

MGM SECURITIES PRIVATE LIMITED

**Half Yearly Financial Statements
For the Period Ended on 31 December, 2023**

MGM SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Note	Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	12,929,189	13,918,898
Intangible assets	6	2,500,000	2,500,000
Long term investments	7	9,006,813	9,006,813
Long term deposits	8	19,184,701	1,811,000
		<u>43,620,703</u>	<u>27,236,711</u>
CURRENT ASSETS			
Trade debts	9	1,889,498	10,558,623
Loans and advances	10	1,362,500	1,346,500
Trade deposits, short term prepayments and current account balance with statutory authorities	11	3,085,720	13,031,286
Cash and bank balances	12	40,075,208	48,644,563
		<u>46,412,926</u>	<u>73,580,972</u>
		<u>90,033,629</u>	<u>100,817,683</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	50,000,000	50,000,000
Un appropriated profit		33,875,766	27,782,499
Fair value adjustment reserve	14	-	-
		<u>83,875,766</u>	<u>77,782,499</u>
NON CURRENT LIABILITIES			
Lease liability	15	-	-
Deferred liabilities	16	2,697,817	2,697,817
		<u>2,697,817</u>	<u>2,697,817</u>
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	322,024	445,464
Trade and other payables	18	3,138,022	19,891,903
Current portion of lease liability	15	-	-
Provision for taxation		-	-
		<u>3,460,046</u>	<u>20,337,367</u>
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u>90,033,629</u>	<u>100,817,683</u>

The annexed notes form an integral part of these financial statements.


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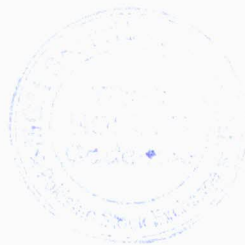

DIRECTOR

MGM SECURITIES (PVT) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Note	Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
Operating revenue	20 ✓	9,137,501	10,684,696
Direct costs	21 ✓	<u>(812,996)</u>	<u>(1,364,160)</u>
		8,324,505	9,320,536
Operating expenses	22 ✓	<u>(7,999,149)</u>	<u>(14,717,824)</u>
Other operating expenses	23 ✓	-	(736,747)
Other income	24 ✓	<u>5,775,451</u>	<u>16,395,071</u>
		<u>(2,223,698)</u>	<u>940,500</u>
PROFIT FROM OPERATIONS		6,100,807	10,261,036
Finance cost	25	<u>(7,540)</u>	<u>(737,888)</u>
PROFIT BEFORE TAXATION		6,093,267	9,523,148
Taxation	26	-	<u>(2,969,723)</u>
PROFIT FOR THE YEAR		<u>6,093,267</u>	<u>6,553,425</u>
EARNINGS PER SHARE - BASIC AND DILUTED	27	<u>12.19</u>	<u>13.11</u>

The annexed notes form an integral part of these financial statements.

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DIRECTOR

MGM SECURITIES (PVT) LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Un-Audited 31 DECEMBER 2023 Rupees	Audited 30 JUNE 2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,093,267	9,523,148
Adjustments of items not involving movements of cash:		
Depreciation	994,709	978,611
Provision for doubtful debts	-	546,284
Gain on remeasurement of investment	-	(9,969,118)
Gain on sale of asset	-	-
Financial charges	-	686,601
	<u>994,709</u>	<u>(7,757,622)</u>
Operating cash flows before working capital changes	7,087,976	1,765,526
(Increase) / decrease in working capital		
(Increase) / decrease in current assets		
Trade debts	8,669,125	8,724,232
Prepayments and advances	(16,000)	22,500
Trade deposits and short term prepayments	10,800,000	-
Increase / (decrease) in current liabilities		
Deposits, accrued liabilities and advances	(123,440)	345,464
Trade and other payables	(16,753,881)	(4,102,142)
	<u>2,575,804</u>	<u>4,990,053</u>
Cash generated from / (used in) operations	9,663,780	6,755,579
Taxes paid	(854,434)	(1,488,692)
Financial charges paid	-	(686,601)
	<u>(854,434)</u>	<u>(2,175,293)</u>
Net cash generated from/(used in) operating activities	8,809,346	4,580,286
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,000)	(418,190)
Proceeds from sale of intangible assets	-	-
Proceeds from sale of fixed assets	-	-
Long term security deposits	(17,373,701)	-
	<u>(17,378,701)</u>	<u>(418,190)</u>
Net cash (used in)/generated from investing activities	(17,378,701)	(418,190)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability paid	-	(5,247,367)
	<u>-</u>	<u>(5,247,367)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,569,355)	(1,085,271)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	48,644,563	49,729,834
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A <u>40,075,208</u>	<u>48,644,563</u>
A Cash and Cash Equivalents		
Cash and bank balances	12 <u>40,075,208</u>	<u>48,644,563</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR

