

**FAIRTRADE CAPITAL
SECURITIES PRIVATE LIMITED**

UN- Audited Financial Statements

For the Period ended 31 December 2020

FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED

Un-Audited Statement of Financial Position

As at 31 December, 2020

ASSETS	Note	Dec-20 Rupees	Jun-20 Rupees
Non-current assets			
Property and equipment	5	1,934,398	2,077,129
Intangible assets	6	19,483,000	19,473,000
Long term deposits	7	10,250,000	9,800,000
		31,667,398	31,350,129
Current assets			
Trade debts - net	8	386,579	234,514
Loans and advances	9	106,607	174,136
Deposits, prepayments and other receivables	10	54,791,319	20,759,444
Income tax refundable	11	31,339,321	31,297,919
Short term investments	12	13,726,143	7,958,360
Cash and bank balances	13	1,243,264	10,567,782
		101,593,232	70,992,156
		133,260,631	102,342,285
EQUITY & LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	14	185,000,000	185,000,000
Unappropriated profit		(117,926,122)	(129,191,383)
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		16,846,850	16,846,850
Total equity		83,920,728	72,655,467
Current liabilities			
Trade and other payables	15	49,339,903	29,686,817
Provision for taxation	16	-	-
		49,339,903	29,686,817
Contingencies and commitments			
	17	-	-
		133,260,631	102,342,285

The annexed notes from 1 to 29 form an integral part of these financial statements.



Chief Executive Officer




Director

FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED

Un-Audited Income Statement

For the Half ended December 31, 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
Operating revenue	18	18,114,486	15,776,936
Gain/(loss) on sale of short term investments			(947,912)
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		5,183,630	(2,432,374)
		<u>23,298,116</u>	<u>12,396,650</u>
Operating and administrative expenses	19	(13,030,409)	(39,745,243)
Operating profit / (loss)		<u>10,267,707</u>	<u>(27,348,593)</u>
Financial charges	20	(27,117)	(41,565)
Other income and losses	21	1,024,671	1,998,658
Profit / (loss) before taxation		<u>11,265,261</u>	<u>(25,391,500)</u>
Taxation	22	-	(266,634)
Profit/(loss) for the year		<u>11,265,261</u>	<u>(25,658,134)</u>
Earnings/(loss) per share - basic	23	6.09	(13.87)

The annexed notes from 1 to 29 form an integral part of these financial statements.



Chief Executive Officer



Director

FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED

Un-Audited Statement of Comprehensive Income

For the Half ended December 31, 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
Profit/(loss) for the year		11,265,261	(25,658,134)
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			
Total comprehensive income/(loss) for the year		<u>11,265,261</u>	<u>(25,658,134)</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.



Chief Executive Officer



Director

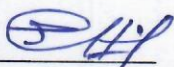
FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED

Un-Audited Statement of Cash Flows

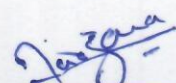
For the Half ended December 31, 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		11,265,261	(25,391,500)
Adjustments:			
Depreciation and impairment		184,931	431,920
Reversal of provision for doubtful debts		(23,626)	75,818
Provision for doubtful debts		-	-
Realized loss / (gain) on sale of short-term investments		-	(947,912)
Realized loss / (gain) on sale of long-term investments		-	-
Unrealized loss / (gain) on short-term investments		5,183,630	(2,432,374)
Non-cash adjustments		-	-
Interset Expense		-	-
		<u>5,344,935</u>	<u>(2,872,548)</u>
Operating profit before working capital changes		<u>16,610,196</u>	<u>(28,264,048)</u>
(Increase)/decrease in current assets			
Trade debts - net		(152,064)	246,652
Loans and advances		67,529	86,850
Deposits, prepayments and other receivables		(34,031,875)	2,279,196
Increase/(decrease) in current liabilities			
Trade and other payables		19,653,085	12,337,641
		<u>(14,463,325)</u>	<u>14,950,339</u>
Cash generated from / (used in) operations		<u>2,146,871</u>	<u>(13,313,709)</u>
Proceeds from net sales of / (acquisition of) short-term investments		(8,505,415)	7,193,953
Finance charges paid		-	-
Taxes paid		(41,400)	(56,089)
		<u>(8,546,815)</u>	<u>7,137,864</u>
Net cash from operating activities		<u>(6,399,944)</u>	<u>(6,175,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(42,200)	(78,530)
Movement in long term investment		-	-
Decrease / (increase) in long-term deposits		(450,000)	9,495,191
Net cash generated from / (used in) investing activities		<u>(492,200)</u>	<u>9,416,661</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Net cash generated from / (used in) financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		<u>(6,892,144)</u>	<u>3,240,816</u>
Cash and cash equivalents at the beginning of the year		<u>8,135,409</u>	<u>4,894,593</u>
Cash and cash equivalents at the end of the year	13	<u>1,243,265</u>	<u>8,135,409</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.



