



# TRUST SECURITIES & BROKERAGE LTD

**FOR THE QUARTER ENDED**  
MARCH 31ST 2023





# 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.





# C O N T E N T S



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# 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.





# 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

# 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



# Directors' Report

## DEAR SHAREHOLDERS,

The directors are pleased to present the Un-Audited Financial Statements of the Company for nine-months ended 31<sup>st</sup> March 2023 together with Directors' report thereon as per accounting, regulatory and legal requirements.

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

|                                 | March 31' 2023 | March 31' 2022 |
|---------------------------------|----------------|----------------|
| Revenue                         | 121,300,258    | 171,444,612    |
| Operating Profit / (Loss)       | 9,595,690      | (23,837,236)   |
| Profit / (Loss) Before Taxation | 22,480,456     | (6,784,766)    |
| Profit / (Loss) After Taxation  | 22,214,843     | (13,784,583)   |

We are pleased to announce the company's financial results for 9 months ended which has seen a decline in revenue whereas achieving a net profit and a positive EPS.

The company made a revenue of Rs.121.300 Million for the 3<sup>rd</sup> Quarter ended 2023 against a revenue of Rs. 171.444 Million in the previous corresponding period i.e. March 31' 2022.

The profit per share for the nine months ended March 31, 2023 was **0.74** compared to a Loss per share in the corresponding period of (0.46).

The primary factors resulting in decreased revenues were low volume activity in the number of daily trades. There were ups and downs in the market due to the ongoing political and economic crisis in the country which made the bourse even duller.

## 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



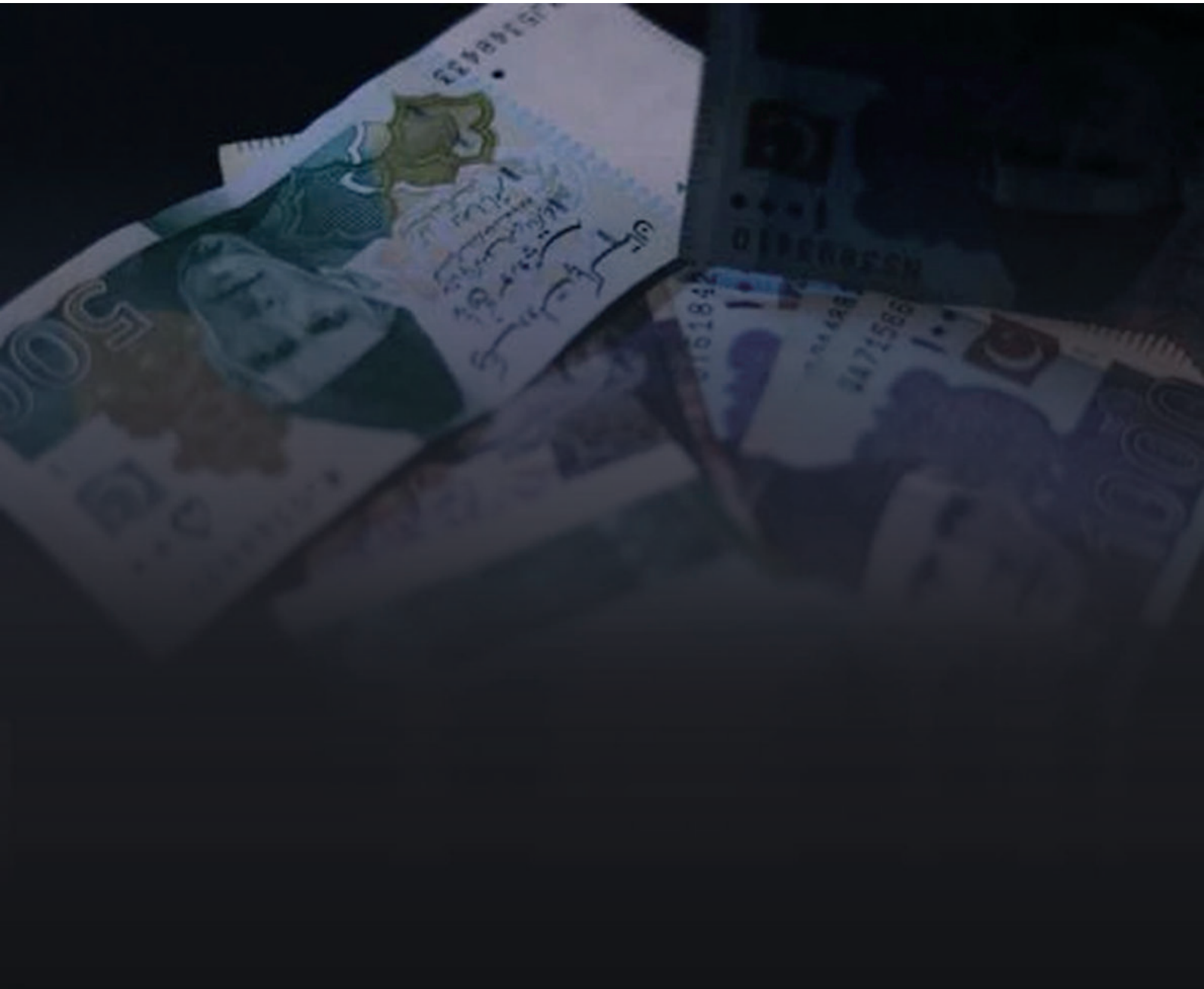
**Abdul Basit**  
Chief Executive Officer



