

CONTINENTAL CAPITAL MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

<u>ASSETS</u>	<i>Note</i>	<i>Dec 23</i> <i>Rupees</i>	<i>June 23</i> <i>Rupees</i> <i>Audited</i>
Non-Current Assets			
Property and equipment	4	14,553,627	15,319,700
Intangibles	5	5,878,300	5,878,944
Long-term advance and deposits	6	15,499,484	15,499,484
Deferred tax asset	7	-	-
		35,931,411	36,698,128
Current Assets			
Trade debts	8	13,558,881	9,288,949
Short-term loans	9	65,886,611	71,528,112
Deposits, prepayments and other receivables	10	65,391,168	62,304,899
Short-term investments	11	25,940,359	16,619,698
Income tax refunds due from the Government	12	7,428,121	7,428,121
Bank balances	13	413,695	595,640
		178,618,835	167,765,419
Total Assets		214,550,246	204,463,547
 <u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
500,000 Ordinary shares of Rs. 100 each		50,000,000	50,000,000
Issued, subscribed and paid-up capital	14	35,000,000	35,000,000
Reserves		171,199,495	160,199,739
Shareholders' equity		206,199,495	195,199,739
Non-Current Liabilities			
Lease liabilities	15	210,253	210,253
Advance against sale of vehicles	16	7,136,581	7,136,581
		7,346,834	7,346,834
Current Liabilities			
Current maturity of lease liabilities	15	504,607	604,607
Trade and other payables	17	499,310	1,312,367
Short-term borrowing	18	-	-
Accrued markup		-	-
		1,003,917	1,916,974
Contingencies and commitments	19		
Total Equity and Liabilities		214,550,246	204,463,547

The annexed notes from 1 to 32 form an integral part of these financial statements.

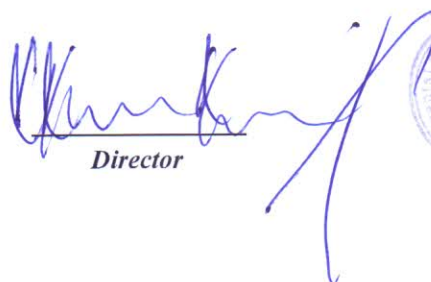

 Director



CONTINENTAL CAPITAL MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2023

	<i>Note</i>	<i>Dec 23</i> <i>Rupees</i>	<i>June 23</i> <i>Rupees</i> <i>Audited</i>
Operating revenue	20	274,835	37,768
Operating and administrative expenses	21	<u>(4,997,616)</u>	<u>(10,809,082)</u>
Operating loss		(4,722,781)	(10,771,314)
Finance cost	22	(18,643)	(874,505)
Other charges	23	-	(66,080,081)
Other income	24	<u>15,741,180</u>	<u>29,425,610</u>
Loss before taxation		10,999,756	(48,300,290)
Taxation - net	25	-	(340,559)
Loss after taxation		<u>10,999,756</u>	<u>(48,640,849)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>10,999,756</u></u>	<u><u>(48,640,849)</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.



 Director



CONTINENTAL CAPITAL MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2023

<i>Description</i>	<i>Issued, Subscribed and Paid-up Share Capital</i>	<i>Revenue Reserves Unappropriated Profits</i>	<i>Shareholders' Equity</i>
	----- Rupees -----		
Balance as at June 30, 2022	35,000,000	208,840,588	243,840,588
Total comprehensive loss for the year	-	(48,640,849)	(48,640,849)
Balance as at June 30, 2023	35,000,000	160,199,739	195,199,739
Total comprehensive loss for the year	-	10,999,756	10,999,756
Balance as at December 31, 2023	35,000,000	171,199,495	206,199,495

Unappropriated profit can be utilized for meeting any contingencies and distribution of profit by way of dividend.

The annexed notes from 1 to 32 form an integral part of these financial statements.

CONTINENTAL CAPITAL MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Note	Dec 23 Rupees	June 23 Rupees Audited
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		10,999,756	(48,300,290)
Adjustments for:			
Depreciation	21	766,073	1,702,467
Amortization	21	644	1,611
Financial cost	22	18,643	874,505
Provision for ECL on loans	23	-	14,650,789
Provision for ECL on other receivables	23	-	43,529,762
Remeasurement loss / (gain) on investments - net	23	-	7,349,530
Provision for ECL on trade debts (reversed) / made	24 & 23	-	(3,099,826)
Capital (gain) / loss on disposal of investments - net	24 & 23	(15,098,866)	(6,459,843)
Markup income on loans to related parties	24	-	(15,029,183)
Cash (outflows) / inflows before working capital changes		(3,313,750)	(4,780,478)
Working capital changes			
(Increase) / decrease in current assets			
Trade debts		(4,269,932)	4,471,979
Deposits, prepayments and other receivables		(3,086,269)	(1,725,563)
Decrease in current liabilities			
Trade and other payables		(813,057)	(326,636)
		(8,169,258)	2,419,780
Net cash (used in) / generated from operations		(11,483,008)	(2,360,698)
Finance cost paid		(18,643)	(1,032,281)
Short-term loans recovered - net		5,641,501	628,255
Taxes paid	12.1	-	(484,507)
Net cash (used in) / generated from operating activities		(5,860,150)	(3,249,231)
B. CASH FROM INVESTING ACTIVITIES			
Short-term investments disposed-off / (made) - net		5,778,205	9,030,615
Interest income received from related parties		-	-
Net cash generated from / (used in) investing activities		5,778,205	9,030,615
C. CASH FROM FINANCING ACTIVITIES			
Lease rentals paid	15	(100,000)	(1,188,176)
Short-term borrowings (repaid) / obtained - net		-	(4,266,529)
Net cash used in financing activities		(100,000)	(5,454,705)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(181,945)	326,680
Cash and cash equivalents at the beginning of the year		595,640	268,960
Cash and cash equivalents at the end of the year	13	413,695	595,640

