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**AL HABIB CAPITAL MARKETS (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

EY Ford Rhodes
Chartered Accountants
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To the members of AL Habib Capital Markets (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **AL Habib Capital Markets (Private) Limited (the Company)**, which comprise the statement of financial position as at **31 December 2023**, and the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the profit and other comprehensive income, the changes in cash flows and its equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Director Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

EA

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirements of Section 78 of Securities Act, 2015 and the relevant requirements of Securities Broker (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditors' report is Arslan Khalid.



Chartered Accountants

Place: Karachi

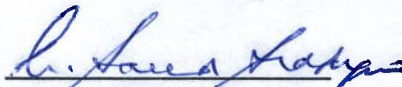
Date: 03 April 2024

UDIN Number: AR202310191RazAxyi92

AL Habib Capital Markets (Private) Limited
Statement of Financial Position
As at 31 December 2023

	31 December 2023	31 December 2022
Note	(Rupees)	
ASSETS		
Non-Current Assets		
Property and equipment	4. 4,592,669	5,313,270
Intangible assets	5. 3,515,805	2,762,498
Long term loans, advances and deposits	6. 30,732,141	10,696,805
Deferred taxation - net	7. 1,365,003	947,663
	<u>40,205,618</u>	<u>19,720,236</u>
Current Assets		
Short term investments	8. 100,910,184	251,341,654
Trade receivables	9. 569,682,613	299,311,416
Loans and advances	10. 473,104	421,887
Deposits and prepayments	11. 240,343,050	80,343,050
Other receivable	12. 1,406,101	4,162,064
Taxation - net	39,970,596	31,860,750
Cash and bank balances	13. 379,007,405	157,002,085
	<u>1,331,793,053</u>	<u>824,442,906</u>
Total Assets	<u><u>1,371,998,671</u></u>	<u><u>844,163,142</u></u>
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised capital		
50,000,000 (31 December 2022: 50,000,000) ordinary shares of Rs. 10 each	14.1 <u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	14.2 300,000,000	300,000,000
Capital Reserve		
Unrealised loss on re-measurement of investments	15. (12,649,218)	(44,180,944)
Revenue Reserve		
Un-appropriated profit	<u>89,026,992</u>	<u>82,457,713</u>
	<u>376,377,774</u>	<u>338,276,769</u>
Current Liabilities		
Short term financing	16. 590,466,217	267,005,688
Trade and other payables	17. 397,081,006	234,069,815
Accrued liabilities	18. 8,073,674	4,810,870
	<u>995,620,897</u>	<u>505,886,373</u>
Total equity and liabilities	<u><u>1,371,998,671</u></u>	<u><u>844,163,142</u></u>
Contingencies and commitments	19.	

The annexed notes from 1 to 33 form an integral part of these financial statements.

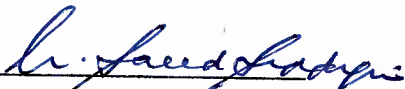

Chairman


Chief Executive

AL Habib Capital Markets (Private) Limited
Statement of Profit or Loss
For the year ended 31 December 2023

		31 December 2023	31 December 2022
	Note	----- (Rupees) -----	
INCOME			
Operating revenue - net	20.	92,559,971	70,467,858
Realised gain on sale of investments at FVTPL		25,136,988	9,306,420
Margin finance system income		8,527,896	10,770,378
Margin trading system income		21,505,824	26,262,041
Other income	21.	50,238,491	64,272,500
		<u>197,969,170</u>	<u>181,079,197</u>
EXPENSES			
Administrative expenses	22.	(132,320,964)	(117,120,169)
Provision for Workers' Welfare Fund		(129,593)	(123,292)
Finance cost	23.	(58,557,804)	(62,781,735)
		<u>(191,008,361)</u>	<u>(180,025,196)</u>
PROFIT BEFORE TAXATION		<u>6,960,809</u>	<u>1,054,001</u>
Taxation			
- Current		(4,704,111)	(3,233,773)
- Deferred	24.	417,340	(536,526)
- Prior year		502,303	(558,777)
		<u>(3,784,468)</u>	<u>(4,329,076)</u>
PROFIT / (LOSS) AFTER TAXATION		<u>3,176,341</u>	<u>(3,275,075)</u>
Earnings per share - basic and diluted	25.	<u>0.106</u>	<u>(0.109)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


Chairman


Chief Executive

AL Habib Capital Markets (Private) Limited
Statement of Comprehensive Income
For the year ended 31 December 2023

	31 December 2023	31 December 2022
	----- (Rupees) -----	
Profit / (loss) for the year	3,176,341	(3,275,075)
Other comprehensive income:		
<i>Items that will not be reclassified to statement of profit or loss in subsequent periods</i>		
Changes in appreciation/ (diminution) in the value of FVOCI investments	31,531,726	(31,245,941)
Realised gain / (loss) on sale of investments at FVOCI	3,392,938	(74,520)
	34,924,664	(31,320,461)
Total comprehensive income for the year	38,101,005	(34,595,536)

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chairman


Chief Executive

AL Habib Capital Markets (Private) Limited
Statement of Cash Flows
For the year ended 31 December 2023

	31 December 2023	31 December 2022
Note	(Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,960,809	1,054,001
Adjustment for:		
Depreciation of property and equipment	22. 1,901,114	2,001,106
Amortisation of intangible assets	22. 576,918	136,497
Realised gain on sale of investments at FVTPL	(25,136,988)	(9,306,420)
Finance cost	23. 58,557,805	62,781,735
Amortisation of Pakistan Investment Bonds	(5,711,967)	(5,745,873)
Provision for Workers' Welfare Fund	129,593	123,292
Provision for employee compensated absences	387,285	90,493
Musharaka lease rental expense	3,866,136	3,342,708
Gain on disposal of property and equipment	21. (15,000)	(3,385,631)
Reversal of provision	-	(4,411,677)
	<u>34,554,896</u>	<u>45,626,230</u>
Operating income before working capital changes	41,516,705	46,680,231
Working capital changes:		
(Increase) / decrease in current assets		
Trade receivables	(270,371,197)	206,193,393
Loans and advances	(51,217)	(48,857)
Deposits and prepayments	(160,000,000)	111,500,000
Other receivable	2,755,963	(1,329,501)
	<u>(427,666,451)</u>	<u>316,315,035</u>
	(386,150,745)	362,995,267
Increase / (decrease) in current liabilities		
Trade and other payables	155,523,450	(15,047,453)
Accrued liabilities	7,861,331	(3,094,447)
	<u>163,384,781</u>	<u>(18,141,900)</u>
Net cash used in operations	(222,765,964)	344,853,367
Long term loans, advances and deposits	(20,035,336)	(460,203)
Payment for employee compensated absences	(190,501)	(47,006)
Finance cost paid	(51,224,525)	(53,676,925)
Taxes paid	(12,265,496)	(11,739,618)
	<u>(83,715,858)</u>	<u>(65,923,752)</u>
Net cash (used in) / generated from operating activities	(306,481,823)	278,929,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments made during the year	(766,029,945)	(1,452,997,790)
Proceeds from disposal of investments	977,434,710	1,379,460,324
Proceeds from disposal of property and equipment	86,389	4,115,000
Purchase of property and equipment	4. (1,268,180)	(1,069,139)
Purchase of intangible assets	5. (1,330,225)	(250,000)
Net cash generated from / (used in) investing activities	208,892,749	(70,741,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for musharaka lease rentals	(3,866,136)	(3,342,708)
Net cash used in financing activities	(3,866,136)	(3,342,708)
Net (decrease) / increase in cash and cash equivalents during the year	(101,455,209)	204,845,302
Cash and cash equivalents at beginning of the year	(110,003,603)	(314,848,905)
Cash and cash equivalents at end of the year	(211,458,812)	(110,003,603)

The annexed notes from 1 to 33 form an integral part of these financial statements.