**Zenobia Wasif**  
Chairperson/Director

Karachi:  
April 27, 2023





# Financials

# Statement of Financial Position

AS AT MARCH 31, 2023

|                                      |    | (Un-Audited)<br>March 31,<br>2023<br>Rupees    | (Audited)<br>June 30,<br>2022<br>Rupees |
|--------------------------------------|----|--|---|
| <b><u>ASSETS</u></b>                 |    |  |   |
| <b>Non-Current Assets</b>            |    |  |   |
|                                      | 5  | 12,801,112                                     | 13,582,427                              |
|                                      | 6  | 18,312,643                                     | 15,424,874                              |
|                                      | 7  | 5,532,184                                      | 5,738,434                               |
|                                      | 8  | 7,484,805                                      | 10,239,515                              |
|                                      | 9  | 16,125,167                                     | 12,755,206                              |
|                                      |    | <u>60,255,911</u>                              | <u>57,740,456</u>                       |
| <b>Current Assets</b>                |    |  |   |
|                                      | 10 | 27,102,589                                     | 45,494,101                              |
|                                      | 11 | 217,514,189                                    | 177,276,250                             |
|                                      | 12 | 45,148,008                                     | 42,864,992                              |
|                                      | 13 | 103,989,006                                    | 127,927,316                             |
|                                      | 14 | 724,724  | -                                       |
|                                      | 15 | 48,663,406                                     | 68,425,609                              |
|                                      |    | <u>443,141,923</u>                             | <u>461,988,268</u>                      |
|                                      |    | <u>503,397,834</u>                             | <u>519,728,724</u>                      |
| <b>Total Assets</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                 |   |
|                                      |    | <u>750,000,000</u>                             | <u>750,000,000</u>                      |
|                                      |    | 300,000,000                                    | 300,000,000                             |
| <b>Reserves</b>                      |    |  |   |
|                                      |    | 11,661,632                                     | (10,527,892)                            |
|                                      |    | <u>311,661,632</u>                             | <u>289,472,108</u>                      |
| <b>Shareholders' Equity</b>          |    |  |   |
| <b>Non-Current Liabilities</b>       |    |  |   |
|                                      |    | 7,014,292                                      | 8,596,852                               |
| <b>Current Liabilities</b>           |    |  |   |
|                                      | 16 | 8,579,774                                      | 7,699,929                               |
|                                      | 17 | 16,565,985                                     | 50,219,839                              |
|                                      | 18 | 158,671,729                                    | 162,167,481                             |
|                                      |    | 904,422  | 1,111,160                               |
|                                      | 19 | -  | 461,355                                 |
|                                      |    | <u>184,721,910</u>                             | <u>221,659,764</u>                      |
|                                      | 20 | <u>503,397,834</u>                             | <u>519,728,724</u>                      |
| <b>Total Equity and Liabilities</b>  |    |  |   |