Chief Executive Officer

Director

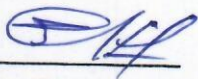
FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED

Un-Audited Statement of Changes in Equity

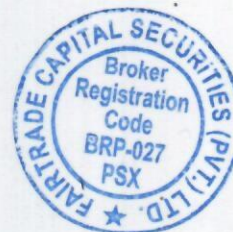
For the Half ended December 31, 2020

	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, 2019	185,000,000	(103,533,249)	16,846,850	98,313,601
Total comprehensive income for the year				
Profit for the year	-	(25,658,134)	-	(25,658,134)
Other comprehensive income/(loss)	-	-	-	-
	-	(25,658,134)	-	(25,658,134)
Balance as at June 30, 2020	<u>185,000,000</u>	<u>(129,191,383)</u>	<u>16,846,850</u>	<u>72,655,467</u>
Total comprehensive income for the year				
Profit for the year	-	11,265,261	-	-
Other comprehensive income/(loss)	-	-	-	-
Balance as at December 31, 2020	<u>185,000,000</u>	<u>(117,926,122)</u>	<u>16,846,850</u>	<u>83,920,728</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.



Chief Executive Officer




Director

FAIRTRADE CAPITAL SECURITIES (PRIVATE) LIMITED
UN-AUDITED NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

Fairtrade Capital Securities Private Limited (the "Company") was incorporated in Pakistan on May 26, 2006 as a private limited company, limited by shares, under the Companies Ordinance, 1984 repealed by Company Act 2017. The Company's registered office is situated at room no 708, 709 7th Floor Stock Exchange Building, Stock Exchange Road, Karachi. The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

2.2. Accounting convention

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

- 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.

2.3. 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.

2.4. 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 5);
- (ii) Estimates of useful lives of intangible assets (Note 6);
- (iii) Fair values of unquoted equity investments (Note 7);
- (iv) Classification, recognition, measurement / valuation of financial instruments (Note 4.5); and
- (v) Provision for taxation (Note 15)

2.5. New standards, amendments / improvements to existing standards (including interpretations thereof) and forthcoming requirements

2.5.1. Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020

During the year, certain new accounting and reporting standards/amendments/interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the date specified below;

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to have an impact on the Company's financial statements.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.
- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these

amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

1. Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.
2. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.
3. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment

to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

2.5.3. Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

3. INITIAL APPLICATION OF IFRS 16

The Company financial statement's has no impact of the International Financial Reporting Standard (IFRS) 16 Leases.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2020 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.

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:

- 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 settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own (the house) investments. 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.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised 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 recognised 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.

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 realise the asset and settle the liability simultaneously.

4.7. Trade debts and other receivables

Trade debts and other receivables are stated initially at amortised 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.

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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 realised.

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.

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.Mark up / interest income

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

4.17.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.

6 INTANGIBLE ASSETS

	Note	Dec-20 Rupees	Jun-20 Rupees
Trading Rights Entitlement Certificate ("TREC")	6.1	2,510,000	2,500,000
Rooms - PSX		16,973,000	16,973,000
Softwares		4,371,410	
		<u>23,854,410</u>	<u>19,473,000</u>
Impairment	6.2	4,371,410	-
		<u>19,483,000</u>	<u>19,473,000</u>

- 6.1 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. These have been carried at cost less impairment losses.

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. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

- 6.2 Based on an assessment of indications of impairment as required under relevant accounting standards, which include a notice by PSX dated November 10, 2017 whereby the notional value of the PSX TREC was revised to notional value, the Company recognized, in fiscal 2018, impairment losses on the PSX and PMEX TRECs / membership cards in the amount necessary to reduce the carrying value of each intangible asset to PKR 2.5 million.