The annexed notes from 1 to 32 form an integral part of these financial statements.

CONTINENTAL CAPITAL MANAGEMENT (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

1 THE COMPANY AND GENERAL INFORMATION

Continental Capital Management (Private) Limited (the Company) was incorporated in Pakistan on January 06, 2000 as a private limited company, under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a holder of Trading Right Entitlement Certificate (TREC) of the Pakistan Stock Exchange Limited - PSX. The principal business of the Company include share brokerage, money market transactions, underwriting and portfolio management. The registered office of the Company is situated at 7-10, Hina Palace, Hoshang Road, Karachi. The Company also executes its operations from 708, 7th Floor, Business and Finance Center, I.I. Chundrigar Road, Karachi.

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. Accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act) and provisions of and directives issued under the Act. Where provisions of or directives issued under the Act differ from the IFRS Standards, the provisions of or directives issued under the Act have been followed.

Company falls under the category of medium size company, in accordance with the Third Schedule to the Act, however, the management has applied IFRS standards voluntarily for the fair and consistent presentation.

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

Further, disclosures of liquid capital (note no. 29) are prepared to meet the specific requirements of the Securities and Exchange Commission of Pakistan (SECP) in accordance with the guidelines given under the Second and Third Schedule to the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with clarifications and guidelines issued by the SECP from time to time.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except stated otherwise. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

Review of useful life and residual value of property and equipment (note 3.1 and 4);

Intangibles (note 3.2 and 5);

Assumptions and estimates used in calculating the provision for ECL on trade debts (note 3.4 and 8);

Assumptions and estimates used in calculating the provision for doubtful loans, advances and other receivables (note 3.6, 3.7, 6, 9 and 10);

Revenue recognition (note 3.13 and 20); and

Provision for taxation including deferred tax (note 3.14, 7 and 25).

2.5 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<i>Effective for period beginning on or after</i>
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<i>Effective for period beginning on or after</i>
Amendments to IFRS 9 'Financial Instruments: Disclosures' and IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements	January 1, 2024
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IFRS 16 'Leases': Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the disclosure of accounting policies	January 1, 2023
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debts with covenants	January 1, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 1, 2023

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment (if any). The depreciation is charged to income applying the reducing balance method at the rates specified in the relevant note to the financial statements. Depreciation is charged from the date when the depreciable assets are available for the intended use till the date preceding the date of disposal.

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. All other repairs and maintenance are charged to statement of profit or loss during the financial year in which they are incurred.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of assets, if any, are recognized in the statement of profit or loss, as and when incurred.

Right-of-use assets and lease liabilities

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are initially measured based on the initial amount of lease liabilities adjusted for any principle lease payments made at or before the commencement date, plus any initial direct costs incurred. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. These are depreciated on the same basis as owned assets at the rates as disclosed in note 4.1 to these financial statements. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

The related lease liabilities are initially measured at the present value of remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, any change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its estimate of whether it will exercise a purchase or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use has been reduced to zero.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3.2 Intangible assets

Membership Card - Pakistan Mercantile Exchange Limited and PSX Trading Booth

These are stated at cost less impairment, if any. These are not amortized due to the fact that these have an indefinite useful life. Useful life can not be ascertained as it is unknown that how long the member will hold the card and the booth. 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.

Trading Rights Entitlement Certificate (TREC)

This was initially measured at apportioned value of carrying value of surrendered card which is apportioned between TREC and shares of Pakistan Stock Exchange Limited (PSX). It is not amortized due to the fact that these have an indefinite useful life. Useful life can not be ascertained as it is unknown that how long the member will hold the TREC. Subsequent to its initial recognition, it is measured at cost less impairment, if any. Impairment test is done to assess whether the carrying value is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amounts.

Software and remote terminals

Software and remote terminals are stated at cost less accumulated amortization and any identified impairment loss. 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 asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial year in which they are incurred.

Amortization is charged to statement of profit or loss account by applying the reducing balance method at the rates specified in the relevant note. Amortization is charged from the date when the amortizable assets are available for the intended use till the date preceding the date of disposal.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

3.3 Financial assets and liabilities

3.3.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.3.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.3.3 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.3.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.3.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.3.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.3.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.4 Trade debts

Trade debts are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The Company has established an ECL policy based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Precisely, provision for ECL is made for clients, having balances overdue for more than 5 days in excess of fair value of shares in the sub-account of that particular client after applying VAR based hair cut.