Chairman


Chief Executive

AL Habib Capital Markets (Private) Limited
Statement of Changes in Equity
For the year ended 31 December 2023

	Capital Reserve	Revenue Reserve		
	Unrealised gain on re-measurement of Investments (Note 15)	Un-appropriated Profit	Total	
	(Rupees)			
Balance as at 1 January 2022	300,000,000	(12,935,003)	85,807,308	372,872,305
Total comprehensive income for the year				
Loss for the year ended 31 December 2022	-	-	(3,275,075)	(3,275,075)
Other comprehensive loss unrealised and realised	-	(31,320,461)	-	(31,320,461)
Total comprehensive income for the year ended 31 December 2022	-	(31,320,461)	(3,275,075)	(34,595,536)
Reclassification of revaluation loss on investments at FVOCI upon de-recognition	8.4	-	74,520	(74,520)
Balance as at 31 December 2022	300,000,000	(44,180,944)	82,457,713	338,276,769
Total comprehensive income for the year				
Profit for the year ended 31 December 2023	-	-	3,176,341	3,176,341
Other comprehensive income unrealised and realised	-	34,924,664	-	34,924,664
Total comprehensive income for the year ended 31 December 2023	-	34,924,664	3,176,341	38,101,005
Reclassification of realised gain/ loss on investments at FVOCI upon de-recognition	-	(3,392,938)	3,392,938	-
Balance as at 31 December 2023	<u>300,000,000</u>	<u>(12,649,218)</u>	<u>89,026,992</u>	<u>376,377,774</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


Chairman


Chief Executive

AL Habib Capital Markets (Private) Limited

Notes to the Financial Statements

For the year ended 31 December 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

AL Habib Capital Markets (Private) Limited ("the Company") was incorporated in Pakistan on 23 August 2005 as a private limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984) and started operations from 14 December 2005. The Company is a subsidiary of Bank AL Habib Limited (the Holding Company) which holds 66.67% of shares of the Company. The registered office of the Company is located at Technocity, Hasrat Mohani Road, Karachi, Pakistan. Also, the Company owns room no.16 at Pakistan Stock Exchange Building, Karachi. The Company holds a Trading Right Entitlement (TRE) Certificate from Pakistan Stock Exchange Limited - PSX and is principally engaged in the business of stocks broking. Other activities includes investment in a mix of listed and unlisted equity securities, economic research and advisory services.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- the Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 and the Islamic Financial Accounting Standards (IFASs) differ with the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 and Islamic Financial Accounting Standards (IFASs) have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments that are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is also the functional currency of the Company and have been rounded off to the nearest Rupee.

2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements, except as disclosed below.

IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

2.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2026
IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments)	01 January 2024

The above standards and amendments are not expected to have any material impact on the Company's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.6 Use of estimates and judgments

The preparation of these financial statements in conformity with accounting and reporting 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 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 estimates are 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

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- Useful lives and impairment of Property and equipment (Note 3.2 and 4)
- Useful lives and impairment of intangible assets (Note 3.3 and 5)
- Classification and valuation of investments (Note 3.1 and 8)
- Provision against trade receivables and other financial assets (Note 3.1 and 3.11)
- Staff retirement benefits (Note 3.8)
- Current and deferred taxation (Note 3.7, 7 and 24)

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3 MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 Classification, recognition and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, gains and losses and impairment are recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. On derecognition, gains and losses accumulated in capital reserves are reclassified to Un-appropriated profit.

Recognition and derecognition

The Company follows trade date accounting for financial instruments and accordingly, all financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to statement of profit or loss, unless it is equity investment classified at FVOCI.

3.2 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment, if any.

Gains and losses on disposal of assets, if any, are determined by comparing the sale proceeds with the carrying values and are charged to statement of profit or loss.

3.3 Intangible assets

These represent computer software, website developed and Trading Right Entitlement (TRE) Certificate.

Computer software and website developed are recognized in the financial statements, if and only if, it is probable that future economic benefits that are attributable to the assets will flow to the Company; and the cost of the assets can be measured reliably.

3.4 Revenue recognition

3.4.1 Brokerage and Fee revenue

The Company earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the considerations to which the company expects to be entitled in exchange for providing the services.

When the company provides a service to its customers, considerations is invoiced and generally due immediately upon the satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

Full

3.5 Interest income on Margin Trading System (MTS) and Margin Financing System (MFS)

- Interest income on MTS and MFS is recognized on an accrual basis on release position on accrual basis.

3.6 Other income

- Other income is recognized to the extent it is probable that the economic benefits will flow to the Company and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognized on accrual basis.

3.7 Taxation

Current

The charge for taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax, if any, on revaluation of investments is recognized as an adjustment to surplus / deficit arising on revaluation.

3.8 Staff retirement benefits

3.8.1 Defined contribution plan

The Company provides provident fund benefits to all its permanent employees. Equal contributions are made, both by the Company and the employees, at the rate of 10% of basic salary and the same is charged to the statement of profit or loss.

3.9 Cash and cash equivalents

Cash in hand and at banks is carried at amortised cost. For the purposes of statement of cash flows, cash and cash equivalents comprises of cash in hand, bank balances, short term financing which are repayable on demand and other short term highly liquid investments with original maturities of three months or less, if any.

3.10 Provisions

Provisions are recognized when the Company has a legal or constructive present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate of the amount can be made.

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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 Trade Receivables

Trade receivable is a financial asset measured at amortised cost. For the initial and subsequent recognition refer Note 3.1.

The trade receivable comprises of following

- Receivable against trading of securities
- Receivable against Margin Trading System (MTS)
- Receivable against Margin Financing System (MFS)
- Due from National Clearing company Pakistan Limited (NCCPL)

The receivable against trading of securities is in respect of two days trading T+2 settlement, these are backed against traded securities.

The receivable against MTS is recognized against pre-identified ready market purchases. Each MTS contract does not exceed 60 days and on every fifteenth (15th) calendar day, MTS automatically releases one fourth quantity of the MT Contract Value, resulting in the decrease in receivable against MTS. The securities against MTS transactions are placed in a separate MT Blocked CDS Account of the company until full and final settlement of the receivable amount.

The receivable against MFS is recognized against eligible securities. Financing terms and conditions are pre-determined by Margin Financier and Margin Financed. The securities against MFS transactions are placed in MF Blocked CDS Account of the company until full and final settlement of the receivable amount.

The amount due from NCCPL shows trade receivable in respect of two days trading T+2 settlement, future contracts and MTS trading.

