Building a better
working world

AL HABIB CAPITAL MARKETS (PRIVATE) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
[illegible]
ey.com/pk

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 2019, 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 significant accounting policies 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 2019 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.

EY
Building a better working world

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.

- 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).

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 22 April 2020

AL Habib Capital Markets (Private) Limited
Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019	31 December 2018
		(Rupees)	
ASSETS			
Non-Current Assets			
Property and equipment	4.	9,135,823	9,846,332
Intangible assets	5.	3,411,667	3,932,917
Long term investments - Fair value through other comprehensive income	6.	20,004,853	21,752,072
Long term loans, advances and deposits	7.	1,411,500	1,561,500
Deferred taxation - net	8	2,482,482	5,585,736
		36,446,325	42,678,557
Current Assets			
Short term Investments - Fair value through other comprehensive income	9.	239,450,346	230,550,608
Trade receivables	10.	50,546,545	28,137,214
Loans and advances	11.	174,268	1,785,920
Deposits and prepayments	12.	5,003,632	18,562,145
Other receivable	13.	6,151,992	-
Taxation - net	25.2	26,137,328	27,039,129
Cash and bank balances	14.	112,176,768	69,668,930
		439,640,879	375,743,946
Total Assets		476,087,204	418,422,503
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
50,000,000 (31 Dec 2018: 50,000,000) ordinary shares of Rs. 10 each	15.1	500,000,000	500,000,000
Issued, subscribed and paid-up capital	15.2	300,000,000	300,000,000
Capital Reserve			
Unrealised gain on re-measurement of investments	16.	2,586,257	(8,651,287)
Revenue Reserve			
Un-appropriated profit		16,432,651	28,621,076
		319,018,908	319,969,789
Current Liabilities			
Short term financing	17.	16,616,866	-
Trade and other payables	18.	137,174,550	93,897,881
Accrued liabilities	19.	3,276,880	4,171,411
Payable to Provident Fund		-	383,422
		157,068,296	98,452,714
Contingencies and commitments	20.		
Total equity and liabilities		476,087,204	418,422,503

The annexed notes from 1 to 35 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 2019

	Note	Twelve months period ended 31 December 2019	Six months period ended 31 December 2018
		(Rupees)	
INCOME			
Brokerage revenue - net	21.	41,347,063	19,795,681
Share subscription income		1,706,750	-
Dividend income from equity securities at FVOCI		2,987,230	2,758,210
Interest income from Pakistan Investment Bonds		13,748,110	-
Interest income from Market Treasury Bills		2,338,893	5,928,845
Profit on saving and deposit accounts		1,080,381	317,594
Interest income on MFS		14,683	-
Income from CBS		675,000	-
Other income	22.	3,140,139	216,193
		67,020,249	29,014,323
EXPENSES			
Administrative expenses	23.	(70,569,899)	(34,151,398)
Finance cost	24.	(1,082,633)	(403,291)
		(71,652,532)	(34,554,689)
LOSS BEFORE TAXATION		(4,632,283)	(5,540,366)
Income tax expense			
- Current		(5,614,783)	(609,590)
- Deferred		(959,701)	(1,744,363)
- Prior year		-	37
	25.	(6,574,484)	(2,353,916)
LOSS AFTER TAXATION		(11,206,767)	(7,894,282)
Loss per share - basic and diluted	26	(0.374)	(0.263)

The annexed notes from 1 to 35 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 2019

	Twelve months period ended 31 December 2019	Six months period ended 31 December 2018
	(Rupees)	
Loss for the year / period	(11,206,767)	(7,894,282)
Other comprehensive income/(loss):		
Items that will not be reclassified to statement of profit or loss		
Unrealised appreciation/(diminution)- in the value of FVOCI investment	10,335,529	(22,721,808)
Realised loss upon sale of investment	(79,843)	(902,015)
	10,255,686	(23,623,823)
Total comprehensive loss for the year / period	(950,881)	(31,518,105)

The annexed notes from 1 to 35 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 2019