MGM SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Paid up capital	Un appropriated profit	Fair value adjustment reserve	Total
	----- (R u p e e s) -----			
Balance as at June 30, 2022	50,000,000	21,229,074	17,369,179	88,598,252
Profit after taxation	-	6,553,425	-	6,553,425
Other comprehensive loss	-	-	(17,369,179)	(17,369,179)
Total comprehensive loss for the year	-	6,553,425	(17,369,179)	(10,815,754)
Balance as at June 30, 2023 - Audited	50,000,000	27,782,499	-	77,782,498
Profit after taxation	-	6,093,267	-	6,093,267
Other comprehensive loss	-	-	-	-
Total comprehensive loss for period	-	6,093,267	-	6,093,267
Balance as at December 31, 2023 - Un-Audited	50,000,000	33,875,766	-	83,875,765

The annexed notes form an integral part of these financial statements.

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 CHIEF EXECUTIVE



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 DIRECTOR

MGM SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

1 COMPANY AND ITS OPERATION

- 1.1** The company was incorporated as Private Limited Company on October 27, 2003 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is engaged in the business of share brokerage and investment in securities. The registered office of the company is situated at Room No. G-10, Ground Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore.

The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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 revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Useful lives, residual values and depreciation method of property and equipment
- Useful lives, residual values and amortization method of intangible assets
- Provision for doubtful account receivables
- Estimation of provisions
- Estimation of contingent liabilities
- Current income tax expense, provision for current tax and recognition of deferred tax asset

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Depreciation is charged on reducing balance method at the rates mentioned in the relevant notes to the financial statements. Depreciation on additions is charged from day in which an asset is ready to use. Normal repair and maintenance is charged to profit or loss as and when incurred, while major renewals and replacements are capitalized. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Gain or loss on disposal of property and equipment, if any is taken to profit or loss.

3.2 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.2.1 Membership card and offices

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.2.2 Computer Software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

Amortization is charged when asset is available for use until asset is disposed off.

3.3 FINANCIAL ASSETS

Financial assets are initially measured at cost and subsequently classified at fair value through profit or loss or at amortized cost. Management determines the classification of its financial assets at initial recognition.

3.4 FINANCIAL LIABILITIES

Financial liabilities are initially measured at cost, which is the fair value, of the consideration given and subsequently carried at amortized cost using effective interest rate method.

3.5 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6 TRADE DEBTS AND OTHER RECEIVABLES

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

3.7 CHANGE IN CLASSIFICATION OF FINANCIAL ASSETS

The company has changed nomenclature of financial assets from "Loans and receivables" to "Amortised cost" for better representation. As a result, the company has considered affects due to application of these accounting policies and concluded that there is no material impact resulting from such adoption.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash balances and call deposits. For the purpose of statement of cash flows; cash and cash equivalents comprise cash in hand, bank balances and running finances.

3.9 BORROWINGS

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

In case the loan is interest-free or carries interest below the prevalent market rate, it is initially recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the discounted present value and actual receipt is recognised as finance income. Subsequently, the interest-free loan is measured at amortized cost, using the effective Interest rate method, this involves unwinding of discount, such that at the repayment date, the carrying value of obligation equals the amount to be repaid. The unwinding of discount is included in finance costs in the statement of profit or loss.

3.10 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at cost, which is the fair value of the consideration to be paid, in the future for goods and services received and subsequently measured at amortized cost.

3.11 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

3.12 CONTINGENT LIABILITIES

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, 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 the Company has a present legal or constructive 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.