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4. PROPERTY AND EQUIPMENT

Note	31 December 2023									
	Cost				Accumulated depreciation			Written down		Rate of depreciation per annum
	As at 01 January 2023	Additions	Disposals	As at 31 December 2023	As at 01 January 2023	Charge for the period	Disposals	As at 31 December 2023	As at 31 December 2023	
	(Rupees)									
Room and booths	14,500,000	-	-	14,500,000	12,325,017	725,004	-	13,050,021	1,449,979	5
Motor vehicles	2,290,900	-	-	2,290,900	1,742,410	359,134	-	2,101,544	189,356	20
Furniture and fixtures	2,643,781	-	-	2,643,781	2,077,945	94,440	-	2,172,385	471,396	10
Office equipment	8,087,131	1,006,880	(284,138)	8,809,873	6,701,846	480,231	(196,471)	6,985,606	1,824,267	20
Computer equipment	6,743,603	261,300	-	7,004,903	6,104,927	242,305	-	6,347,232	657,671	20
	<u>34,265,415</u>	<u>1,268,180</u>	<u>(284,138)</u>	<u>35,249,457</u>	<u>28,952,145</u>	<u>1,901,114</u>	<u>(196,471)</u>	<u>30,656,788</u>	<u>4,592,669</u>	

Note	31 December 2022									
	Cost				Accumulated depreciation			Written down		Rate of depreciation per annum
	As at 01 January 2022	Additions	Disposals	As at 31 December 2022	As at 01 January 2022	Charge for the year	Disposals	As at 31 December 2022	As at 31 December 2022	
	(Rupees)									
Room and booths	14,500,000	-	-	14,500,000	11,600,013	725,004	-	12,325,017	2,174,983	5
Motor vehicles	3,940,300	160,100	(1,809,500)	2,290,900	2,372,368	491,100	(1,121,058)	1,742,410	548,490	20
Furniture and fixtures	2,435,282	208,499	-	2,643,781	1,998,426	79,519	-	2,077,945	565,836	10
Office equipment	7,626,131	496,000	(35,000)	8,087,131	6,269,846	438,417	(6,417)	6,701,846	1,385,285	20
Computer equipment	6,596,033	204,540	(56,970)	6,743,603	5,882,487	267,066	(44,626)	6,104,927	638,676	20
	<u>35,097,746</u>	<u>1,069,139</u>	<u>(1,901,470)</u>	<u>34,265,415</u>	<u>28,123,140</u>	<u>2,001,106</u>	<u>(1,172,101)</u>	<u>28,952,145</u>	<u>5,313,270</u>	

4.1 The cost of fully depreciated assets as at 31 December 2023 is Rs. 15.435 million (31 Dec 2022: Rs. 13.158 million).

5. INTANGIBLE ASSETS

Note	31 December 2023									
	Cost				Accumulated amortisation / impairment			Written down		Rate of amortisation per annum
	As at 01 January 2023	Additions	Disposal/ Write off	As at 31 December 2023	As at 01 January 2023	Charge for the period	Disposal/ Write off	As at 31 December 2023	As at 31 December 2023	
	(Rupees)									
Website	275,000	392,937	-	667,937	275,000	142,596	-	417,596	250,341	50
Computer software	5,417,499	937,288	-	6,354,787	5,155,001	434,322	-	5,589,323	765,464	50
Trading Right Entitlement (TRE) Certificate	2,500,000	-	-	2,500,000	-	-	-	-	2,500,000	-
	<u>8,192,499</u>	<u>1,330,225</u>	<u>-</u>	<u>9,522,724</u>	<u>5,430,001</u>	<u>576,918</u>	<u>-</u>	<u>6,006,919</u>	<u>3,515,805</u>	

Note	31 December 2022									
	Cost				Accumulated amortisation / impairment			Written down		Rate of amortisation per annum
	As at 01 January 2022	Additions	Disposal/ Write off	As at 31 December 2022	As at 01 January 2022	Charge for the year	Disposal/ Write off	As at 31 December 2022	As at 31 December 2022	
	(Rupees)									
Website	275,000	-	-	275,000	229,171	45,829	-	275,000	-	50
Computer software	5,167,499	250,000	-	5,417,499	5,064,333	90,668	-	5,155,001	262,498	50
Trading Right Entitlement (TRE) Certificate	2,500,000	-	-	2,500,000	-	-	-	-	2,500,000	-
	<u>7,942,499</u>	<u>250,000</u>	<u>-</u>	<u>8,192,499</u>	<u>5,293,504</u>	<u>136,497</u>	<u>-</u>	<u>5,430,001</u>	<u>2,762,498</u>	

5.1 The cost of fully amortized intangible assets as at 31 December 2023 is Rs. 5.442 million (31 December 2022: Rs. 5.367 million).

5.2 This represents TRE Certificate acquired on surrender of Stock Exchange Membership Card.

5.2.1 PSX vide notice no. PSX/N-7178, dated 10 November 2017, has revised the notional value of TRE Certificate from Rs. 5 million to Rs. 2.5 million. According to the Stock Exchange (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed.

	Note	31 December 2023	31 December 2022
----- (Rupees) -----			
6. LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loan & Advances			
- Loan to employees - secured	6.1	35,336	-
Security deposits			
- National Clearing Company of Pakistan Limited		1,400,000	1,400,000
-Deposits in respect of Musharakah financing for vehicles		9,285,305	9,285,305
-Deposit in Base Minimum Capital Requirement	30.1	20,000,000	-
- Others		11,500	11,500
		<u>30,732,141</u>	<u>10,696,805</u>

6.1 This represents personal loans carrying mark-up rate of 25% (31 December 2022: 19.0%) per annum provided to employees who have completed at least one year of service with the Company. These are recoverable over a period of three years and are secured against retirement benefit payable to respective employees.

7. DEFERRED TAXATION - NET

Deferred tax (liabilities) / assets comprises of temporary differences in respect of the following:

	Balance at 01 January 2022	Recognized in profit or loss	Recognized in OCI	Balance at 31 December 2022	Recognized in profit and loss	Recognized in OCI	Balance at 31 December 2023
----- (Rupees) -----							
Deferred tax assets arising in respect of:							
Intangible assets	741,193	(113,153)	-	628,040	(4,741)	-	623,299
Provision for compensated absences	562,294	19,643	-	581,937	113,383	-	695,320
Un-realised loss on investment - FVTPL	540,741	(540,741)	-	-	-	-	-
Un-realised loss on investment - FVOCI	2,442,385	-	(2,442,385)	-	-	-	-
Less: Deferred tax liabilities arising in respect of:							
Accelerated tax depreciation allowance	(360,039)	97,725	-	(262,314)	308,698	-	46,384
Net deferred tax asset	<u>3,926,574</u>	<u>(536,526)</u>	<u>(2,442,385)</u>	<u>947,663</u>	<u>417,340</u>	<u>-</u>	<u>1,365,003</u>

7.1 The deferred tax assets recognized in the financial statements represents the management's best estimate of the tax benefit which is expected to be realized in future years.