3.5 Deposits and prepayments

Deposits are carried at cost and subsequently measured at amortized cost. Prepayments are carried at amounts disbursed which is the value to be adjusted in future.

3.6 Advances

Advances are carried at cost which is the fair value of the consideration to be adjusted. Provision is made against balances considered doubtful balances. Balances considered irrecoverable are written off.

3.7 Loans and other receivables

Loans and other receivables including markup receivable are recognized initially at fair value and subsequently measured at amortized cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the account balances. Balances are written off when considered irrecoverable.

3.8 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the company and accordingly are not included in these financial statements.

3.9 Cash and cash equivalents

It comprises of cash in hand and cash at bank which are carried at cost and subsequently measured at amortized. For the purpose of cash flow statements, cash and cash equivalents include cash held with the banks.

3.10 Provisions

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

3.11 Contingent liabilities

Contingent liability is disclosed when:

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

3.12 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

3.13 Revenue recognition

- Revenue from brokerage services

Commission income is measured based on the consideration specified in a contract with a customer and is recognized when providing services to a customer at a point in time when the performance obligations are met. The transaction price of Company's contracts with customers for transferring the services does not include any variable consideration, any significant financing component, any non cash consideration or any consideration payable to its customers.

Other income

- Dividend income on equity investments is recognized, when the right to receive the same is established.
- Unrealized gains / (losses) arising on revaluation of securities classified as 'financial assets at fair value through profit or loss' are included in statement of profit or loss account in the period in which they arise.
- Gain / (loss) on sale of fixed assets is recorded when title is transferred in favor of the transferee.
- Gains / (losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.

Markup income is recognized on time proportionate basis on the principal amount outstanding, at the applicable rate.

- Other income is recognized, on accrual basis, on occurrence of transactions, when related performance obligations are met.

3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enacted on the date of statement of financial position and only adjustment to tax payable in respect of previous year.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, tax credits if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and other factors application of minimum tax regime and alternative corporate tax (ACT) can be utilized.

4 PROPERTY AND EQUIPMENT

Note	Dec 23 Rupees	June 23 Rupees Audited
4.1	<u>14,553,627</u>	<u>15,319,700</u>

4.1 Operating fixed assets

Description	Written down value			Cost as at Dec 31, 2023	Accumulated depreciation as at Dec 31, 2023	Written down value as at Dec 31, 2023	Rate
	As at July 01, 2023	Depreciation charge for the year	As at December 31, 2023				
----- Rupees -----							
Owned Assets							
Leasehold improvements	79,798	(3,990)	75,808	507,842	432,034	75,808	10%
Computers	878	(132)	746	1,176,950	1,176,204	746	30%
Office equipment	944,440	(47,222)	897,218	2,708,494	1,811,276	897,218	10%
Furniture and fixtures	368,589	(18,429)	350,160	2,584,394	2,234,234	350,160	10%
Motor vehicle	2,222,465	(111,123)	2,111,342	4,835,000	2,723,658	2,111,342	10%
Right-of-use Assets							
Motor vehicles	11,703,530	(585,177)	11,118,353	21,346,954	10,228,601	11,118,353	10%
	<u>15,319,700</u>	<u>(766,073)</u>	<u>14,553,627</u>	<u>33,159,634</u>	<u>18,606,007</u>	<u>14,553,627</u>	

Description	Written down value			Cost as at June 30, 2023	Accumulated depreciation as at June 30, 2023	Written down value as at June 30, 2023	Rate
	As at July 01, 2022	Depreciation charge for the year	As at June 30, 2023				
----- Rupees -----							
Owned Assets							
Leasehold improvements	88,664	(8,866)	79,798	507,842	428,044	79,798	10%
Computers	1,254	(376)	878	1,176,950	1,176,072	878	30%
Office equipment	1,049,378	(104,938)	944,440	2,708,494	1,764,054	944,440	10%
Furniture and fixtures	409,543	(40,954)	368,589	2,584,394	2,215,805	368,589	10%
Motor vehicle	2,469,406	(246,941)	2,222,465	4,835,000	2,612,535	2,222,465	10%
Right-of-use Assets							
Motor vehicles	13,003,922	(1,300,392)	11,703,530	21,346,954	9,643,424	11,703,530	10%
	<u>17,022,167</u>	<u>(1,702,467)</u>	<u>15,319,700</u>	<u>33,159,634</u>	<u>17,839,934</u>	<u>15,319,700</u>	

5 INTANGIBLES

	<i>Note</i>	<i>Dec 23 Rupees</i>	<i>June 23 Rupees Audited</i>
Trading Rights Entitlement Certificate (TREC)	5.1	2,500,000	2,500,000
Remote terminals	5.2	4,799	5,332
Software	5.3	1,001	1,112
Membership card of Pakistan Mercantile Exchange Limited		1,000,000	1,000,000
Trading booth - PSX		2,372,500	2,372,500
		<u>5,878,300</u>	<u>5,878,944</u>

- 5.1 The management of the Company has valued TREC at Rs. 2.5 million as on reporting date, based on the invitation for the purchase of TREC issued by the PSX via notice PSX / N-303 dated March 24, 2023, indicating the fee for TREC to be Rs. 2.5 million.