3.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at reporting date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.15 REVENUE RECOGNITION

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

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided, and thereby the performance obligations are satisfied.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains/(losses) arising on sale of investments are included in the profit or loss in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

3.16 BASIC AND DILUTED EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.17 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except permitted by the regulatory authorities or reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

3.18 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

4 TAXATION

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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

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

		Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
6 INTANGIBLE ASSETS	Note		
Trading right entitlement certificate (TREC)	6.1	2,500,000	2,500,000
		<u>2,500,000</u>	<u>2,500,000</u>

6.1 This represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. This is carried at cost less accumulated impairment.

		Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
7 LONG TERM INVESTMENTS	Note		
Quoted - Shares of LSE Ventures Limited and LSE Proptech Limited (Previously un-quoted shares of LSE Financial Services Limited)			
At fair value through profit or loss			
Carrying value	7.2	16,406,874	16,406,874
Fair value adjustment		<u>(7,400,061)</u>	<u>(7,400,061)</u>
		<u>9,006,813</u>	<u>9,006,813</u>

7.1 The breakup for the amount is as follows:

Cost	678,450	678,450
Fair value reserve	<u>8,328,363</u>	<u>8,328,363</u>
	<u>9,006,813</u>	<u>9,006,813</u>

7.2 During the year, the company has received following shares of LSE Proptech Limited and LSE Venture Limited against shares of LSE Financial Services Limited under the scheme of compromises, arrangements and reconstruction as envisaged under the provisions of the Companies Act, 2017. Due to change in investments from un-quoted to quoted shares, the company has reclassified these investments from available for sale to fair value through profit or loss and respective accumulated reserve has been charged to profit or loss.

	Total No. of shares	Total Rupees	Pledge Rupees	Particulars of pledge
LSE Proptech Limited	295,534	1,421,523	1,421,523	Pakistan Stock Exchange Ltd. (BMC)
LSE Venture Limited	842,810	7,585,290	7,585,290	
	<u>1,138,344</u>	<u>9,006,813</u>	<u>9,006,813</u>	

		Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
8 LONG TERM DEPOSITS	Note		
Deposits with/against:			
National Clearing Company of Pakistan Limited		-	1,400,000

Pakistan Stock Exchange for BMC	-	300,000
LSE Financial Services Limited	-	30,000
Leases	-	-
Rental property	81,000	81,000
Eclear Services limited	<u>19,103,701</u>	<u> </u>
	<u>19,184,701</u>	<u>1,811,000</u>

9 TRADE DEBTS	Note	Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
Receivable from clients on account of:			
Purchase of shares on behalf of clients		#REF!	2,766,695
Related parties	9.3	634,252	634,252
		815,206	3,400,947
Less: Provision for doubtful debts	9.1	(1,304,591)	(1,304,591)
		(489,386)	2,096,356
National Clearing Company of Pakistan Ltd.		9,365	8,462,267
Eclare Services Limited		2,369,519	-
		1,889,498	10,558,623

9.1 Movement in provision is as follows

Opening balance		1,304,591	866,041
Provision made during the year		-	546,284
Balances written off during the year		-	(107,734)
	9.4	1,304,591	1,304,591

9.2 Aging Analysis-Receiveable from clients

	30 June 2023 Rupees
Upto five days	113,629
More than five days	10,444,994
	10,558,623

9.3 Receivable from related party comprises of the following:

Name	Basis of relationship	Maximum aggregate amount Rupees	30 June 2023 Rupees
Syed Hassan Iqbal	Director	1,278	1,278
Mr. Mian Ghulam Mohiuddin	Director	632,973	632,973
			634,252

9.3.1 Ageing analysis of the amounts due from related parties as follows:

Name	Upto 1 months	1 to 6 months	More than 6 months	As at June 30, 2023
	-----Rupees-----			
Syed Hassan Iqbal	-	-	1,278	1,278
Mr. Mian Ghulam Mohiuddin	-	632,973	-	632,973
				634,252

9.4 This includes provision relating to receiveables from directors Mr. Syed Hassan Iqbal and Mr. Mian Ghulam Mohaiuddin amounting Rs. 1,278 and Rs. 444,007 respectively. Provision is based on balances outstanding for more than 5 days exceeding market value of holding securities after VAR haircut.