7 LONG-TERM DEPOSITS

	Note	Dec-20 Rupees	Jun-20 Rupees
Central Depository Company of Pakistan		100,000	100,000
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Base Minimum Capital - PSX	7.1	8,750,000	8,300,000
		<u>10,250,000</u>	<u>9,800,000</u>

8 TRADE DEBTS

	Note	Dec-20 Rupees	Jun-20 Rupees
Considered good	8.1	386,579	234,514
Considered doubtful		109,736	133,362
		<u>496,314</u>	<u>367,876</u>
Less: Provision for doubtful debts	8.2	109,736	133,362
		<u>386,579</u>	<u>234,514</u>

- 8.1 The Company holds client-owned securities with a total fair value of PKR 61,819,865 (2020: PKR 44,536,885 as collateral against trade debts. Refer to note 3.8 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.

8.2 Movement in provision against trade debts is as under:

Opening balance (as at July 1)	
Charged to profit and loss during the year	
Amounts written off during the year	
Closing balance (as at December 31)	

Note	Dec-20 Rupees	Jun-20 Rupees
	133,362	209,180
	(23,626)	(75,818)
	<u>109,736</u>	<u>133,362</u>
	<u>109,736</u>	<u>133,362</u>

9 LOANS AND ADVANCES

Staff advances - unsecured, considered good

Note	Dec-20 Rupees	Jun-20 Rupees
	106,607	174,136
	<u>106,607</u>	<u>174,136</u>

10 DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES

Exposure margin with NCCPL
Balance due from NCCPL
WHT
Other advances

Note	Dec-20 Rupees	Jun-20 Rupees
	40,300,000	18,300,000
11.1	13,296,850	1,567,267
	38,397	41,977
	1,156,072	850,200
	<u>54,791,319</u>	<u>20,759,444</u>

11 INCOME TAX REFUNDABLE

Opening balance (as at July 1)
Add: Current year additions
Less: Adjustment against previous year provision for taxation
Adjustment against current year provision for taxation
Balance at the end of the year

Note	Dec-20 Rupees	Jun-20 Rupees
	31,297,921	31,959,900
	41,400	56,089
	<u>31,339,321</u>	<u>32,015,989</u>
	-	451,436
	-	266,634
	<u>31,339,321</u>	<u>31,297,919</u>

12 SHORT TERM INVESTMENTS

Investments at Available for sale
Investment in listed securities - PSX shares

Note	Dec-20 Rupees	Jun-20 Rupees
	13,726,143	10,675,239
	<u>13,726,143</u>	<u>7,958,360</u>

13 CASH AND BANK BALANCES

Cash in hand
Cash at bank
Current accounts
Savings accounts

Note	Dec-20 Rupees	Jun-20 Rupees
	-	1,600
13.1	1,243,264	10,566,182
	-	-
	<u>1,243,264</u>	<u>10,567,782</u>

13.1 Cash in current accounts includes customers' assets in the amount of PKR 1,218,095 (2019: 8,475,169) held in designated bank accounts.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	Dec-20 Rupees	Jun-20 Rupees
14.1 Authorized capital 1,850,000 (2020: 1,850,000) ordinary shares of PKR 100 each.		185,000,000	185,000,000
14.2 Issued, subscribed and paid-up share capital 1,850,000 (2020: 1,850,000) ordinary shares of PKR 100/- each, issued for cash		185,000,000	185,000,000
		185,000,000	185,000,000
14.3 Shareholders holding 5% or more of total shareholding			

	Number of Shares		Percentage	
	2021	2020	2021	2020
Muhammad Hussain Adhi	240,000	240,000	13%	13%
Muhammad Ashraf	800,000	800,000	43%	43%
Mrs. Farzana Ashraf	434,000	434,000	23%	23%
Muhammad Yaqoob Adhi	165,000	165,000	9%	9%

15 TRADE AND OTHER PAYABLES

	Note	Dec-20 Rupees	Jun-20 Rupees
Trade creditors	15.1	48,700,325	28,344,927
Accrued expenses and other payables		61,368	997,155
Auditor's remuneration payable		-	-
Taxes payable		541,491	316,989
Worker welfare fund - Punjab		27,746	27,746
Bank overdraft		8,972	-
		49,339,903	29,686,817