	Note	31 December 2023	31 December 2022
----- (Rupees) -----			
8. SHORT TERM INVESTMENTS			
Listed shares designated at fair value through OCI	8.1 & 8.4	19,200,796	66,786,660
Listed shares designated at fair value through Profit or Loss	8.2	-	-
Pakistan Investment Bonds - debt instrument designated at fair value through OCI	8.5	81,709,388	153,338,851
Mutual Fund	8.6	-	31,216,143
		<u>100,910,184</u>	<u>251,341,654</u>

8.1 EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

31 December 2023	31 December 2022	Name of investee	31 December 2023		31 December 2022	Dividend earned for the year ended 31 December 2023
(Number of shares)	(Number of shares)		Carrying amount	Market value	Market value	
-	285,000	The Hub Power Company Limited	-	-	17,977,800	5,557,550
-	177,000	Pakistan Petroleum Limited	-	-	12,060,780	442,500
-	87,000	Habib Bank Limited	-	-	5,544,510	630,750
1,902,953	1,902,953	Pakistan Stock Exchange Limited	21,935,494	19,200,796	15,375,860	-
-	11,250	Attock Petroleum Limited	-	-	3,259,238	309,375
-	35,200	Engro Corporation Limited	-	-	9,222,752	1,654,400
-	42,000	Oil & Gas Development Company	-	-	3,345,720	352,800
<u>1,902,953</u>	<u>2,540,403</u>		<u>21,935,494</u>	<u>19,200,796</u>	<u>66,786,660</u>	<u>8,947,375</u>
		Book Value as of 31 December 2023	21,935,494			
		Unrealized loss on re-measurement as of 31 December 2023	(2,734,698)			
		Carrying value as of 31 December 2023	<u>19,200,796</u>			

8.2 EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

31 December 2023	31 December 2022	Name of investee	31 December 2023		31 December 2022	Dividend earned for the year ended 31 December 2023
(Number of shares)	(Number of shares)		Carrying amount	Market value	Market value	
-	-	Soneri Bank Limited	-	-	-	236,500
-	-	Adamjee Insurance Company Limited	-	-	-	3,267,000
-	-	Adamjee Life Insurance Company Limited	-	-	-	135,000
<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,638,500</u>

8.3 The Company has disposed off equity securities classified at fair value through other comprehensive income during the year and recognised net gain amounting to Rs. 3.392 million (31 Dec 2022: loss Rs.0.000074 million)

8.4 1,902,953 shares of Pakistan Stock Exchange Ltd (PSX) as disclosed in note 8.1, are pledged against Base Minimum Capital (BMC). Refer note number 30.1.

8.5 Pakistan Investment Bonds (PIBs)

During the year PIB having face value of Rs. 75 million has been matured. Remaining PIBS having face value of Rs. 45 million and Rs. 60 million respectively will mature on 29 April 2027 and carry an effective yield of 12.6918% and 13.0407% respectively.

8.6 During the year the company has disposed off its investment in mutual fund. The company has earned dividend on said investment amounting to Rs.0.792 million (31 Dec 2022:1.372 million).

9. TRADE RECEIVABLES

Note	31 December 2023	31 December 2022
	(Rupees)	
From equity securities		
Due from clients against trading of securities - secured	519,905,630	193,789,636
Due from clients against margin trading system (MTS) - secured	2,763,020	2,948
Due from clients against margin financing system (MFS) - secured	-	91,302,572
Due from National Clearing Company of Pakistan Limited (NCCPL) - secured	9.3 45,277,267	13,836,804
Due from clients against trading of securities - related parties	9.1 1,736,696	379,456
	<u>569,682,613</u>	<u>299,311,416</u>

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9.1 Trade receivables from related parties

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision of doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
(Rupees)							
Bank AL Habib Limited	72,630	-	-	-	-	72,630	396,783
AL Habib Stock Fund	120,687	-	-	-	-	120,687	158,608
Habib Insurance Company Limited	3,154	-	-	-	-	3,154	23,637,642
Habib Sugar Mills Limited	1,403	-	-	-	-	1,403	10,402,202
First Habib Asset Allocation Fund	56,524	-	-	-	-	56,524	77,043
AL Habib Islamic Stock Fund	186,804	-	-	-	-	186,804	83,837
First Habib Islamic Income Fund	-	-	-	-	-	-	114,499
AL Habib Islamic Pension Fund	1,290,980	-	-	-	-	1,290,980	4,074,947
AL Habib Pension Fund	400	-	-	-	-	400	-
AL Habib Asset Management Limited	3,314	-	-	-	-	3,314	-
AL Habib Asset Management Limited - Staff Provident	800	-	-	-	-	800	-
	1,736,696	-	-	-	-	1,736,696	

Name of related party	Not yet due	Upto 3 months	3 to 6 months	6 months to 1 year	More than 1 year	Total gross amount due
(Rupees)						
Bank AL Habib Limited	-	72,630	-	-	-	72,630
AL Habib Stock Fund	-	120,687	-	-	-	120,687
Habib Insurance Company Limited	-	-	-	3,154	-	3,154
Habib Sugar Mills Limited	-	1,403	-	-	-	1,403
First Habib Asset Allocation Fund	-	56,524	-	-	-	56,524
AL Habib Islamic Stock Fund	-	186,804	-	-	-	186,804
First Habib Islamic Income Fund	-	-	-	-	-	-
AL Habib Islamic Pension Fund	-	1,290,980	-	-	-	1,290,980
AL Habib Pension Fund	-	400	-	-	-	400
AL Habib Asset Management Limited	-	403	411	2,500	-	3,314
AL Habib Asset Management Limited - Staff Provident	-	400	400	-	-	800
	-	1,730,231	811	5,654	-	1,736,696

9.2 The value of marketable securities held against trade receivables by the Company amounted to Rs.3,418,977 million out of which Rs. Nil million and Rs.3.425 million belongs to MFS and MTS respectively. (31 December 2022: Rs. 2,785.369 million, MTS: Nil million MFS: 101.884 million).

9.3 This shows trade receivables in respect of two days trading T+2 settlement, future contracts and MTS trading of Rs. 12.144 million, Rs. 15.345 million and Rs. 17.788 million respectively (31 December 2022: Rs. 11.602 million, Rs. 0.646 million and Rs. 1.587 million).

9.4 Aging analysis

The aging analysis of the trade receivables relating to purchase of shares and brokerage commission on equity shares is as follows:

31 December 2023						
	Due from clients against MTS	Due from clients against MFS	Due from NCCPL	Due from clients against trading of securities	Total amount due	Custody value
(Rupees)						
Less than or equal to 5 days	333,312	-	45,277,267	478,287,429	523,898,008	3,418.977 million custody available.
More than 5 days	2,429,708	-	-	43,354,897	45,784,605	
	2,763,020	-	45,277,267	521,642,326	569,682,613	
31 December 2022						
	Due from clients against MTS	Due from clients against MFS	Due from NCCPL	Due from clients against trading of securities	Total amount due	Custody value
(Rupees)						
Less than or equal to 5 days	2,948	10,005,597	13,836,804	141,923,210	165,768,559	2,785.369 million custody available.
More than 5 days	-	81,296,975	-	52,245,882	133,542,857	
	2,948	91,302,572	13,836,804	194,169,092	299,311,416	

9.4.1 Total number of clients' shares held in CDC sub account are 288,212,857 out of which 2,598,966 shares were pledged (31 December 2022: 280,497,003 out of which 5,084,230 shares were pledged).

9.4.2 Total value of pledged units/ shares held with financial institution amounted to Rs. 19.200 million and on clients' behalf amounted to Rs. 171.959 million (31 December 2022: Rs. 31.272 million and Rs. 405.589 million).

10. LOANS AND ADVANCES

Note	31 December 2023	31 December 2022	
	----- (Rupees) -----		
Loans to employees - secured	6.1	13,193	33,254
Advances to employees - unsecured	10.1	426,911	355,633
Advance for expenses to admin, contractors & suppliers		33,000	33,000
		<u>473,104</u>	<u>421,887</u>

10.1 During the year, the Company provided advances to Key Executives amounting to Rs. 1,143,605 (31 December 2022: Rs. 1,084,000). All advances are recoverable within a maximum period of six months. These advances are interest free. At year end, amount of advances to Key Executive is Rs. 0.250 million (31 December 2022: Rs. 0.195 million).