		Un-Audited 31 December 2023	Audited 30 June 2023
	Note	Rupees	Rupees
10 LOANS AND ADVANCES			
Advances to: (Interest free and un-secured but considered good)			
Employees		32,500	66,500
Director - Syed Hassan Iqbal	10.1	1,280,000	1,280,000
Director - Ihtisham Riaz		50,000	-
		<u>1,362,500</u>	<u>1,346,500</u>
10.1 Particulars of advance to director:			
	Name	Basis of relationship	Maximum aggregate amount Rupees
			30 June 2023 Rupees
	Syed Hassan Iqbal	Director	1,280,000
			<u>1,280,000</u>
10.2	This represents short term advance obtained by the director of the company. As per terms of repayment of the advance, it is recoverable on demand of the company and it would be settled in next 12 months. This is outstanding for more than 12 months.		
		Un-Audited 31 December 2023	Audited 30 June 2023
	Note	Rupees	Rupees
11 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Ltd		-	10,800,000
Tax deducted at source		3,085,720	2,231,286
		<u>3,085,720</u>	<u>13,031,286</u>
12 CASH AND BANK BALANCES			
These were held as under:			
Cash in hand		18,326	12,881
Cash at bank:			
in current accounts			
Pertaining to brokerage house		39,502,300	26,225,620
Pertaining to clients		554,582	13,260,623
		40,056,882	39,486,243
in saving accounts			
Pertaining to brokerage house		-	9,145,439
		<u>40,075,208</u>	<u>48,644,563</u>
		Un-Audited 31 December 2023	Audited 30 June 2023
	Note	Rupees	Rupees
13 SHARE CAPITAL			
Authorized			

600,000 (2022: 600,000) ordinary shares
of Rs.100 each

60,000,000 60,000,000

Issued, subscribed and paid up

500,000 (2022: 500,000) ordinary shares
of Rs.100 each issued paid in cash

13.1

50,000,000 50,000,000

13.1 Pattern of Shareholding:

	% age of Shares Held		Number of Shares Held	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Individuals				
Chief Executive				
Mian Ghulam Mohiuddin	59%	59%	297,297	297,297
Directors				
Zia Mohiuddin	1%	1%	5,406	5,406
Syed Hassan Iqbal	38%	38%	191,891	191,891
Shareholder				
Mrs. Nagina Akhter	1%	1%	5,406	5,406
	<u>100%</u>	<u>100%</u>	<u>500,000</u>	<u>500,000</u>

14 FAIR VALUE ADJUSTMENT RESERVE

	31 December 2023	30 June 2023
	Rupees	Rupees
Fair value adjustment reserve	-	-

14.1 This represented accumulated gain on long term investments and it has be reclassified to profit or loss.

15 LEASE LIABILITY

	Note	Rupees	Rupees
Current portion of lease liability		-	-
Non-current portion of lease liability		-	-
		<u>-</u>	<u>-</u>

15.1 Movement during the year is as follows:

Balance as at July, 01	-	5,247,367
Acquired during the year	-	-
Payments during the year	-	(1,132,736)
Final settlement during the year	-	(4,114,631)
Balance as at Jun, 30	-	-

15.2 This represented facility from Bank Al-Habib for lease of vehicles. The term of the agreements were 3 to 5 years. The balance was repayable in varying monthly installments. It carries markup @ 6 months KIBOR plus 3%. During the year, the company settled the remaining outstanding balance under the agreement and the ownership of vehicles was transferred in the name of the company.

16 DEFERRED TAXATION

Deferred credits/(debits) arising due to:

Accelerated tax depreciation	2,035,104	2,035,104
Unrealized gain on long term investment	1,041,045	1,041,045
Provision for doubtful debts	(378,332)	(378,332)
Lease	-	-
Minimum tax	(208,608)	(208,608)
Brought forward losses	(1,507,909)	(1,507,909)
Deferred tax asset not recognised	1,716,517	1,716,517
	<u>2,697,817</u>	<u>2,697,817</u>
Balance as at July 01,	2,697,817	-
Add: Charged during the year	-	2,697,817

2,697,817 2,697,817

16.1 At the year end, deferred tax asset amounting Rs. 1.72 million (2022: Rs. 0.89 million) arising due to minimum tax credits and taxable losses has not recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2024.