The annexed notes 1 to 25 form an integral part of these financial statements



Chief Executive



Director



Chief Financial Officer

# Statement of Profit or Loss

For the Period Ended March 31, 2023

|   | Note | Nine months ended |                     | 3rd quarter ended |                     |
|---|------|-------------------|---------------------|-------------------|---------------------|
|   |      | March 31,<br>2023 | March 31,<br>2022   | March 31,<br>2023 | March 31,<br>2022   |
| ----- Rupees -----  |      |                   |                     |                   |                     |
| Operating revenue   | 21   | 121,300,258       | 171,444,612         | 34,310,682        | 45,535,561          |
| Gain/(Loss) on sale of short term investments             |      | 40,171,299        | (12,977,804)        | 20,585,247        | (10,839,881)        |
| (Loss)/Gain on remeasurement of investments<br>- at FVTPL |      | (6,048,865)       | (8,593,263)         | (983,290)         | 3,760,507           |
|   |      | 155,422,691       | 149,873,545         | 53,912,639        | 38,456,187          |
| Operating and administrative expenses                     |      | (140,833,244)     | (169,321,428)       | (40,896,138)      | (51,976,483)        |
| Finance cost  |      | (4,993,757)       | (4,389,353)         | (1,673,939)       | (1,410,288)         |
|   |      | (145,827,001)     | (173,710,781)       | (42,570,078)      | (53,386,772)        |
| <b>Operating Profit / (Loss)</b>                          |      | <b>9,595,690</b>  | <b>(23,837,236)</b> | <b>11,342,561</b> | <b>(14,930,585)</b> |
| Other charges   | 22   | (8,965,359)       | (1,573,368)         | (1,414,188)       | (220,823)           |
| Other income  |      | 21,850,125        | 18,625,839          | 6,813,225         | 6,527,776           |
| <b>Profit / (Loss) before taxation</b>                    |      | <b>22,480,456</b> | <b>(6,784,766)</b>  | <b>16,741,598</b> | <b>(8,623,633)</b>  |
| Taxation  |      | (265,613)         | (6,999,817)         | 1,404,738         | (2,998,259)         |
| <b>Profit / (Loss) after taxation</b>                     |      | <b>22,214,843</b> | <b>(13,784,583)</b> | <b>18,146,336</b> | <b>(11,621,892)</b> |
| <b>Earning / (Loss) per share - basic and diluted</b>     |      | <b>0.74</b>       | <b>(0.46)</b>       | <b>0.60</b>       | <b>(0.39)</b>       |

The annexed notes 1 to 25 form an integral part of these financial statements



Chief Executive



Director



Chief Financial Officer

# Statement of Comprehensive Income

## For the Period Ended March 31, 2023

|   | <i>Nine months ended</i>  |                           | <i>3rd Quarter ended</i>  |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | <i>March 31,<br/>2023</i> | <i>March 31,<br/>2022</i> | <i>March 31,<br/>2023</i> | <i>March 31,<br/>2022</i> |
|   | ----- Rupees -----        |                           |                           |                           |
| <b>Profit / (Loss) for the period</b>                     | 22,214,843                | (13,784,583)              | 18,146,336                | (11,621,892)              |
| Other comprehensive loss for the period                   | (25,319)                  | -                         | -                         | -                         |
| <b>Total comprehensive income / (loss) for the period</b> | <b>22,189,524</b>         | <b>(13,784,583)</b>       | <b>18,146,336</b>         | <b>(11,621,892)</b>       |

The annexed notes 1 to 25 form an integral part of these financial statements



Chief Executive



Director



Chief Financial Officer

# Statement of Changes in Equity

For the Period Ended March 31, 2023

|  | <i>Share<br/>Capital</i> | <i>Revenue<br/>Reserves<br/>Accumulated<br/>(losses)/Profit</i> | <i>Shareholders<br/>Equity</i> |
|--|--------------------------|---|--------------------------------|
|  |                          | <i>- Rupees -</i>   |                                |
| <b>Balance as at July 1, 2021</b>                | <b>300,000,000</b>       | <b>3,123,470</b>  | <b>303,123,470</b>             |
| Loss for the period ended March 31, 2022         | -                        | (13,784,583)  | (13,784,583)                   |
| <b>Balance as at March 31, 2022 (Un-Audited)</b> | <b>300,000,000</b>       | <b>(10,661,113)</b>   | <b>289,338,887</b>             |
| <b>Balance as at July 1, 2022</b>                | <b>300,000,000</b>       | <b>(10,527,892)</b>   | <b>289,472,108</b>             |
| Profit for the period ended March 31, 2023       | -                        | 22,214,843  | 22,214,843                     |
| Other Comprehensive (loss) for the period        | -                        | (25,319)  | (25,319)                       |
| <b>Balance as at March 31, 2023 (Un-Audited)</b> | <b>300,000,000</b>       | <b>11,661,632</b>   | <b>311,661,632</b>             |