	Note	Twelve months period ended 31 December 2019	Six months period ended 31 December 2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(4,632,283)	(5,540,366)
Adjustment for:			
Depreciation of property and equipment	23.	2,271,120	961,634
Amortisation of intangible assets	23.	771,250	219,996
Finance cost	24.	1,082,633	403,291
Amortisation of Pakistan Investment Bonds/T-bills		(6,831,655)	500,845
Gain on disposal of property and equipment	22.	(16,941)	(47,000)
		(2,723,593)	2,038,768
Operating loss before working capital changes		(7,355,876)	(3,501,598)
Working capital changes:			
(Increase) / decrease in current assets			
Trade receivables		(22,409,331)	1,868,692
Loans and advances		1,611,652	(473,812)
Deposits and prepayments		13,558,513	25,188,344
Other receivable		(6,151,992)	-
		(13,391,158)	26,583,224
		(20,747,034)	23,081,626
Increase / (decrease) in current liabilities			
Trade and other payables		43,276,669	(5,624,415)
Accrued liabilities		1,277,953	1,796,941
		44,554,622	(3,827,474)
Net cash inflow from operations		23,807,588	19,254,152
Long term loans, advances and deposits		150,000	-
Finance cost paid		(709,816)	(403,291)
Taxes paid		(3,988,237)	(3,876,988)
		(4,548,053)	(4,280,279)
Net cash inflow from operating activities		19,259,535	14,973,873
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made during the period		(349,613,437)	(371,962,304)
Investments disposed off during the period		358,022,874	375,925,943
Proceeds from disposal of property and equipment		63,000	47,000
Purchase of property and equipment	4.	(1,591,000)	(2,311,100)
Purchase of intangible assets	5.	(250,000)	(1,430,000)
Net cash inflow from investing activities		6,631,437	269,539
Net increase in cash and cash equivalents during the year / period		25,890,972	15,243,412
Cash and cash equivalents at beginning of the year / period		69,668,930	54,425,518
Cash and cash equivalents at end of the year / period	14.1	95,559,902	69,668,930

The annexed notes from 1 to 35 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 2019

		Capital Reserve	Revenue Reserve	
	Issued, subscribed and paid-up capital	Unrealised gain on re-measurement of investments	Un-appropriated Profit	Total
	----------	---------- (Rupees)	----------	----------
Balance as at 1 July 2018	300,000,000	14,972,536	36,515,358	351,487,894
Total comprehensive income for the year				
Loss for the six month period ended 31 December 2018	-	-	(7,894,282)	(7,894,282)
Other comprehensive income	-	(23,623,823)	-	(23,623,823)
Total comprehensive income for the period	-	(23,623,823)	(7,894,282)	(31,518,105)
Balance as at 31 December 2018	300,000,000	(8,651,287)	28,621,076	319,969,789
Total comprehensive income for the period				
Loss for the year ended 31 December 2019	-	-	(11,206,767)	(11,206,767)
Other comprehensive income unrealised/(realised)	-	10,255,886	-	10,255,886
Total comprehensive income for the year ended 31 December 2019	-	10,255,886	(11,206,767)	(950,881)
Reclassification of revaluation loss on investments at FVOCI upon de-recognition	-	981,658	(981,658)	-
Balance as at 31 December 2019	300,000,000	2,586,257	16,432,651	319,018,908

The annexed notes from 1 to 35 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 2019

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 Change in financial reporting period

The financial year end of the Company has changed from 30 June to 31 December to coincide with the financial year of the Holding Company. Accordingly, these financial statements cover period from 1 January 2019 to 31 December 2019 while the comparative figures shown in these financial statements pertains to the audited financial statement covering the period from 01 July till 31 December 2018 and therefore, are not comparable with current year figures.

2.4 Functional and presentation currency

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

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

The company has adopted the following accounting standards, interpretations and amendments which became effective in the current year.

- IFRS 16 -Leases
- IAS 19 -Plan Amendments, Curtailment or Settlement-(Amendments)
- IAS 28 - Long term interest in Associates and Joint Ventures - (Amendments)
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS
  - IFRS 3 -Business Combinations and IFRS 11 Joint Arrangement
  - IAS 12 - Income Taxes
  - IAS 23 - Borrowing Cost

The adoption of the above standards/amendments to the accounting standards did not have any effect on these financial statements.

2.4.1 Standards, interpretations and amendments to published approved accounting 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 standards or interpretation:

	Effective Date (Annual Period beginning on or after)
IFRS 14 Regulatory Deferral Accounts	01 July 2019
Definition of a Business- Amendments to IFRS 3	01 January 2019
Definition of Material - Amendments to IAS 1 and IAS 8	01 January 2019

The above amendments are not likely to have an impact on Company's financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (The Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, IFRS 17 - Insurance Contracts has been issued by IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

2.5 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The 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 3.4 and 5)
- Classification and valuation of investments (Note 3.1, 6, 9 and 16)
- Provision against trade receivables and other financial assets (Note 3.1)
- Staff retirement benefits (Note 3.7)
- Current and deferred taxation (Note 3.6, 8 and 25)
- Contingent liabilities (Note 3.12 and 20)

fr

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Classification 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).