Previously, TREC was valued based on the invitation for the purchase of TREC issued by the PSX via notice PSX / N-262 dated March 17, 2022, indicating the fee for TREC to be Rs. 2.5 million.

<i>5.2 Remote terminals</i>	<i>Note</i>	<i>Dec 23 Rupees</i>	<i>June 23 Rupees Audited</i>
Opening net book value		5,332	6,665
Amortization charge	21	(533)	(1,333)
Closing net book value		<u>4,799</u>	<u>5,332</u>
<i>As at June 30,</i>			
Cost		370,000	370,000
Accumulated amortization		(365,201)	(364,668)
		<u>4,799</u>	<u>5,332</u>
<i>Rate of amortization</i>		<u>20%</u>	<u>20%</u>

5.3 Software

Opening net book value		1,112	1,390
Amortization charge	21	(111)	(278)
Closing net book value		<u>1,001</u>	<u>1,112</u>
<i>As at June 30,</i>			
Cost		39,500	39,500
Accumulated amortization		(38,499)	(38,388)
		<u>1,001</u>	<u>1,112</u>
<i>Rate of amortization</i>		<u>20%</u>	<u>20%</u>

6 LONG-TERM ADVANCE AND DEPOSITS	Note	Dec 23 Rupees	June 23 Rupees Audited
- Advance - considered good			
Advance against purchase of offices	6.1	13,907,284	13,907,284
- Deposits with			
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Central Depository Company of Pakistan Limited		100,000	100,000
Pakistan Telecommunication Company Limited		92,200	92,200
		<u>1,592,200</u>	<u>1,592,200</u>
		<u>15,499,484</u>	<u>15,499,484</u>

6.1 This represents advance given against the purchase of offices to NCEL Building Management Limited, against which neither the title nor the possession has been passed till the issuance of these financial

7 DEFERRED TAX ASSET	Note	Dec 23 Rupees	June 23 Rupees Audited
<i>This comprises of the following:</i>			
<i>Deductible temporary difference</i>			
Provision for Expected Credit Losses		19,076,456	19,076,456
Unused tax losses		26,032,761	26,032,761
Alternative Corporate Tax Credit		1,472,343	1,472,343
Minimum Tax Credit		89,781	89,781
Investment at fair value through profit or loss		130,023	130,023
Lease liabilities		236,309	236,309
		<u>47,037,673</u>	<u>47,037,673</u>
<i>Taxable temporary difference</i>			
Accelerated tax depreciation		(3,132,919)	(3,132,919)
		<u>43,904,754</u>	<u>43,904,754</u>
Less: Unrecognized deferred tax asset	7.1	<u>(43,904,754)</u>	<u>(43,904,754)</u>
		<u>-</u>	<u>-</u>

7.1 The Company has not recognized its entire deferred tax asset relating to net deductible temporary differences as on the reporting date, as the Management expects that major portion of taxes of the Company in foreseeable future will fall under minimum tax, ACT and final tax regime.

7.2 Deductible temporary differences as on the reporting date and their expiry dates are as follows:

Description	Expiry	Amount
<i>Unused business losses</i>		
TY 2022	30-Jun-28	2,457,800
TY 2023	30-Jun-29	64,660,196
		<u>65,780,882</u>
<i>Depreciation losses</i>	Infinite	<u>1,174,767</u>
<i>Unused capital losses</i>		
TY 2021	30-Jun-24	5,711,574
TY 2022	30-Jun-25	17,308,639
TY 2023	30-Jun-26	26,802,663
		<u>49,822,876</u>

Alternative Corporate Tax Credit

TY 2018

TY 2019

TY 2023

Minimum Tax Credit

TY 2022

	Note	Dec 23 Rupees	June 23 Rupees Audited
8 TRADE DEBTS			
Considered good	8.1	39,506,800	16,889,279
Considered doubtful	8.2	(18,347,589)	-
<i>Receivable as on June 30,</i>		<u>21,159,211</u>	<u>16,889,279</u>
<i>Less: Provision for Doubtful Debts and ECL</i>	8.3	(7,600,330)	(7,600,330)
		<u>13,558,881</u>	<u>9,288,949</u>

8.1 The Company has no established credit terms with its clients and the balances are recoverable on demand. Further, breakup of receivables from related parties as on the reporting date and maximum aggregate amount outstanding from related parties at any month end is as follows:

Name of Related Parties	Relationship	Maximum Aggregate Balance	Balance As on Dec 31, 2023
Mr. Adnan Arif	Director	1,142,883	234,382
Mr. Farhan Arif	Director	4,317,351	1,216,594
Mrs. Anum Adnan	Close Family Member of a Director	2,570,752	620,752
Mrs. Yasmeen Arif	Close Family Member of a Director	1,837,263	1,837,263
Muhammad Ibrahim Arif	Close Family Member of a Director	15,421	15,421
Magic Works (Private) Limited	Associated Company	11,146	11,146
			<u>3,935,558</u>

8.1.1 Ageing of receivables from related parties is as follows:

Name of Related Parties	Due within 1-90 Days	Due within 91- 365 Days	Due Over 365 Days	Balance As on Dec 31, 2023
Mr. Adnan Arif	170,053	-	64,329	234,382
Mr. Farhan Arif	1,083,650	132,944	-	1,216,594
Mrs. Anum Adnan	-	-	620,752	620,752
Mrs. Yasmeen Arif	1,837,263	-	-	1,837,263
Muhammad Ibrahim Arif	-	-	15,421	15,421
Magic Works (Private) Limited	7,281	-	3,865	11,146
	<u>3,098,247</u>	<u>132,944</u>	<u>704,367</u>	<u>3,935,558</u>

8.2 Doubtful debts considered to be no longer receivable, have been written off during the year against provision made there against.