The annexed notes 1 to 25 form an integral part of these financial statements



Chief Executive



Director



Chief Financial Officer

# Statement of Cash Flows

For the Period Ended March 31, 2023

|   | March 31,<br>2023<br>Rupees | March 31,<br>2022<br>Rupees |
|---|-----------------------------|-----------------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                             |                             |
| <b>Profit / (Loss) before taxation</b>                          | 22,480,456                  | (6,784,766)                 |
| <b>Adjustment for non-cash charges and other items</b>          |                             |                             |
| Depreciation  | 1,160,159                   | 1,215,157                   |
| Profit on saving account  | (4,288,344)                 | (1,598,730)                 |
| Amortization on right of use assets                             | 6,873,534                   | 5,766,519                   |
| Amortization  | 206,250                     | 206,250                     |
| Interest expense on lease liabilities                           | 1,921,660                   | 1,347,834                   |
| Provision for doubtful debts                                    | 8,965,359                   | 1,573,368                   |
| Interest income on exposure deposited                           | (4,649,467)                 | (3,655,264)                 |
| Profit on margin financing                                      | (6,086,828)                 | (7,431,102)                 |
| MTS markup  | (3,328,932)                 | (3,223,340)                 |
| Finance cost  | 3,072,097                   | 3,041,519                   |
| Dividend income   | (861,767)                   | (1,167,212)                 |
| Reversal of provision for doubtful debts                        | (3,182,959)                 | (1,147,346)                 |
| Loss / (Gain) on sale of Investment                             | (40,171,299)                | 12,977,804                  |
| Unrealised loss on remeasurement of investment                  | 6,048,865                   | 8,593,263                   |
|   | <u>(34,321,672)</u>         | <u>16,498,719</u>           |
|   | (11,841,216)                | 9,713,954                   |
| <b>Changes in Working Capital:</b>                              |                             |                             |
| <b>Decrease / (Increase) in current assets</b>                  |                             |                             |
| Trade debts   | (46,020,339)                | (95,563,812)                |
| Receivable against margin finance                               | (2,283,016)                 | 40,802,530                  |
| Advances, deposits, prepayments and other receivables           | 23,213,586                  | 145,116,994                 |
|   | <u>(25,089,769)</u>         | <u>90,355,712</u>           |
| <b>Decrease in current liabilities</b>                          |                             |                             |
| Trade and other payables  | (3,495,752)                 | (91,124,335)                |
|   | <u>(3,495,752)</u>          | <u>(91,124,335)</u>         |
| <b>Cash (used in) / generated from operations</b>               | <u>(40,426,737)</u>         | <u>8,945,331</u>            |
| Taxes paid  | (4,821,654)                 | (13,307,063)                |
| Finance cost paid   | (3,278,835)                 | (3,860,639)                 |
| Long term deposits - net  | 2,754,710                   | (6,759,315)                 |
| <b>Net cash used in operating activities</b>                    | <u>(45,772,517)</u>         | <u>(14,981,686)</u>         |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                             |                             |
| Purchase of fixed assets  | (378,844)                   | (2,312,843)                 |
| Loss on sale of short Term Investments                          | (25,319)                    |                             |
| Interest income received  | 18,865,394                  | 16,087,271                  |
| Dividend income received  | 861,767                     | 1,167,212                   |
| Investments - net   | 48,887,138                  | (40,517,557)                |
| <b>Net cash generated from / (used in) investing activities</b> | <u>68,210,136</u>           | <u>(25,575,917)</u>         |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |                             |                             |
| Proceeds from short term borrowings                             | (33,653,854)                | (11,284,882)                |
| Repayment of liabilities against use of asset                   | (8,545,968)                 | (6,634,320)                 |
| <b>Net cash (used in) financing activities</b>                  | <u>(42,199,822)</u>         | <u>(17,919,202)</u>         |
| <b>Net (decrease) in cash and cash equivalents (A+B+C)</b>      | <u>(19,762,203)</u>         | <u>(58,476,805)</u>         |
| <b>Cash and cash equivalents at beginning of year</b>           | <u>68,425,609</u>           | <u>99,296,325</u>           |
| <b>Cash and cash equivalents at end of year</b>                 | <u>48,663,406</u>           | <u>40,819,520</u>           |