11. DEPOSITS AND PREPAYMENTS

Note	31 December 2023	31 December 2022	
	----- (Rupees) -----		
Deposits			
Exposure deposit with National Clearing Company of Pakistan Limited	11.1	240,343,050	80,343,050
		<u>240,343,050</u>	<u>80,343,050</u>

11.1 This represents deposits held under the National Clearing Company of Pakistan Limited exposure rules. These deposits carry interest at the rate of 18.24% to 19.24% (31 December 2022: 13.0% to 13.24%) per annum.

12. OTHER RECEIVABLE

Note	31 December 2023	31 December 2022	
	----- (Rupees) -----		
Interest receivable on Pakistan Investment Bonds		1,342,298	3,869,694
Others		63,803	292,370
		<u>1,406,101</u>	<u>4,162,064</u>

13. CASH AND BANK BALANCES

Cash in hand		9,177	830
Balances with banks in:			
- Current accounts	13.2	9,004,041	873,512
- Saving accounts	13.3, 13.4 & 13.5	369,994,187	156,127,743
		378,998,228	157,001,255
		<u>379,007,405</u>	<u>157,002,085</u>

13.1 Cash and cash equivalents

Cash and cash equivalents and short term financing (used for cash management purposes) comprises of the following for the purposes of statement of cashflows:

Note	31 December 2023	31 December 2022	
	----- (Rupees) -----		
Cash and bank balances	13.4 & 13.5	379,007,405	157,002,085
Short term financing	16	(590,466,217)	(267,005,688)
		<u>(211,458,812)</u>	<u>(110,003,603)</u>

13.2 This includes bank balance held with Bank AL Falah Limited amounting to Rs. 7.765 million (31 December 2022: Rs. 0.295 million) maintained on behalf of clients.

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- 13.3 This includes bank balances held with Bank AL Habib Limited (the Holding Company) amounting to Rs. 0.790 million (31 December 2022: Rs. 0.459 million) and carry interest ranging from 14.75% to 20.75% (31 December 2022: 14.50% to 14.75%) per annum.
- 13.4 This includes Rs.292.700 million and Rs. 3.256 million (31 December 2022: Rs. 113.344 million and Rs.5.034 million) held with Bank AL Habib Limited conventional and Islamic respectively (The Holding Company) maintained on behalf of clients and carry interest for conventional ranging from 14.75% to 20.75% (31 December 2022: 14.50% to 14.75%) and for Islamic carry profit ranging from 7.25% to 10.5%(31 December 2022: 4.40% to 7.25%).
- 13.5 This includes Rs.6.309 million and Rs. 30.796 million (31 December 2022: 6.309 million and Rs.30.796 million) held with UBL Bank Limited and Askari Bank Limited maintained on behalf of clients and carry interest ranging from 14.75% to 20.75% (31 December 2022: 14.50% to 14.75%).

14. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

14.1 Authorised capital

31 December 2023 ----- (Number of shares) -----	31 December 2022		31 December 2023 ----- (Rupees) -----	31 December 2022
		Ordinary shares of Rs.10/- each fully paid in cash		
<u>50,000,000</u>	<u>50,000,000</u>		<u>500,000,000</u>	<u>500,000,000</u>

14.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs.10/- each fully paid in cash		
<u>30,000,000</u>	<u>30,000,000</u>		<u>300,000,000</u>	<u>300,000,000</u>

14.3 Pattern of shareholding

Categories of shareholders	Number of shares held	% of shares held
Bank AL Habib Limited (the Holding Company)	19,999,600	66.67%
Others	2,499,898	8.33%
Individuals	7,500,502	25%
	<u>30,000,000</u>	<u>100.00%</u>

14.4 Capital Adequacy Level

In compliance with the CDC Regulation number 6.8 the Capital Adequacy Level (CAL) of the Company is calculated as follows:

	Note	31 December 2023 ----- (Rupees) -----	31 December 2022
Total Assets	14.4.1	<u>1,371,998,671</u>	844,163,142
Less: Total Liabilities		<u>(995,620,897)</u>	(505,886,373)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
		<u>376,377,773</u>	<u>338,276,768</u>

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14.4.1 While determining the value of the total assets of the TRE Certificate Holder, notional value of the TRE certificate held by AL Habib Capital Markets (Pvt.) Limited as at 31 December, 2023 as determined by Pakistan Stock Exchange vide its notice PSX/N-7178 dated November 10, 2017 has been considered. Refer note 5.2.1.

15. Unrealised (loss) / gain on re-measurement of investments designated at fair value through OCI

	Note	31 December 2023	31 December 2022
----- (Rupees) -----			
Listed shares		(2,734,698)	(36,607,675)
Pakistan Investment Bonds		(9,914,520)	(7,573,269)
		(12,649,218)	(44,180,944)
Related deferred tax asset / (liability)		-	-
		(12,649,218)	(44,180,944)

16. SHORT TERM FINANCING

Short term running finance - secured	16.1	590,466,217	267,005,688
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16.1 Running finance facility available to the Company is Rs. 850 million (31 December 2022: Rs. 850 million). The Company has obtained financing from Bank AL Habib Limited (the Holding Company) Rs. 750 million, Bank Alfalah Limited Rs. 100 million having expiry on 30 June 2024, 30 September 2024 respectively which is secured against hypothecation of amounts due from customers and lien over shares listed at Pakistan Stock Exchange Limited, government and other securities. The facilities obtained from Bank AL Habib Limited (the Holding company) carry mark-up rate at 3 month average KIBOR+1.0% to 2.0% (31 December 2022: 3 month average KIBOR+1% to 2%) and Bank Alfalah Limited carry mark-up rate at 3 month average KIBOR+1.5% (31 December 2022: 3 month average KIBOR+1.5%)

17. TRADE AND OTHER PAYABLES

	Note	31 December 2023	31 December 2022
----- (Rupees) -----			
Due to clients against trading of securities	17.1	369,050,976	214,174,798
Workers' Welfare Fund payable		2,597,544	2,467,951
Sales tax payable-net		2,449,077	1,770,390
Other liabilities	17.2	22,983,409	15,656,676
		397,081,006	234,069,815

17.1 This includes trade payables of Rs. Nil (31 December 2022: Rs. 71.952 million) payable to related party.

17.2 This includes Accrued markup of Rs. 22.169 million (31 December 2022: Rs. 14.836 million) payable to related party.

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18. ACCRUED LIABILITIES

	31 December 2023	31 December 2022
	----- (Rupees) -----	
Auditors Remuneration payable	759,473	532,000
Accrued Vehicle Running fuel & Repair	-	929
Other Payable	7,314,201	4,277,941
	<u>8,073,674</u>	<u>4,810,870</u>

19. CONTINGENCIES AND COMMITMENTS**19.1 Contingencies**

There are no contingencies as at 31 December 2023 (31 December 2022: Nil).

19.2 Commitments

	31 December 2023	31 December 2022
	----- (Rupees) -----	
19.2.1 Commitments for rentals under Diminishing Musharaka finance:		
Within one year	2,484,672	1,806,973
After one year but not later than five years	6,044,269	8,425,731
	<u>8,528,941</u>	<u>10,232,704</u>

19.2.2 The above commitment represent Musharakah (Islamic lease) agreement entered into with First Habib Modaraba in respect of vehicles. Total Musharakah payments due under the agreements are Rs. 21.266 million. However advance payment of Rs. 8.506 million has already been paid and remaining dues will be paid through monthly installments latest by June 10, 2026.