		Dec 23 Rupees	June 23 Rupees Audited
8.3 Provision for doubtful debts and ECL	<i>Note</i>		
Balance as on July 01,		7,600,330	28,213,414
Provision adjusted against receivables		-	(17,513,258)
Provision (reversed) / made during the year	24 & 23	-	(3,099,826)
Balance as on December 31,	8.4	7,600,330	7,600,330

8.4 This includes provision for ECL amounting to Rs. 3.723 million recognized against receivable from related p

8.5 As on the reporting date, shares held in the name of sub-account holders (clients) amounting to Rs. 16.251 (2022: Rs. 28.228) million, out of which shares amounting to Rs. 1.315 (2022: Rs. 0.905) are pledged with NCCPL against exposure.

		Dec 23 Rupees	June 23 Rupees Audited
9 SHORT-TERM LOANS	<i>Note</i>		
<i>- To</i>			
Associated company	9.1	77,568,649	83,210,150
Associated undertaking	9.2	743,710	743,710
Staff	9.3	2,225,041	2,225,041
		<u>80,537,400</u>	<u>86,178,901</u>
Less: Provision for ECL	23	(14,650,789)	(14,650,789)
		<u>65,886,611</u>	<u>71,528,112</u>

9.1 This represents loan to Magic Works (Pvt.) Limited - associated company (related party), which is unsecured and carries mark-up at the rate of 3 Month Kibor plus 2.5% per annum. Loan and accrued markup is recoverable on demand. Maximum aggregate amount of loan and markup receivable outstanding at any time during the year with reference to month end balance amounting to Rs. 89.117 (2022: Rs. 118.338) million and Rs. 59.152 (2022: Rs. 44.365) million, respectively.

9.2 This represents loan to General Services - associated undertaking (related party), which is unsecured and carries mark-up at the rate of 3 Month Kibor plus 2.5% per annum. Loan and accrued markup is recoverable on demand. Maximum aggregate amount of loan and markup receivable outstanding at any time during the year with reference to month end balance amounting to Rs. 2.034 (2022: Rs. 2.034) million and Rs. 1.743 (2022: Rs. 1.601) million respectively.

9.3 These are unsecured and interest-free loans given to employees for their personal need which are recoverable on demand by way of deduction from salaries.

		Dec 23 Rupees	June 23 Rupees Audited
10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	<i>Note</i>		
<i>- Deposits against</i>			
Base minimum capital with PSX		1,000	1,000
Exposure and Future loss deposited with NCCPL		7,197,182	10,056,898
		<u>7,198,182</u>	<u>10,057,898</u>
<i>- Prepayments - insurance</i>		29,863	59,726
<i>- Other receivables - considered good</i>			
Markup receivable from - Director	10.1	33,619,811	33,619,811
Markup receivable from - Magic Works (Pvt.) Ltd.	9.1	59,157,952	59,157,952
Markup receivable from - General Services	9.2	1,837,302	1,837,302
Future profit receivable from NCCPL		7,077,820	1,101,972
		<u>101,692,885</u>	<u>95,717,037</u>

Less: Provision for ECL	23	<u>(43,529,762)</u>	<u>(43,529,762)</u>
		<u>65,391,168</u>	<u>62,304,899</u>

10.1 This represents markup recoverable on demand from the Director on loans given and recovered in prior years.

	Note	Dec 23 Rupees	June 23 Rupees Audited
11 SHORT-TERM INVESTMENTS			
- In shares of listed companies			
- At fair value through profit or loss			
Carrying value		30,816,541	23,969,228
Loss on remeasurement of investments - net	23	<u>(4,876,182)</u>	<u>(7,349,530)</u>
		<u>25,940,359</u>	<u>16,619,698</u>

11.1 Out of total investments as on the reporting date, shares amounting to Rs. 6.229 (2022: Rs. 6.231) million have been pledged with the NCCPL against exposures, shares amounting to Rs. 9.628 (2022: Rs. 10.944) million have been pledged with the PSX against base minimum capital while shares amounting to Rs. 11,341 (2022: Rs. 9.318 million) have been pledged with a banking company against running finance

	Note	Dec 23 Rupees	June 23 Rupees Audited
12 INCOME TAX REFUNDS DUE FROM THE GOVERNMENT		<u>7,428,121</u>	<u>7,428,121</u>
12.1 Balance as on July 01,		7,428,121	7,284,173
Prior year adjustment	25	-	144,420
Taxes paid during the year		-	484,507
Tax liability for the year	25	-	(484,979)
Balance as on June 30,		<u>7,428,121</u>	<u>7,428,121</u>