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The annexed notes 1 to 25 form an integral part of these financial statements



Chief Executive



Director



Chief Financial Officer

# Notes to the Financial Statements

## For the Period Ended March 31, 2023

### 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.

#### 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><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|--------------------------|---|---|---|
|                          | <i>Note</i>   |   |   |
| <b>5</b>                 | <b>PROPERTY AND EQUIPMENT</b>   |   |   |
| Operating fixed assets   | 5.1   | <u>12,551,112</u>   | <u>13,332,427</u>   |
| Capital work in progress | 5.2   | 250,000   | 250,000   |
|                          |   | <u>-</u>  | <u>-</u>  |
|                          |   | <u>12,801,112</u>   | <u>13,582,427</u>   |
| <b>5.1</b>               | <b>Operating fixed assets</b>   |   |   |
|                          |   | 13,332,427  | 12,749,879  |
|                          |   | 378,844   | 2,312,843   |
|                          |   | -   | (27,737)  |
|                          |   | <u>(1,160,159)</u>  | <u>(1,702,558)</u>  |
|                          |   | <u>12,551,112</u>   | <u>13,332,427</u>   |
| <b>5.2</b>               | <b>Capital work in progress</b>   |   |   |
|                          |   | 250,000   | -   |
|                          |   | -   | 1,350,065   |
|                          |   | -   | <u>(1,100,065)</u>  |
|                          |   | <u>250,000</u>  | <u>250,000</u>  |
| <b>5.3</b>               | Details of additions of operating fixed assets during period/year are as follows: |   |   |
|                          | Computers   | 156,622   | 59,700  |
|                          | Furniture and fittings  | -   | 1,780,900   |
|                          | Vehicles  | -   | 206,500   |
|                          | Office equipment  | <u>222,222</u>  | <u>265,743</u>  |
|                          |   | <u>378,844</u>  | <u>2,312,843</u>  |
| <b>6</b>                 | <b>RIGHT OF USE ASSETS</b>  |   |   |
|                          | Opening balances  | 15,424,874  | 17,121,108  |
|                          | Additions   | 9,772,745   | 6,220,120   |
|                          | Amortization expense  | <u>(6,884,976)</u>  | <u>(7,916,354)</u>  |
|                          | <b>Closing balance</b>  | <u>18,312,643</u>   | <u>15,424,874</u>   |
| <b>7</b>                 | <b>INTANGIBLES</b>  |   |   |
|                          | <b>Trading Rights Entitlement Certificate (TREC)</b>                              |   |   |
|                          | Pakistan Stock Exchange Limited (PSX)   | 7.1&7.2   | 1,280,000   |
|                          | <b>Offices</b>  |   |   |
|                          | LSE Financial Services Limited (LFSL)   | 7.3   | 262,600   |
|                          | <b>Pakistan Mercantile Exchange Limited (PMEX) membership</b>                     |   |   |
|                          | Pakistan Mercantile Exchange Limited  |   | 2,500,000   |
|                          | <b>Software</b>   | 7.4   | 1,489,584   |
|                          |   |   | <u>5,532,184</u>  |
|                          |   |   | <u>5,738,434</u>  |