19.3 Future contracts against counter commitments

19.3.1 For sale of quoted securities under future contracts against counter commitments as at 31 December 2023 is Rs. 254.903 million (31 December 2022: Rs. 28.753 million)

19.3.2 For purchase of quoted securities under future contracts against counter commitments as at 31 December 2023 is Rs. 507.549 million (31 December 2022: Rs. 30.331 million).

20. Operating Revenue

	Note	31 December 2023	31 December 2022
		----- (Rupees) -----	
Brokerage revenue-net	20.1	92,559,971	67,958,785
Advisory Income		-	2,500,000
Shares Subscription Income		-	9,073
		<u>92,559,971</u>	<u>70,467,858</u>
Brokerage revenue - gross		106,390,771	76,793,427
Less: Sales tax on services @ 13%		(13,830,800)	(8,834,642)
Net Revenue	20.1	<u>92,559,971</u>	<u>67,958,785</u>

20.1 Disaggregation of Revenue

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. In the following table, revenue is disaggregated by type of customers:

	Note	31 December 2023	31 December 2022
		----- (Rupees) -----	
Retail customers		56,777,924	29,344,376
Institutional customers		35,395,164	38,171,686
Proprietary trade		386,883	442,723
		<u>92,559,971</u>	<u>67,958,785</u>

21. OTHER INCOME	Note	31 December 2023	31 December 2022
		----- (Rupees) -----	
Income from financial assets			
Profit on PSX exposure		7,211,635	7,093,356
Interest on staff loans		4,065	7,564
Income from clients' fund	21.1	10,189,934	18,563,455
Interest earned on deposit accounts		445,336	180,682
Income from Government Securities		17,059,389	16,742,110
Dividend income		<u>13,378,132</u>	<u>10,918,397</u>
		48,288,491	53,505,564
Income from non- financial assets			
Gain on disposal of property and equipment		15,000	3,385,631
Income from Corporate briefing sessions (CBS)		1,935,000	1,325,000
Reversal of provision against bonus		-	4,411,677
Other income		-	1,644,628
		<u>1,950,000</u>	<u>10,766,936</u>
		50,238,491	64,272,500

21.1 This represents interest income earned on clients' funds as per PSX Rulebook 4.17.1(a).

22. ADMINISTRATIVE EXPENSES	Note	31 December 2023	31 December 2022
		----- (Rupees) -----	
Salaries and other benefits	22.1	84,725,645	74,565,004
Printing and stationery		103,975	386,612
Auditors' remuneration	22.2	810,488	748,268
Rent, rates and taxes		3,233,425	3,112,298
Vehicles running		4,088,703	3,156,134
Utilities		4,345,954	3,210,132
Legal and professional charges		1,905,560	2,742,900
Insurance		2,639,145	1,633,431
Newspapers and periodicals		15,840	52,373
Entertainment		255,288	168,895
Advertisement and business promotion		813,584	208,117
Computer expenses		2,717,936	2,893,581
Clearing house charges		8,089,183	8,152,207
Office security		1,265,820	1,166,820
Depreciation	4.	1,901,114	2,001,106
Amortization	5.	576,918	136,497
Repairs and maintenance		411,800	425,815
Conveyance and travelling		360,458	2,810
Communication		1,910,618	1,516,117
Fee and subscription		6,287,767	6,080,679
Lease rental of vehicles		3,866,136	3,342,708
Office supplies		813,661	585,131
Donations		5,000	-
Others		<u>1,176,944</u>	<u>832,535</u>
		132,320,964	117,120,169

22.1 This includes the Company's contribution to the defined contribution plan amounting to Rs. 4.023 million (31 December 2022: Rs. 3.575 million).

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	Note	31 December 2023	31 December 2022
		----- (Rupees) -----	
22.2 Auditors' remuneration			
Statutory audit fee		507,000	390,000
Other certifications		216,000	300,000
Out of pocket expenses and Sales Tax		87,488	58,268
		<u>810,488</u>	<u>748,268</u>
23. FINANCE COST			
Mark-up on short term running finance	16.	58,463,965	62,567,857
Bank charges		93,840	213,878
		<u>58,557,805</u>	<u>62,781,735</u>
24. INCOME TAX EXPENSE			
Current		4,704,111	3,233,773
Deferred	7.	(417,340)	536,526
Prior year		(502,303)	558,777
		<u>3,784,468</u>	<u>4,329,076</u>
24.1 Relationship between income tax expense and accounting profit			
Income tax expense		<u>3,784,468</u>	<u>4,329,076</u>
Accounting profit before income tax expense		<u>6,960,809</u>	<u>1,054,001</u>
Tax at the applicable tax rate of 29% (31 Dec 2022: 29%)		2,018,635	305,660
Income taxed at reduced rates on dividend and gain on disposal of investments		(8,381,951)	(1,679,138)
Income taxed at reduced rate on shares subscription income		-	(1,542)
Tax effect of inadmissible items		10,706,469	5,145,319
Prior year tax charge		(502,303)	558,777
Others		(56,382)	-
		<u>3,784,468</u>	<u>4,329,076</u>
24.2	The tax returns of the Company have been filed under the self assessment schemes upto tax year ended 2023 and are deemed to be finalised under section 120 of Income Tax Ordinance, 2001.		
		31 December 2023	31 December 2022
		----- (Rupees) -----	
25. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the year		<u>3,176,341</u>	<u>(3,275,075)</u>
		----- (Number) -----	
Weighted average number of ordinary shares in issue during the year		<u>30,000,000</u>	<u>30,000,000</u>
		----- (Rupees) -----	
Earnings per share - basic and diluted		<u>0.106</u>	<u>(0.109)</u>
25.1	Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 31 December 2023 and 31 December 2022 which would have any effect on the earnings per share.		

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28. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of the Holding Company, companies with common directorship, associated companies/ undertakings, directors of the Company, other associated companies and key management personnel and their close family members including thereof the Holding Company. Remuneration of key management personnel are in accordance with their terms of employment. Other transactions with related parties are entered into at rates negotiated with them.

<u>Transactions for the year</u>	<u>Relationship</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
		----- (Rupees) -----	
Bank AL Habib Limited	Holding		
- Equity brokerage commission	Company holds	365,301	560,617
- Mark-up expense on running finance	66.67%(2022:	58,463,965	62,357,629
- Office rent	66.67%) share	3,194,400	2,904,000
- Bank charges	capital	34,788	49,339
- Markup income on bank balances		253,291	15,359
- Information technology services		750,000	750,000
Balance mark up income on client account as per P&L		5,970,655	9,714,334
Habib Insurance Company Limited	Associated		
- Equity brokerage commission	company of Holding	-	371,630
- Insurance premium paid	Company	446,376	501,740
- Insurance claim received	0%(2022:0%)	-	202,000
AL Habib Stock Fund	Subsidiary		
- Equity brokerage commission	company of Holding	142,710	53,417
	Company		
	0%(2022:0%)		
Habib Sugar Mills Limited	Associated		
- Equity brokerage commission	company of Holding	174,356	56,366
	Company		
	0%(2022:0%)		
AL Habib Asset Allocation Fund	Subsidiary		
- Equity brokerage commission	company of Holding	80,775	28,491
	Company		
	0%(2022:0%)		
AL Habib Islamic Stock Fund	Subsidiary		
- Equity brokerage commission	company of Holding	399,325	80,340
	Company		
	0%(2022:0%)		
AL Habib Islamic Income Fund	Subsidiary		
- Equity brokerage commission	company of Holding	-	544,330
	Company		
	0%(2022:0%)		
AL Habib Islamic Pension Fund	Subsidiary		
- Equity brokerage commission	company of Holding	80,195	12,256
	Company		
	0%(2022:0%)		
AL Habib Pension Fund	Subsidiary		
- Equity brokerage commission	company of Holding	39,749	11,803
	Company		
	0%(2022:0%)		
AL Habib Capital Markets (Private) Limited			
- Employees' Provident Fund	Other		
- Equity brokerage commission	related party	-	-
Key management			
- Contribution to the defined contribution plan		2,636,470	2,480,857
- Equity brokerage commission	Key management	261,808	45,433
- Advances		1,143,605	1,084,000