16 PROVISION FOR TAXATION

	Note	Dec-20 Rupees	Jun-20 Rupees
Balance at the beginning of the year		-	451,436
Add: Current Year Provision		-	266,634
		-	718,070
Adjustment against previous year advance tax		-	451,436
Adjustment against current year advance tax		-	266,634
Balance at the end of the year		-	-

17 CONTINGENCIES AND COMMITMENTS

17.1 There are no contingencies or commitments of the Company as at December 31, 2020 (2020: Nil).

18 OPERATING REVENUE

	Note	Dec-20 Rupees	Jun-20 Rupees
Brokerage income		18,114,486	15,776,936
Dividend income		-	-
		18,114,486	15,776,936

19 OPERATING & ADMINISTRATIVE EXPENSES

	Note	Dec-20 Rupees	Jun-20 Rupees
Staff salaries, allowances and other benefits		8,988,351	10,618,580
Director's remuneration		202,000	364,000
LSE & KSE Charges		792,337	824,113
C.D.C & NCSS charges		614,367	659,763
Printing and stationery		87,763	169,428
Fees and subscription		96,405	122,495
Legal and professional		176,500	232,300
DOCUMENTATION CHARGES		30,000	
Provison for doubtful debts		-	-
Communication Expense		345,622	593,210
Donation		-	-
Auditors' remuneration	19.1	124,000	350,000
Entertainment		164,648	318,686
Travelling and conveyance expenses		36,790	132,563
Repair and maintenance		44,810	48,930
Rent, rate and taxes		798,466	787,162
Miscellaneous expenses		159,962	418,738
Software expenses		173,457	346,490
Perior Year Balances Write-Off	19.2	-	23,299,118
Penalty		10,000	-
Worker welfare fund - Punjab		-	27,746
Depreciation	5	184,931	431,920
		<u>13,030,409</u>	<u>39,745,243</u>
19.1. Auditor's remuneration			
Statutory audit		124,000	250,000
Certifications and other charges			100,000
		<u>124,000</u>	<u>350,000</u>
19.2. Perior Year Balances Write-Off			
Write-off NCCPL balance Wrongly Recorded in Perior Year	19.2.1	-	9,303,927
Write-off BMC balance recoded in Long Term Investment	19.2.2		13,995,191
		-	<u>23,299,118</u>

- 19.2.1 The Company Write off the amount Rs: 9,303,927 wrongly recorded as receivable in Perior year.
 19.2.2 The Company Write-off amounting to RS: 13,995,191 recorded as BMC(Base Minimum Capital) as on June 30, 2017 against PSX Blocked Share, Now the PSX Released all shares and BMC against Block Share Exist.

20 FINANCIAL CHARGES

Note	Dec-20 Rupees	Jun-20 Rupees
Bank and other charges	27,117	41,565
	<u>27,117</u>	<u>41,565</u>

21 OTHER INCOME / LOSSES

Income from non-financial assets/liabilities

Reversal of provion for doubtful debt

Reversal of prior year liability

Sundry / miscellaneous income

Note	Dec-20 Rupees	Jun-20 Rupees
Reversal of provion for doubtful debt	(23,626)	75,818
Reversal of prior year liability	23,736	-
Sundry / miscellaneous income	1,024,561	1,922,840
	<u>1,024,671</u>	<u>1,998,658</u>

22 TAXATION

Current tax expense / (income)

for the year

prior years

Note	Dec-20 Rupees	Jun-20 Rupees
Current tax expense / (income)	-	266,634
		<u>266,634</u>

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

23. 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:

Note	Dec-20 Rupees	Jun-20 Rupees
Profit / (loss) after taxation, attributable to ordinary shareholders	11,265,261	(25,658,134)
Weighted average number of ordinary shares in issue during the year	1,850,000	1,850,000
Earnings per share	6.09	(13.87)

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	Dec-20		Jun-20	
	Remuneration	# of persons	Remuneration	# of persons
Chief Executive Officer	-	1	-	1
Directors	182,000	1	364,000	1

25 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.

26 EVENTS AFTER REPORTING PERIOD

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

27 NUMBER OF EMPLOYEES

The total no of employees and average number of employees at year end and during the year respectively are as follows:

	Dec-20	Jun-20
Total No of employees as at	17	17
Average number of employees during the year	17	17

28 RE-CLASSIFICATION AND RE-ARRANGEMENTS

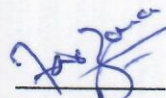
Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

29 GENERAL

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


Chief Executive Officer




Director