13 BANK BALANCES

- Owned balance			
in current accounts		392,399	528,886
- Client balances			
in current accounts		<u>21,296</u>	<u>66,754</u>
		<u>413,695</u>	<u>595,640</u>

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of shares			
Dec-23	Jun-23		
		Ordinary shares of Rs. 100 each	
<u>350,000</u>	<u>350,000</u>	fully paid in cash	<u>35,000,000</u> <u>35,000,000</u>

14.1 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share in general meetings, without any restriction. Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

14.2 Pattern of shareholding

S. No.	Names	No. of shares	Percentage
1	Mr. Muhammad Adnan Arif	52,500	15%
2	Mr. Muhammad Farhan Arif	52,500	15%
3	Mr. Muhammad Arif	245,000	70%
		<u>350,000</u>	<u>100%</u>

During the current financial year, movement above 5% shareholding has not occurred.

	Note	Dec 23 Rupees	June 23 Rupees Audited
15 LEASE LIABILITIES			
15.1 Payable as on July 01,		814,860	1,854,133
Markup charge for the year	22		148,902
Markup accrued for the year			-
Rentals paid during the year		<u>(100,000)</u>	<u>(1,188,176)</u>
Payable as on June 30,	15.2	714,860	814,860
Less: Current maturity		<u>(504,607)</u>	<u>(604,607)</u>
		<u>210,253</u>	<u>210,253</u>

15.2 Maturity Analysis

Minimum lease payments

Up to one year	641,802	741,802
More than one year but less than five years	<u>267,417</u>	<u>267,417</u>
	909,219	1,009,219

Financial charges

Up to one year	132,195	137,195
More than one year but less than five years	<u>57,165</u>	<u>57,165</u>
	189,360	194,360

Present value of minimum lease payments

Up to one year	504,607	604,607
More than one year but less than five years	<u>210,253</u>	<u>210,253</u>
	714,860	814,860
Less: Current maturity	<u>(504,607)</u>	<u>(604,607)</u>
	<u>210,253</u>	<u>210,253</u>

15.3 The Company has entered into lease agreements with a leasing company for lease of vehicles and office equipment. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are charged at the effective rate of 15.02% per annum. After the lease period, Company will have an option to purchase these leased assets.

	Note	Dec 23 Rupees	June 23 Rupees Audited
16 ADVANCE AGAINST SALE OF VEHICLES			
	16.1	<u>7,136,581</u>	<u>7,136,581</u>

16.1 This represents full advance received from Mr. Asim Shakoor (buyer) against sale of two vehicles of the Company which are currently held under a leasing arrangement by the Company with a banking company, however, the Company has given possession of the vehicles to the buyer against the advance while the title will be transferred after the full discharge of the remaining lease liability by the Company.

	<i>Dec 23</i>	<i>June 23</i>
	<i>Rupees</i>	<i>Rupees</i>
<i>Note</i>		<i>Audited</i>
17 TRADE AND OTHER PAYABLES		
Trade creditors	49,111	34,242
Accrued liabilities	414,470	1,273,215
Sales tax payable	35,729	4,910
	<u>499,310</u>	<u>1,312,367</u>

18 SHORT-TERM BORROWING

Secured - from a banking company

Running finance	18.1	-	-
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18.1 Facility is secured against pledge of Company's investment, investment of Director, with a flat margin of 50% on shares to be governed by the list approved by the lending banking companies and personal guarantees of all the Directors along with their Personal Net Worth Statements. It carries mark up at the rate of 3 month Kibor + 2.5% (2022: 3 month Kibor + 2.5%) per annum, payable quarterly. The available and unavailed facility in respect of running finance as on the reporting date amounting to Rs. 100 (2022: Rs. 100) million and Rs. 100 (2022: Rs. 95.733) million, respectively.

19 CONTINGENCIES AND COMMITMENTS

Contingency

There are no contingencies binding on the Company as on the reporting date that may have required disclosure in these financial statements.

Commitments

Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

	<i>Dec 23</i>	<i>June 23</i>
	<i>Rupees</i>	<i>Rupees</i>
		<i>Audited</i>
For purchase of shares	<u>12,907,976</u>	<u>12,907,976</u>
For sale of shares	<u>11,437,770</u>	<u>11,437,770</u>
Open future contracts	<u>112,481,435</u>	<u>112,481,435</u>

20 OPERATING REVENUE

Brokerage income	20.1	<u>274,835</u>	<u>37,768</u>
20.1 Gross commission		310,564	42,678
Less: Sales tax		<u>(35,729)</u>	<u>(4,910)</u>
		<u>274,835</u>	<u>37,768</u>

21 OPERATING AND ADMINISTRATIVE EXPENSES

		<i>Dec 23</i>	<i>June 23</i>
		<i>Rupees</i>	<i>Rupees</i>
			<i>Audited</i>
Salaries and other benefits		15,000	1,591,000
Directors' remuneration	26	1,744,689	5,400,000
Regulatory charges		156,134	177,162
Utilities		1,625,708	462,735
Communication expenses		498,255	881,355
Fees and subscription		100,000	372,075
Insurance		91,113	169,275
Depreciation	4.1	766,073	1,702,467
Amortization	5.2 & 5.3	644	1,611
Office repair and maintenance		-	51,402
		<u>4,997,616</u>	<u>10,809,082</u>