<u>Balances at year end</u>	Relationship	31 December 2023	31 December 2022
----- (Rupees) -----			
Bank AL Habib Limited			
- Bank balances	Holding Company holds 66.67%	296,748,035	118,837,554
- Short term borrowing	(2022:66.67%) share capital	590,466,218	267,005,688
- Equity brokerage commission receivable		72,630	79,061
- Accrued markup payable		22,169,885	14,836,603
Associated Companies			
AL Habib Stock Fund	Subsidiary company of		
- Equity brokerage commission receivable	Holding Company	120,687	119,578
Habib Insurance Company Limited	Associated company of		
- other charges receivable	Holding Company	3,154	-
- Equity payable		-	71,952,100
AL Habib Asset Management Limited	Subsidiary company of		
- UIN charges receivable	Holding Company	3,314	-
Habib Sugar Mills Limited	Associated company of		
CGT & others	Holding Company	1,403	63,984
AL Habib Asset Allocation Fund	Subsidiary company of		
- Equity brokerage commission receivable	Holding Company	56,524	53,963
AL Habib Asset Management Limited	Associated company of		
-Staff Provident Fund	Holding Company		
- UIN charges receivable		800	-
AL Habib Islamic stock Fund	Subsidiary company of		
- Equity brokerage commission receivable	Holding Company	186,804	60,370
AL Habib Pension Fund	Subsidiary company of		
-other charges receivable	Holding Company	400	-
AL Habib Islamic Pension Fund			
Other Charges		1,290,980	2,500
- Advances	Key Management	250,000	-

29. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

29.1 Risk Management Framework

The Management of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework. Management is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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29.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from its trade receivables, long term advances and deposits, loan and advances, other financial assets and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

Credit risk management

To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected from and maintained by the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines.

All transactions in listed securities are settled using National Clearing Company of Pakistan Limited, being the central clearing company of the country. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by the stock exchange. The Company does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk before any credit enhancements at 31 December 2023 is the carrying amount of the financial assets as set out below:

	<i>Note</i>	31 December 2023	31 December 2022
		----- (Rupees) -----	
Long term advances and deposits	6.	30,732,141	10,696,805
Trade receivables	9.	569,682,613	299,311,416
Loans and advances - considered good	10.	473,104	421,887
Short term deposits	11.	240,343,050	80,343,050
Bank balances	13.	378,998,228	157,001,255
		<u>1,220,229,136</u>	<u>547,774,413</u>

29.2.1 The aging analysis of the trade receivables is as follows:

31 December 2023			
Carrying amount			
Amount outstanding	Impaired	Provision held	Total
----- (Rupees) -----			
Less than or equal to 5 days	523,898,008	-	523,898,008
More than 5 days against trading of securities	43,354,897	-	43,354,897
More than 5 days			
- Due from clients against MTS	2,429,708	-	2,429,708
- Due from clients against MFS	-	-	-
	<u>569,682,613</u>	<u>-</u>	<u>569,682,613</u>
31 December 2022			
Carrying amount			
Amount outstanding	Impaired	Provision held	Total
----- (Rupees) -----			
Less than or equal to 5 days	165,768,559	-	165,768,559
More than 5 days against trading of securities	52,242,934	-	52,242,934
More than 5 days			
- Due from clients against MTS	2,948	-	2,948
- Due from clients against MFS	81,296,975	-	81,296,975
	<u>299,311,416</u>	<u>-</u>	<u>299,311,416</u>

Based on the marketable securities held, the past experience, consideration of financial position, past track record and recoveries the company believes that trade debts past due does not require any impairment.

29.2.2 Credit rating and collaterals

Bank balances are only held with reputable banks having sound credit ratings. The credit quality of the Company's bank balances can be assessed with reference of external credit ratings as follows:

	Rating Agency	Short term rating	Long term rating	31 December 2023	
				(Rupees)	(%)
Bank AL Habib Limited	PACRA	A1+	AAA	296,748,035	78.3%
Askari Bank Limited	PACRA	A1+	AA+	13,829,867	3.6%
United bank Limited	VIS	A1+	AAA	55,902,017	14.7%
Bank Alfalah Limited	PACRA	A1+	AA+	11,394,765	3.0%
Habib Bank Limited	VIS	A1+	AAA	160,070	0.04%
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	192,893	0.05%
JS Bank Limited	PACRA	A1+	AA-	20,356	0.01%
MCB Islamic Bank Limited	PACRA	A1	A	6,045	0.00%
MCB Bank Limited	PACRA	A1+	AAA	744,181	0.20%
				<u>378,998,228</u>	<u>100.00%</u>
	Rating Agency	Short term rating	Long term rating	31 December 2022	
				(Rupees)	(%)
Bank AL Habib Limited	PACRA	A1+	AAA	118,837,554	57.4%
Askari Bank Limited	PACRA	A1+	AA+	30,817,717	39.8%
United bank Limited	VIS	A1+	AAA	6,309,317	0.6%
Bank Alfalah Limited	PACRA	A1+	AA+	466,928	0.9%
Habib Bank Limited	VIS	A1+	AAA	218,178	0.20%
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	215,782	0.55%
JS Bank Limited	PACRA	A1+	AA-	47,006	0.16%
MCB Islamic Bank Limited	PACRA	A1	A	6,045	0.00%
MCB Bank Limited	PACRA	A1+	AAA	88,140	0.44%
				<u>157,006,666</u>	<u>100.00%</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is diversified and transactions are entered into with credit-worthy counterparties of diverse natures thereby mitigating any significant concentrations of credit risk.

29.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	31 December 2023				Total
	On demand	Upto three months	More than three months and upto one year	More than one year	
	----- (Rupees) -----				
Trade and other payables	397,081,006	-	-	-	397,081,006
Accrued liabilities	8,073,674	-	-	-	8,073,674
Short term financing	590,466,217	-	-	-	590,466,217
	<u>995,620,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,620,897</u>
	31 December 2022				Total
	On demand	Upto three months	More than three months and upto one year	More than one year	
	----- (Rupees) -----				
Trade and other payables	234,069,815	-	-	-	234,069,815
Accrued liabilities	4,810,870	-	-	-	4,810,870
Short term financing	267,005,688	-	-	-	267,005,688
	<u>505,886,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,886,373</u>

29.4 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: currency risk, interest rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

29.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

29.4.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield.

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

	Carrying amount			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Variable rate instruments	------(Percentage)-----		------(Rupees)-----	
<i>Financial assets</i>				
Bank balances	20.50% to 20.75%	14.50% to 14.75%	369,994,187	156,127,743
<i>Financial liabilities</i>				
Short term financing	3 Months average KIBOR + 1 to 2%.	3 Months average KIBOR + 1% to 2%	590,466,217	267,005,688
Fixed rate instruments				
Deposits with National Clearing Company of Pakistan Limited	18.24.0% to 19.24%	13.0% to 13.24%	261,743,050	81,743,050
Pakistan Stock Exchange Limited. Staff loan	25.00%	19.00%	48,529	33,254

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not have affected the after tax profit of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for December 2023.