16.2 Minimum taxes would expire as follows:

Accounting year to which minimum tax relates	Rupees	Accounting year in which minimum tax will expire
2023	208,608	2026

16.3 Business losses would expire as follows:

Accounting year to which business losses relates	Rupees	Accounting year in which minimum tax will expire
2023	4,173,373	2029

16.4 Depreciation losses with no limit to expire are follows:

Accounting year to which depreciation losses relates	Rupees
2023	1,026,312

17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES

Accrued expenses

Un-Audited
31 December
2023
Rupees

Audited
30 June
2023
Rupees

322,024

445,464

18 TRADE AND OTHER PAYABLES

Creditors for sale of shares on behalf of clients
Sales tax payable
Staff welfare fund
Punjab worker's welfare fund payable

18.1 & 18.2

2,419,704

19,407,175

387,257

153,667

-

-

331,061

331,061

3,138,022

19,891,903

18.1 Creditors for sale of shares on behalf of clients include the following amount due to related parties:

Name	Basis of relationship	31 December 2023 Rupees	30 June 2023 Rupees
Zia Mohiuddin	Director	56,900	56,900

18.2 The total value of securities pertaining to clients, employees and directors/sponsors are amounting Rs. 297,017,041 , Rs. 844,840 and Rs. 2,077,478 respectively held in sub-accounts of the company. No client security is pledged with the financial institutions except with National Clearing Company of Pakistan Ltd. amounting Rs. Nil for exposure margin.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- 19.1.1** The company has received notice from Federal Board of Revenue dated June 20, 2022 in which penalty has been imposed of Rs. 710,000 for the tax year 2021 due to non-compliance of Common Reporting Standard of the Income Tax Rules, 2002. The company has filed a writ petition before the Lahore High Court, Lahore against the aforesaid notice which is pending for decision. The tax advisor of the company is of the opinion that the company has a good arguable case and there is likelihood that the same will be decided in the favour of the company.
- 19.1.2** The Trustees of LSE MCF Trust and LSE TCF Trust have given guarantee amounting Rs. 8.78 million to Pakistan Stock Exchange (PSX) on behalf of the company for meeting the Base Minimum Capital requirements.
- 19.1.3** The company has received show cause notice dated 12 December, 2018 from the Deputy Commissioner Audit Inland Revenue unit-IV, Range I, Zone IV, RTO Lahore initiating proceedings u/s 111 of the Income Tax Ordinance 2021 and confronted the addition 1,734,990 in sale/turnover declared in PRA during the Tax Year 2017. The company has replied the show cause notice through letter dated December 17, 2018. However, an order has been passed against the company dated June 21, 2023 without considering the reply of the company. The company has filed appeal against the aforesaid order which was heard on August 1, 2023. The Commissioner (Appeals), Inland Revenue, Lahore has passed order dated September 18, 2023 in favour of the company and has annulled the order passed by Commissioner Audit Inland Revenue.

19.2 Commitments

- 19.2.1** Commitments in respect of capital expenditures as at December 31, 2023 were amounting Rs. nil (30 June, 2023: Rs. nil).

	Note	Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
20 OPERATING REVENUE			
Brokerage income		10,877,978	12,394,247
Less: Sales tax		<u>(1,740,476)</u>	<u>(1,709,551)</u>
		<u>9,137,501</u>	<u>10,684,696</u>
21 DIRECT COSTS			
Charges paid to:			
Pakistan Stock Exchange Limited		282,461	623,202
Central Depository Company of Pakistan Ltd.		-	182,757
Commission Paid		438,834	346,475
National Clearing Company of Pakistan Ltd.		<u>91,701</u>	<u>211,726</u>
		<u>812,996</u>	<u>1,364,160</u>
22 OPERATING EXPENSES			
Directors' remuneration		2,676,000	6,052,000
Staff salaries and benefits		2,790,241	5,399,352
Rent, rates and taxes		157,854	346,290
Communication and postage		92,252	205,553
Electricity charges		224,158	288,422
Printing and stationery		28,630	70,840
Repair and maintenance		177,955	302,212
Legal and professional charges	22.1	130,356	233,000
Fee and subscription		478,905	99,638
Insurance		-	133,854