22 FINANCE COST

Mark-up on running finance		-	673,341
Bank charges		18,643	52,261
Interest on lease liability	15.1	-	148,902
		<u>18,643</u>	<u>874,505</u>

23 OTHER CHARGES

Auditors' remuneration		-	550,000
Provision for ECL on loans	9	-	14,650,789
Provision for ECL on other receivables	10	-	43,529,762
Loss on remeasurement of investments - net	11	-	7,349,530
Capital loss on disposal of investments - net		-	-
		<u>-</u>	<u>66,080,081</u>

24 OTHER INCOME**- From financial assets****Markup income on loans to related parties**

- Magic Works (Pvt.) Limited	9.1	-	14,793,349
- General Services	9.2	-	235,834
		<u>-</u>	<u>15,029,183</u>
Dividend income		642,314	4,836,736
Capital gain on disposal of investments - net		15,098,866	6,459,843
Reversal of provision for ECL	8.3	-	3,099,826
Markup income on deposits with NCCPL		-	22
		<u>15,741,180</u>	<u>29,425,610</u>

25 TAXATION - NET

Current	25.1	-	484,979
Prior		-	(144,420)
		<u>-</u>	<u>340,559</u>

25.1 Relationship between income tax expense and accounting loss

<i>Loss before taxation</i>	10,999,756	(48,300,290)
Tax at the enacted tax rate	-	(14,007,084)
Effect of inadmissible expenses	-	537,364
Effect of allowable deductions	-	(5,628,536)
Income taxable under Final Tax Regime	-	704,831
Effect of taxable loss for the year	-	18,877,932
Tax effect of credit adjusted	-	-
Prior tax adjustment	-	(144,420)
Minimum Tax / ACT credit for the year	-	472
	-	340,559

25.2 Income Tax Returns of the Company have been finalized up to and including the tax year 2022. However, the Commissioner of Income Tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit.

26 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS

	<i>Chief Executive</i>		<i>Directors</i>		<i>Total</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	----- Rupees -----					
Managerial remuneration	1,800,000	1,800,000	3,600,000	3,600,000	5,400,000	5,400,000
Number of person(s)	1	1	2	2		

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Note

2023
Rupees

Credit Rating of Company's Banks

The credit quality of Company's bank balances can be assessed with reference to external credit rating as foll

<i>Name of banks</i>	<i>Rating Agency</i>	<i>-----Credit rating-----</i>	
		<i>Long-term</i>	<i>Short-term</i>
<i>Private sector commercial banks</i>			
Bank Alfalah Limited	PACRA	AA+	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank Al-Habib Limited	PACRA	AAA	A1+
United Bank Limited	VIS	AAA	A-1+
JS Bank Limited	PACRA	AA-	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Summit Bank Limited	VIS	Suspended	Suspended
Meezan Bank Limited	VIS	AAA	A-1+
MCB Islamic Bank Limited	PACRA	A	A1

Dubai Islamic Bank	VIS	AA	A-1+
MCB Bank Limited	PACRA	AAA	A1+

Other financial assets do not require any provision for expected credit losses (ECL) as these mainly comprise of regulatory deposits with the NCCPL.

28.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, working capital and running finance facility from banks with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	<i>December 2023</i>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year</i>
<i>----- Rupees -----</i>				
<i>Financial liabilities</i>				
Lease liabilities including current portion	-	909,219	641,802	267,417
Trade and other payables	-	-	-	-
	-	909,219	641,802	267,417
	<i>June 2023</i>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year</i>
<i>----- Rupees -----</i>				
<i>Financial liabilities</i>				
Lease liabilities including current portion	814,860	1,009,219	741,802	267,417
Trade and other payables	1,307,457	1,307,457	1,307,457	-
Accrued markup	-	-	-	-
Short-term borrowing	-	-	-	-
	2,122,316	2,316,676	2,049,259	267,417

28.4 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. As on the reporting date, the Company is only exposed to interest rate risk and price risk, which are discussed as under:

Interest / mark up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates.

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

	<u>Dec 23</u>	<u>June 23</u>	<u>Dec 23</u>	<u>June 23</u>
	<i>Interest rate</i>		<i>Carrying amounts</i>	
			<i>Rupees</i>	<i>Rupees</i>
Financial assets				
Loans to related parties	3 Month Kibor + 2.5%	3 Month Kibor + 2.5%	78,312,359	84,582,115
Financial liabilities				
Lease liabilities	15.02%	15.02%	-	(1,854,133)
Short-term borrowing	3 Month Kibor + 2.5%	3 Month Kibor + 2.5%	-	(4,266,529)
Net Exposure			78,314,379	78,463,472

Cash flow sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on same basis for the corresponding period:

	<u>Rupees</u>	
	<i>Interest Rate 100 bp</i>	
	<i>Increase</i>	<i>Decrease</i>
Cash flow Sensitivity		
<i>For the period ended December 31, 2023</i>	783,144	(783,144)
<i>For the year ended June 30, 2023</i>	784,635	(784,635)