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.

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Impairment losses related to trade and other receivables, including contract assets, are presented seperately in the statement of profit or loss. Trade receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over five past years to base the calculation of ECL the company also takes into account the securities in their custody.

Financial instruments

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.

Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet 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. Income and expenses arising from such assets and liabilities are also accordingly offset.

3.2 Property and equipment

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

Depreciation is charged applying the straight line method at the rates specified in note 4 to these financial statements which are considered appropriate to write off the cost of the assets over their useful economic lives.

Proportionate depreciation is charged in respect of additions and disposals made during the year. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Maintenance and normal repairs are charged to statement of profit or loss. Major renewals and improvements are capitalized.

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 Ijarah agreements

The Company accounts for assets under Ijarah arrangements in accordance with IFAS-2 "Ijarah" whereby periodic Ijarah payments for such assets are recognized as an expense in the statement of profit and loss on straight line basis over the ijarah term.

3.4 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. These are carried at cost less accumulated amortization and impairment, if any. Amortization of computer software and website developed is charged to profit and loss account for the year on a straight line basis at the rates specified in note 5. The amortization period and the amortization method for intangible assets with finite useful life are reviewed, and adjusted if appropriate.

Details of the basis of valuation of the Trading Right Entitlement (TRE) Certificate is given in note 5 to these financial statements.

3.5 Other income

- Mark-up income on PSX exposure, return on client bank account (fee for fund management) and other miscellaneous income.

3.6 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. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. 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 assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

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

3.7 Staff retirement benefits

3.7.1 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.

3.7.2 Employee compensated absences

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the reporting date.

3.8 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.

3.9 Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are converted into Pak rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to statement of profit or loss. Non monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.10 Provisions

Provisions are recognised 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.

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.

3.11 Trade and other payables

Trade and other payables are measured at amortised cost.

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 Revenue recognition

3.13.1 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.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The company's revenue contract do not typically include multiple performance obligations.

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.

The Company has generally concluded that it's the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

3.13.2 Fee and commission income from providing services where performance obligations are satisfied at a point in time:

Services provided where the Company's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fee and commissions arising from negotiations of the acquisition of shares or other securities, or the purchase of or sale of businesses, brokerage and underwriting fees.

The Company typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

4. PROPERTY AND EQUIPMENT

	Note	31 December 2019 Cost: As at 01 January 2019	Additions	Disposals	As at 31 December 2019	Accumulated depreciation: As at 01 January 2019	Charge for the period	Disposals	As at 31 December 2019	Written down: As at 31 December 2019	Rate of depreciation per annum
		(Rupees)									%
Rooms and booths		14,500,000	-	-	14,500,000	9,425,000	725,004	-	10,150,006	4,349,994	5
Motor vehicles		3,490,900	1,436,375	(179,008)	4,744,679	815,221	825,738	(129,941)	1,611,018	3,133,661	20
Furniture and fixtures		2,307,792	74,500	-	2,382,292	1,729,412	132,742	-	1,862,154	530,138	10
Office equipment		6,409,640	191,800	-	6,601,440	5,626,532	273,656	-	5,900,188	671,252	33
Computer equipment		5,981,195	-	-	5,981,195	5,226,719	224,020	-	5,450,739	450,457	33
		32,689,217	1,696,875	(179,003)	34,209,089	22,822,884	2,271,170	(129,941)	24,964,064	9,133,623	

	Note	31 December 2018 Cost: As at 01 July 2018	Additions	Disposals	As at 31 December 2018	Accumulated depreciation: As at 01 July 2018	Charge for the year	Disposals	As at 31 December 2018	Written down: As at 31 December 2018	Rate of depreciation per annum
		(Rupees)									%
Room and booths		14,500,000	-	-	14,500,000	9,062,500	362,502	-	9,425,002	5,074,998	5
Motor vehicles		1,300,000	2,190,900	-	3,490,900	591,862	223,359	-	815,221	2,675,379	20
Furniture and fixtures		2,524,892	-	(217,100)	2,307,792	1,897,244	50,268	(217,100)	1,729,412	578,380	10
Office equipment		6,315,640	90,000	-	6,405,640	5,499,210	127,322	-	5,626,532	783,108	25
Computer equipment		6,305,895	34,400	(429,100)	5,981,195	5,016,638	149,103	(429,100)	5,226,714	874,477	33
		31,014,317	2,315,100	(646,200)	32,689,217	22,117,454	901,936	(646,200)	22,822,888	9,848,233	

