue	10,638,469

## 24 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on

Karachi, February 22, 2023.



*Chief Executive*



*Chief Financial Officer*



*Director*