Price risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

		<u>Dec 23</u>	<u>June 23</u>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Short-term investments	11	25,940,359	16,619,698

Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 10% with all other variables remain constant, Company's unrealized gain / (loss) on remeasurement of investment carried at fair value through profit or loss. The analysis is performed on same basis for the corresponding period:

	<u>Profit and loss</u>	
	<i>Increase</i>	<i>Decrease</i>
<i>For the year ended December 31, 2023</i>	2,594,036	(2,594,036)
<i>For the year ended June 30, 2023</i>	1,661,970	(1,661,970)

28.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arising from the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

- i* Requirements for appropriate segregation of duties between various functions, roles and responsibility;
- ii* Requirements for the reconciliation and monitoring of transactions;
- iii* Compliance with regulatory and other legal requirements;
- iv* Documentation of control and procedures;
- v* Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- vi* Ethical and business standards;
- vii* Risk mitigation, including insurance where this is effective.

28.6 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market price risk, interest rate risk and investing excessive liquidity.

28.7 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes since the corresponding period.

Capital is monitored on the basis of gearing ratio. This is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings from financial institutions including accrued markup less cash and bank balances:

	<i>Note</i>	<i>Dec 23</i> <i>Rupees</i>	<i>June 23</i> <i>Rupees</i>
Lease liabilities including current portion	15.1	714,860	814,860
Short-term borrowings	18	-	-
Accrued markup		-	-
Less: Cash and bank balances	13	(413,695)	(595,640)
Net Debt	A	301,165	219,220

Total shareholders' equity	B	206,199,495	195,199,739
Total Capital + Net Debt	C = A+B	206,500,660	195,418,959
Gearing Ratio	D = A / C	0.15%	0.11%

28.8 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable).

	Level 1	Level 2	Level 3
	----- Rupees -----		
December 31, 2023			
Investments at fair value through profit or loss	25,940,359	-	-
Trading Rights Entitlement Certificate (TREC)	-	2,500,000	-
June 30, 2023			
Investments at fair value through profit or loss	16,619,698	-	-
Trading Rights Entitlement Certificate (TREC)	-	2,500,000	-

28 RELATED PARTY TRANSACTION

Related parties comprise of Directors, their close family members, associated companies and undertakings. Year end balances and transaction with related parties are disclosed in the relevant notes to these financial statements. Remuneration during the year given to Chief Executive and the Directors are disclosed in note no. 26 to these financial statements. Details of other transactions with related parties not disclosed elsewhere in these financial statements, are as follows:

	Dec 23	June 23
	Rupees	Rupees
Directors		
Markup recovered	-	-
Close family member		
Receipts against debts	-	-
Associated Company - common directorship		
Loan given	87,841,788	89,506,468

Loan recovered	93,483,289	88,844,262
<i>Associated Company - common directorship</i>		
Loan given	-	240,804
Loan recovered	-	1,531,265

28.1 Commission on brokerage transactions is not charged to related parties.

28.2 Transactions during the year have been occurred with the following related parties:

<i>Name</i>	<i>Relationship</i>	<i>Shareholding Percentage</i>
1 Mr. Muhammad Arif	Chief Executive	70%
2 Mr. Muhammad Farhan Arif	Director	15%
3 Mr. Muhammad Adnan Arif	Director	15%
4 Mrs. Anum Adnan	Close Family Member	n/a
5 Magic Works (Pvt.) Limited	Associated Company - Common Directors	n/a
6 General Services	Associated undertaking - Common Partners / Director	n/a

	<i>Note</i>	<i>Dec 23</i> <i>Rupees</i>	<i>June 23</i> <i>Rupees</i> <i>Audited</i>
30 CAPITAL ADEQUACY LEVEL			
Total Assets		214,550,246	204,463,547
Less : Total Liabilities		(8,350,751)	(9,263,808)
Less : Revaluation Reserve (created upon revaluation of fixed assets)		-	-
Capital Adequacy Level	30.1	206,199,495	195,199,739

30.1 While determining the value of total assets of the TREC Holder, notional value of the TRE certificate held by M/s. Continental Capital Management (Pvt.) Limited, as at period ended December 31, 2023, as determined by the Pakistan Stock Exchange has been considered.

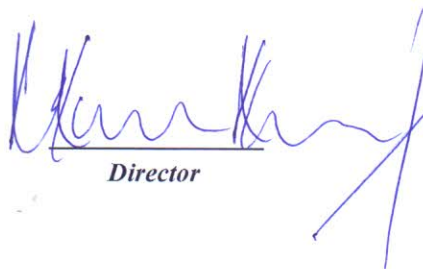

30.1.1 Disclosure has been provided in pursuant of the requirements of 'Limit on Asset Under Custody Regime' read with Regulation 6.8 of CDC regulations.

31 GENERAL

- Figures in these financial statements have been rounded off to the nearest Rupee.
- Number of employees as on the reporting date and average number of employees during the year were 5 and 5 (2022: 5 and 5), respectively.

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue by the Board of Directors of the Company on February 06, 2024.



Director