4.1 The cost of fully depreciated assets as at 31 December 2019 is Rs. 11.690 million (31 Dec 2018: Rs. 10.007 million).

5. INTANGIBLE ASSETS

	Note	31 December 2019 Cost: As at 01 January 2019	Additions	Disposal/ Write off	As at 31 December 2019	Accumulated amortisation / impairment: As at 01 January 2019	Charge for the period	Disposal/ Write off	As at 31 December 2019	Written down: As at 31 December 2019	Rate of amortisation per annum
		(Rupees)									%
Website		175,000	-	-	175,000	139,583	25,000	-	164,583	10,417	50
Computer software		4,629,849	250,000	-	4,879,849	3,232,349	746,250	-	3,978,599	901,250	50
Trading Right Entitlement (TRE) Certificate	5.2	2,500,000	-	-	2,500,000	-	-	-	-	2,500,000	-
		7,304,849	250,000	-	7,554,849	3,371,932	771,250	-	4,143,182	3,411,667	

	31 December 2018 Cost: As at 01 July 2018	Additions	Disposal/ Write off	As at 31 December 2018	Accumulated amortisation / impairment: As at 01 July 2018	Charge for the year	Disposal/ Write off	As at 31 December 2018	Written down: As at 31 December 2018	Rate of amortisation per annum
	(Rupees)									%
Website	175,000	-	-	175,000	127,083	12,500	-	139,583	35,417	50
Computer software	3,199,849	1,430,000	-	4,629,849	3,054,849	237,500	-	3,232,349	1,397,500	50
Trading Right Entitlement (TRE) Certificate	2,500,000	-	-	2,500,000	-	-	-	-	2,500,000	-
	5,874,849	1,430,000	-	7,304,849	3,181,932	250,000	-	3,371,932	3,932,917	

5.1 The cost of fully amortized intangible assets as at 31 December 2019 is Rs. 3.324 million (31 Dec 2018: Rs. 3.324 million).

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

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. Upto 31 December 2019, the Stock Exchange shall offer for issuance, 15 TRE Certificates each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate. The Company has marked lien on TRE Certificate in favour of the Pakistan Stock Exchange Limited (PSX) to fulfil the requirement of Base Minimum Capital.

6. LONG TERM INVESTMENTS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

31 December 2019	31 December 2018		Note	31 December 2019	31 December 2018
(Number of Shares)				(Rupees)	
1,602,953	1,602,953	Shares of Pakistan Stock Exchange		16,151,354	16,151,354
1,602,953	1,602,953		6.1	16,151,354	16,151,354

Market value basis	
Book value as of 31 December 2019	16,151,354
Unrealized gain as of 31 December 2019	3,853,499
Market value as of 31 December 2019	20,004,853

6.1 As at 31 December 2019. The Company has pledged the shares with PSX to fulfil the requirement of Base Minimum. For details, refer note 31.1.

7. LONG TERM LOANS, ADVANCES AND DEPOSITS

	31 December 2019	31 December 2018
	(Rupees)	
Security deposits		
- National Clearing Company of Pakistan Limited	1,400,000	1,550,000
- Others	11,500	11,500
	1,411,500	1,561,500

ir

8. DEFERRED TAXATION- NET

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

	Balance at 31 July 2018	Recognized in profit or loss	Recognized in OCI	Balance at 31 December 2018	Recognized in profit and loss	Recognized in OCI	Balance at 31 December 2019
Deferred tax assets arising in respect of:	----------	----------	----------	(Rupees)	----------	----------	----------
Intangible assets	473,136	(33,001)	-	440,135	186,713	-	626,848
Provision for compensated absences	274,572	3,668	-	278,240	13,416	-	291,656
Tax losses	5,246,111	(1,211,446)	-	4,034,665	(1,172,004)	-	2,862,661
Impairment on available for sale investments	383,136	(383,136)	-	-	-	-	-
Surplus/ deficit on revaluation of investments - net	94,751	-	1,617,906	1,712,657	-	(2,143,553)	(430,896)
Less: Deferred tax liabilities arising in respect of:							
Accelerated tax depreciation allowance	(759,520)	(120,448)	-	(879,971)	12,172	-	(867,799)
Net deferred tax asset	5,712,186	(1,744,383)	1,617,906	5,585,726	(959,703)	(2,143,553)	2,482,482

8.1 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 as the Company expects to set off the profits earned against tax losses carried forward from prior years.