Charity and donation		14,800	-
Entertainment		193,402	336,104
Depreciation	5	994,709	978,611
Travelling and conveyance		-	-
Others		39,887	271,948
		<u>7,999,149</u>	<u>14,717,824</u>

	Note	Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
22.1 Auditor's remuneration			
This includes statutory audit fee and other certification charges as detailed below :			
Amin, Mudassar & Co. Chartered Accountants			
Statutory audit		-	200,000
Certification fee		-	7,000
		<u>-</u>	<u>207,000</u>
IEC NET S.K.S.S.S. Chartered Accountants			
Statutory audit		-	-
		<u>-</u>	<u>-</u>
23 OTHER OPERATING EXPENSES			
Provision for doubtful debts		-	546,284
Punjab workers' welfare fund		-	190,463
		<u>-</u>	<u>736,747</u>
24 OTHER INCOME			
Income from financial assets			
Dividend income		-	421,988
Interest income		5,775,451	6,003,965
Unrealized gain on long term investments		-	9,969,118
Income from non financial assets			
Gain against sale of intangible assets		-	-
		<u>5,775,451</u>	<u>16,395,071</u>
25 FINANCE COST			
Mark-up and finance charges		-	686,601
Bank charges		7,540	51,287
		<u>7,540</u>	<u>737,888</u>
26 TAXATION			
Income tax:			
- Current		-	271,906
- Deferred		-	2,697,817
		<u>-</u>	<u>2,969,723</u>
26.1	No numeric tax rate reconciliation is presented for the current year as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance, 2001.		
26.2 Reconciliation of taxation:			2022 Rupees
Profit before tax			<u>2,484,068</u>
Tax on profit before tax @ 29%			720,380
Tax effect on inadmissible expense			240,265

Tax effect on admissible expense	(240,265)
Tax on income under final tax regime	155,258
	<hr/>
	<u>875,638</u>

27 EARNINGS PER SHARE - BASIC AND DILUTED

	Un-Audited 31 December 2023	Audited 30 June 2023
Profit for the year-Rupees	6,093,267	6,553,425
Weighted Average Number of ordinary shares outstanding during the year-Numbers	500,000	500,000
Earnings per share-Rupees	12.19	13.11

28 NUMBER OF EMPLOYEES

	Un-Audited 31 December 2023 (Number)	Audited 30 June 2023 (Number)
Total number of employees at the end of year	14	14
Average number of employees during the year	14	14

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration to the chief executive, directors and executives of the company is as follows:

	2023		
	Chief Executive	Directors	Executives
	----- R u p e e s -----		
Managerial remuneration	2,629,804	3,422,196	-
Number of persons	1	2	-
	2022		
	Chief Executive	Directors	Executives
	----- R u p e e s -----		
Managerial remuneration	1,428,000	3,924,000	-
Number of persons	1	2	-

30 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Available for sale

Long term investment

-	-
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Fair value through profit or loss

Long term investment

9,006,813	9,006,813
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At ammortized cost

	Un-Audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
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Long term deposits	19,184,701	1,811,000
Trade debts	1,889,498	10,558,623
Loans and advances	1,280,000	1,280,000
Trade deposits and short term prepayment	-	10,800,000
####		-
Cash and bank balances	<u>40,075,208</u>	<u>48,644,563</u>

Financial liabilities	<u>62,429,407</u>	<u>73,094,186</u>
At amortized cost		
Deposits, accrued liabilities and advances	322,024	445,464
Trade and other payables	<u>2,419,704</u>	<u>19,407,175</u>
	<u>2,741,728</u>	<u>19,852,639</u>

32 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. However, there is no major reclassification to report.

33 GENERAL

Figures have been rounded off to the nearest of rupee.

34 DATE OF AUTHORISATION FOR ISSUE

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

CHIEF EXECUTIVE

DIRECTOR