- 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 This 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)</i><br><b>March 31,</b><br><b>2023</b><br><b>Rupees</b> | <i>(Audited)</i><br><b>June 30,</b><br><b>2022</b><br><b>Rupees</b> |
|-------------------------------|---|---|
| <b>7.4 Software</b>           |   |   |
| Opening net book value        | 1,695,834   | 1,970,834   |
| Amortization charge           | <u>(206,250)</u>  | <u>(275,000)</u>  |
| <b>Closing net book value</b> | <b><u>1,489,584</u></b>   | <b><u>1,695,834</u></b>   |
| Cost                          | 2,750,000   | 2,750,000   |
| Accumulated amortization      | <u>(1,260,416)</u>  | <u>(1,054,166)</u>  |
| <b>Net book value</b>         | <b><u>1,489,584</u></b>   | <b><u>1,695,834</u></b>   |
| <b>Amortization rate</b>      | <b><u>10%</u></b>   | <b><u>10%</u></b>   |

#### 8 LONG TERM DEPOSITS

- Unsecured - Considered good

|   |                         |                          |
|---|-------------------------|--------------------------|
| National Clearing Company of Pakistan Limited (NCCPL) | 1,400,000               | 1,400,000                |
| Central Depository Company of Pakistan Limited (CDC)  | 100,000                 | 100,000                  |
| Pakistan Mercantile Exchange Limited                  | 500,000                 | 500,000                  |
| Rentals deposits                                      | 500,500                 | 565,500                  |
| Lease deposits  | -                       | 2,704,710                |
| Base minimum capital                                  | 4,969,305               | 4,969,305                |
| Other deposits  | <u>15,000</u>           | <u>-</u>                 |
|   | <b><u>7,484,805</u></b> | <b><u>10,239,515</u></b> |

#### 9 DEFERRED TAXATION

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

|  | <i>(Un-Audited)</i><br><b>March 31,</b><br><b>2023</b><br><b>Rupees</b> | <i>(Audited)</i><br><b>June 30,</b><br><b>2022</b><br><b>Rupees</b> |
|--|---|---|
| <b>Taxable temporary differences</b>       |   |   |
| Accelerated tax depreciation               | (1,028,986)   | (937,142)   |
| Right of use asset                         | <u>(5,310,667)</u>  | <u>(4,473,213)</u>  |
|  | <b><u>(6,339,653)</u></b>   | <b><u>(5,410,355)</u></b>   |
| <b>Deductible temporary differences</b>    |   |   |
| Provision for expected credit losses (ECL) | 6,219,688   | 4,542,792   |
| Tax losses                                 | 2,085,213   | -   |
| Lease liability                            | 4,522,279   | 4,726,066   |
| Minimum tax                                | 3,226,524   | 1,721,043   |
| Alternative Corporate Tax                  | 4,641,752   | 4,641,752   |
| Short Term Investments                     | <u>1,769,364</u>  | <u>2,533,908</u>  |
|  | <b><u>22,464,820</u></b>  | <b><u>18,165,561</u></b>  |
|  | <b><u>16,125,167</u></b>  | <b><u>12,755,206</u></b>  |

#### 10 SHORT TERM INVESTMENTS

At fair value through profit or loss

|                               |                          |                          |
|-------------------------------|--------------------------|--------------------------|
| In shares of quoted company   | 27,072,589               | 32,779,157               |
| In shares of unquoted company | <u>30,000</u>            | <u>12,714,944</u>        |
|                               | <b><u>27,102,589</u></b> | <b><u>45,494,101</u></b> |

|                              | <i>Note</i> | <i>(Un-Audited)</i><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|------------------------------|-------------|---|---|
| <b>11 TRADE DEBTS</b>        |             |   |   |
| Considered good              |             | 217,514,189   | 177,276,250   |
| Considered doubtful          |             | 21,447,201  | 15,664,801  |
|                              |             | <u>238,961,390</u>  | <u>192,941,051</u>  |
| Provision for doubtful debts | 11.2.1      | <u>(21,447,201)</u>   | <u>(15,664,801)</u>   |
|                              |             | <u>217,514,189</u>  | <u>177,276,250</u>  |

**11.1** The company holds capital securities having fair value of Rs. 698.573 million (2022 : Rs. 822.352 million) owned by its clients, as collaterals against trade debts.

|                            | <i>Note</i> | <i>(Un-Audited)</i><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|----------------------------|-------------|---|---|
| <b>11.2 Aging analysis</b> |             |   |   |

The aging analysis of trade debts is as follows:

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| Upto fourteen days      | 157,227,990        | 145,835,616        |
| More than fourteen days | 81,733,400         | 47,105,435         |
|                         | <u>238,961,390</u> | <u>192,941,051</u> |