	Profit or loss		Equity - net of tax	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	------(Rupees)-----		------(Rupees)-----	
As at 31 December 2023				
<i>Variable rate instruments</i>	<u>(22,047,203)</u>	<u>22,047,203</u>	<u>(22,047,203)</u>	<u>22,047,203</u>
As at 31 December 2022				
<i>Variable rate instruments</i>	<u>(11,087,795)</u>	<u>11,087,795</u>	<u>(11,087,795)</u>	<u>11,087,795</u>

29.4.3 Price risk

Price risk is the risk of unfavourable changes in the fair value of securities as a result of changes in the value of individual shares. The price risk exposure arises from the Company's investments in equity securities. The Company's policy is to manage price risk through selection of blue chip securities.

The Company's investments in quoted equity securities amounted to Rs. 19,200 million (31 December 2022: Rs 98,002 million) at the statement of financial position date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

In case of quoted equity investments, a 10% increase / decrease in share prices value at period end would have increased / decreased the other comprehensive income of the Company by increasing / decreasing surplus on revaluation of such investment by the amounts given below:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in OCI	Hypothetical increase / (decrease) in P&L	Hypothetical increase / (decrease) in shareholders' equity
	----- (Rupees) -----					
31 December 2023	19,200,796	10% increase	21,120,876	1,920,080	-	1,920,080
		10% decrease	17,280,716	(1,920,080)	-	(1,920,080)
31 December 2022	98,002,803	10% increase	107,803,083	9,800,280	-	9,800,280
		10% decrease	88,202,523	(9,800,280)	-	(9,800,280)

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

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29.5 Fair value of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The table below analyses financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

On balance sheet financial instruments

Financial assets measured at fair value

Short term investments - fair value through other comprehensive income

- Listed shares
- Pakistan Investment Bonds

Short term investments - fair value through profit or loss

- Listed shares

31 December 2023		
Fair value		
Level 1	Level 2	Level 3
(Rupees)		
19,200,796	-	-
-	81,709,388	-
-	-	-
19,200,796	81,709,388	-

On balance sheet financial instruments

Financial assets measured at fair value

Short term investments - fair value through other comprehensive income

- Listed shares
- Pakistan Investment Bonds

Short term investments - fair value through profit or loss

- Listed shares

31 December 2022		
Fair value		
Level 1	Level 2	Level 3
(Rupees)		
98,002,803	-	-
-	153,338,851	-
-	-	-
98,002,803	153,338,851	-

29.5.1 There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

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29.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the 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 risks arise from all of the Company's activities.

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

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

30. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. Further, Pakistan Stock Exchange Limited also requires the Company to maintain a minimum net capital.

30.1 Base Minimum Capital

In compliance with the regulation 19.2 of the Pakistan Stock Exchange Limited (PSX) rule book (the Regulations), every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Securities Brokers (Licensing and Operations) Regulations, 2016, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Regulations. As at 31 December 2023, the Company is required to maintain a BMC of Rs. 31 million plus 0.0833% of the amount exceeding Rs. 6,400 million.

The value of the shares for the purpose of BMC is determined by the PSX as under:

	Note	31 December 2023	31 December 2022
----- (Rupees) -----			
Cash Deposit	6.0	20,000,000	-
Securitized 1,902,953 PSX shares at market rate after applying haircut	8.3	17,335,521	19,981,007
76,778 Shares of PPL, 30,200 shares of ENGRO , 11,250 shares of APL, 27,000 shares of OGDC and 15,000 shares of HBL at market rate after applying haircut	8.3	-	17,449,913
		37,335,521	37,430,920

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30.2 Statement of Liquid Capital Balance
As at 31 December 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment			
1.2	Intangible Assets	4,592,669	100.00%	-
1.3	Investment in Govt. Securities	3,515,805	100.00%	-
1.4	Investment in Debt. Securities	81,709,388	-	81,709,388
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital.	19,200,796	(19,200,796)	-
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	Investment in subsidiaries			
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.		100.00%	-
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	21,400,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	240,343,050	-	240,343,050
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	9,332,142	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	1,342,298	-	1,342,298
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
	Advances and receivables other than trade Receivables;			
1.15	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	13,193	-	13,193
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	39,970,596	-	39,970,596
	(iii) In all other cases 100% of net value	1,888,716	100.00%	-

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1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains.	45,277,267	-	45,277,267
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	2,763,020	5.00%	2,624,869
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	477,003,737	-	477,003,737
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	42,901,893	(10,168,533)	32,733,360
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. <i>vi. Lower of net balance sheet value or value determined through adjustments</i>	1,736,696	100.00%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	5,600,437	-	5,600,437
	ii. Bank balance-customer accounts	373,397,792	-	373,397,792
	iii. Cash in hand	9,177	-	9,177
1.19	Total Assets	1,371,998,671	(29,369,329)	1,300,025,164

2. Liabilities

2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	369,050,976	-	369,050,976
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	36,103,704	-	36,103,704
	iii. Short-term borrowings	590,466,217	-	590,466,217
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-

2.3	Non-Current Liabilities			
	<i>i. Long-Term financing</i>		-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease		-	-
	b. Other long-term financing			
	ii. Staff retirement benefits		-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.		-	-
	iv. Other liabilities as per accounting principles and included in the financial statements		-	-
2.4	Subordinated Loans		-	-
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.		-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP		-	-
2.5	Total Liabilities		995,620,897	995,620,897

3. Ranking Liabilities Relating to :

3.1	Concentration in Margin Financing			
	The amount calculated client-to-client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.		-	-
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed		-	-
3.3	Net underwriting Commitments			
	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting		-	-
	(b) in any other case : 12.5% of the net underwriting commitments		-	-

3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities In the case of finance/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	Concentrated proprietary positions			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	(1,920,080)	1,920,080
3.9	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	Short sell positions			
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	(1,920,080)	1,920,080
Liquid capital balance as at 31 December 2023		376,377,774	(31,289,409)	302,484,187
Liquid capital balance as at 31 December 2022		338,276,771	(66,183,782)	179,147,478

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30.3 Broker Management Rating and Broker Fiduciary Rating

The Pakistan Credit Rating Agency (PACRA) has granted below mention credit ratings to the Company.

Rating Type	Rating	Outlook
BMR	BMR2+	Stable
BFR	BFR2+	Stable

31. Disclosure Under Regulation 5(4) of Research Analyst Regulations, 2015

As at December 31, 2023, the Company employs four members in its research department (including head of research, and a data administrator). All members report to Head of Research who in turn reports to the Chief Executive Officer.

Compensation structure of research analysts is flat and is subject to qualification, experience and skill set of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents / outcome of research report.

During the period, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs.7.855 million (31 December 2022: 6.599 million) which comprise basic salary, medical allowance and other benefits as per the Company's policy.

32. NUMBER OF EMPLOYEES

31 December
2023

31 December
2022

----- (Number) -----

The details of number of employees are as follows:

Average number of employees during the year

34

32

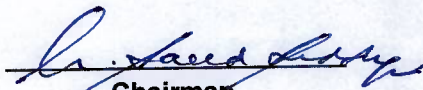
Number of employees as at year end

32

35

33. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's Board of Directors and authorised for issue on 08.03.2024.


Chairman


Chief Executive