**11.2.1** Adequate provision of **Rs. 21.447 million** (2022 : Rs. 15.665 million) has been provided in respect of amount due from customers.

|   | <i>(Un-Audited)</i><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|---|---|---|
| <b>11.3 Provision for doubtful debts</b>        |   |   |
| Balance as on July 01                           | 15,664,801  | 9,119,762   |
| Provision made during the period                | 8,965,359   | 7,103,542   |
|   | <u>24,630,160</u>   | <u>16,223,304</u>   |
| Reversal of excess provision against trade debt | (3,182,959)   | -   |
| Reversal of excess provision                    | -   | (558,503)   |
|   | <u>21,447,201</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%.

|           |  | <i>(Un-Audited)</i><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|-----------|--|---|---|
| <b>13</b> | <b>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - Considered good</b> |   |   |
|           | <b>Advances</b>  |   |   |
|           | Advance to staff   | 5,016,787   | 4,542,073   |
|           | Advance for office maintenance   | 797,850   | 1,909,140   |
|           |  | <u>5,814,637</u>  | <u>6,451,213</u>  |
|           | <b>Deposits</b>  |   |   |
|           | Deposit against exposure   | 13.1 34,078,899   | 49,206,529  |
|           | Deposits against margin trading system   | 13.2 20,748,455   | 34,699,872  |
|           | Deposit against PMEX margin  | 13.3 36,003,254   | 29,148,533  |
|           |  | <u>90,830,608</u>   | <u>113,054,934</u>  |
|           | <b>Prepayments</b>   |   |   |
|           | Short term prepayments   | 130,650   | -   |
|           | <b>Other receivables</b>   |   |   |
|           | Other receivables  | 198,730   | 820,881   |
|           | PMEX Clearing House  | 598,849   | 2,714,377   |
|           | Markup receivable against leverage products                                    | 3,521,300   | 3,561,800   |
|           | Markup receivable against Saving Account                                       | 23,881  | 495,203   |
|           | Retained profit future contract from NCCPL                                     | 2,870,350   | 828,908   |
|           |  | <u>7,213,111</u>  | <u>8,421,169</u>  |
|           |  | <u>103,989,006</u>  | <u>127,927,316</u>  |

**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><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|------------|--|---|---|
| <b>14.</b> | <b>TAX REFUNDS DUE FROM GOVERNMENT</b> |   |   |
|            | Opening tax refund                     | (461,356)   | -   |
|            | Tax paid during the year               | 4,821,654   | -   |
|            |  | <u>4,360,298</u>  | -   |
|            | Provision for the year                 | (3,635,574)   | -   |
|            | Prior year                             | -   | -   |
|            |  | <u>724,724</u>  | -   |

**15. CASH AND BANK BALANCES**

|           |                      |      |                   |                   |
|-----------|----------------------|------|-------------------|-------------------|
| <b>17</b> | Cash in hand         |      | 1,452,256         | 668,764           |
|           | <b>Cash at banks</b> |      |                   |                   |
|           | In current accounts  |      | 627,379           | 1,486,785         |
|           | In saving account    | 15.1 | 46,583,771        | 66,270,060        |
|           |                      | 15.2 | <u>47,211,150</u> | <u>67,756,845</u> |
|           |                      |      | <u>48,663,406</u> | <u>68,425,609</u> |

**15.1**

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><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|-------------------------------------|---|---|
| <b>15.2 Balance pertaining to :</b> |   |   |
| Clients                             | 46,256,678  | 65,917,676  |
| Brokerage house                     | 954,472   | 1,839,169   |
|                                     | <u>47,211,150</u>   | <u>67,756,845</u>   |

## 16 LEASE LIABILITIES

|                         |                   |                    |
|-------------------------|-------------------|--------------------|
| Opening balances        | 16,296,781        | 17,359,085         |
| Additions               | 5,921,593         | 6,220,120          |
| Interest expense        | 1,921,660         | 1,928,418          |
| Payments                | (8,545,968)       | (9,210,842)        |
|                         | <u>(702,715)</u>  | <u>(1,062,304)</u> |
| <b>Closing balances</b> | <u>15,594,066</u> | <u>16,296,781</u>  |
| Current                 | 8,579,774         | 7,699,929          |
| Non - current           | 7,014,292         | 8,596,852          |
|                         | <u>15,594,066</u> | <u>16,296,781</u>  |

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

|  | <i>(Un-Audited)</i><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|--|---|---|
| <b>17 SHORT TERM BORROWINGS</b>                            |   |   |
| <i>Secured - interest bearing - from banking companies</i> |   |   |
| Running finance  | 16,565,985  | 50,219,839  |

**17.1** 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.

|  | <i>(Un-Audited)</i><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|--|---|---|
| <b>18 TRADE AND OTHER PAYABLES</b>         |   |   |
| Trade creditors                            | 91,539,868  | 72,428,448  |
| Accrued liabilities                        | 9,361,559   | 14,009,170  |
| Withholding tax payable                    | 9,110,108   | 4,267,591   |
| Sindh sales tax payables                   | 2,949,337   | 2,813,567   |
| Employees compensated absences             | -   | 651,567   |
| Retain future profit of clients            | 5,661,790   | 1,657,815   |
| DFC withheld exposure demand from clients  | 10,813,974  | 10,714,052  |
| Withheld Regular & MTS exposure and margin | 24,818,427  | 47,273,923  |
| Other liabilities                          | 4,416,666   | 8,351,348   |
|  | <u>158,671,729</u>  | <u>162,167,481</u>  |
| <b>19 PROVISION FOR TAXATION</b>           |   |   |
| Opening tax payable / (refundable)         | -   | 11,537,330  |
| Tax refund during the period               | -   | -   |
| Tax paid during the period                 | -   | (14,173,941)  |
|  | <u>-</u>  | <u>(2,636,611)</u>  |
| Provision for the period                   | -   | 3,097,966   |
|  | <u>-</u>  | <u>461,355</u>  |

## 20 COMMITMENT

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

|                        | <i>(Un-Audited)</i><br><i>March 31,</i><br><i>2023</i><br><i>Rupees</i> | <i>(Audited)</i><br><i>June 30,</i><br><i>2022</i><br><i>Rupees</i> |
|------------------------|---|---|
| For purchase of shares | <u>295,992,033</u>  | <u>133,753,324</u>  |
| For sale of shares     | <u>244,531,153</u>  | <u>139,061,397</u>  |

| <i>(Un-Audited)</i><br><i>Nine Months ended</i> |                                 | <i>(Un-Audited)</i><br><i>3rd Quarter ended</i> |                                 |
|---|---------------------------------|---|---------------------------------|
| <i>March 31,</i><br><i>2023</i>                 | <i>March 31,</i><br><i>2022</i> | <i>March 31,</i><br><i>2023</i>                 | <i>March 31,</i><br><i>2022</i> |
| ----- <i>Rupees</i> -----                       |                                 |   |                                 |

## 21 OPERATING REVENUE

|                                  |                           |                    |                          |                   |
|----------------------------------|---------------------------|--------------------|--------------------------|-------------------|
| Brokerage income from PSX        | <b>85,807,811</b>         | 143,502,089        | <b>25,742,187</b>        | 36,427,769        |
| Brokerage income from PMEX       | <b>26,216,666</b>         | 13,316,656         | <b>5,652,030</b>         | 5,634,049         |
| Transaction charges from clients | <b>8,414,014</b>          | 13,458,654         | <b>2,460,698</b>         | 2,840,762         |
| Dividend income                  | <b>861,767</b>            | 1,167,212          | <b>455,767</b>           | 632,981           |
|                                  | <u><b>121,300,258</b></u> | <u>171,444,612</u> | <u><b>34,310,682</b></u> | <u>45,535,561</u> |

## 22 OTHER CHARGES

|                              |                           |                           |                           |                  |
|------------------------------|---------------------------|---------------------------|---------------------------|------------------|
| Provision for doubtful debts | <u><b>(8,965,359)</b></u> | <u><b>(1,573,368)</b></u> | <u><b>(1,414,188)</b></u> | <u>(220,823)</u> |
|------------------------------|---------------------------|---------------------------|---------------------------|------------------|

## 23 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.

## 24 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on April 27, 2023.

## 25 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



Chief Financial Officer