9. SHORT TERM INVESTMENTS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	31 December 2019	31 December 2018
		(Rupees)	
Listed shares	9.1 & 9.2	92,862,169	81,282,143
Market Treasury Bills		-	149,283,465
Pakistan Investment Bonds	9.4	146,588,177	-
		239,450,346	230,565,608

9.1 Listed shares

31 December 2019 (Number of shares)	31 December 2018 (Number of shares)	Name of Investee	31 December 2019 Carrying amount	31 December 2019 Market value	31 December 2018 Market value	Dividend earned for the year ended 31 December 2019
			(Rupees)			
253,000	253,000	The Hub Power Company Limited	20,450,069	20,474,500	21,704,870	-
176,778	147,315	Pakistan Petroleum Limited	24,700,784	24,243,335	22,047,153	294,630.00
97,000	87,000	Habib Bank Limited	14,748,629	13,696,540	10,479,150	406,000.00
300,303	310,000	Pakistan Stock Exchange Limited	5,786,143	3,744,386	4,206,703	-
9,000	9,000	Attock Petroleum Limited	4,617,990	3,328,290	3,883,320	180,000.00
35,200	32,000	Engro Corporation Limited	13,075,008	12,152,833	9,314,560	873,600.00
95,000	95,000	Engro Fertilizer Limited	6,191,759	6,214,693	6,936,300	1,254,000.00
83,000	88,000	Pioneer Cement Limited	4,504,574	2,683,120	3,888,000	-
157	-	Sapphire Fibre Limited	91,266	124,894	-	-
196	-	Sapphire Textile Limited	73,720	133,400	-	-
1,055,844	1,012,315		97,724,189	92,862,169	81,282,143	2,587,230

Book Value as of 31 December 2019	97,724,189
Unrealized loss on re-measurement as of 31 December 2019	(4,862,020)
Carrying value as of 31 December 2019	92,862,169

9.2 300,000 shares of Pakistan Stock Exchange Ltd (PSX) and out of 176,778 shares of Pakistan Petroleum Ltd (PPL), 100,000 shares are pledged against Base Minimum Capital (BMC) refer note number 31.1.

9.3 The Company has disposed equity securities classified as fair value through other comprehensive income during the period and recognised net loss amounting to Rs.0.079 million (31 December 2018: 0.902 million).

9.4 Pakistan Investment Bonds

During the year company has made investment in PIBS having face value 85 Million and 75 Million respectively. These PIBS will mature on 12 July 2021 and 12 July 2023 respectively. These PIBS will carry yield of 12.20% and 13.7145% respectively.

10. TRADE RECEIVABLES

	Note	31 December 2019	31 December 2018
		(Rupees)	
From equity securities			
Due from clients against trading of securities - secured	10.2	60,304,879	16,038,973
Due from National Clearing Company of Pakistan Limited - secured	10.3	-	11,947,380
Due from clients against trading of securities - related parties	10.1	241,668	150,861
		51,646,546	28,137,214

10.1 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	170,535	-	-	-	-	170,535	170,535
First Habib Stock Fund	25,365	-	-	-	-	25,365	25,365
Habib Insurance Company Limited	5,046	-	-	-	-	5,046	18,436,292
Habib Asset Management Limited	1080	-	-	-	-	1,080	1080
Habib Sugar Mills Limited	-	-	-	-	-	-	51,052,432
First Habib Asset Allocation Fund	16,142	-	-	-	-	16,142	16,142
Habib Asset Management Limited -Staff Provident Fund	336	-	-	-	-	335	- 848,044
First Habib Islamic Stock Fund	23,163	-	-	-	-	23,163	15,489
	241,668	-	-	-	-	241,666	

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	-	170,535	-	-	-	170,535
First Habib Stock Fund	-	25,365	-	-	-	25,365
Habib Insurance Company Limited	-	-	-	-	5,046	5,046
Habib Asset Management Limited	-	-	-	400	680	1,080
First Habib Asset Allocation Fund	-	16,142	-	-	-	16,142
Habib Asset Management Limited -Staff Provident Fund	-	- 335	-	-	-	- 335
First Habib Islamic Stock Fund	-	23,163	-	-	-	23,163
First Habib Islamic stock Fund	-	-	-	-	-	-
	-	235,540	-	400	5,726	241,666

10.2 The value of marketable securities held against trade receivables by the Company amounted to Rs. 4,488.645 million (31 Dec 2018: Rs. 5,153.8 million).

10.3 This shows trade receivables in respect of two days trading T+2 settlement Nil (31 December 2018: 11.947 million).

10.4 Aging analysis

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

	Amount	Custody value
Upto 5 days	41,984,547	75,954,927
More than 5 days	8,662,033	4,392,690,094
	50,646,547	4,468,645,021

ely

11. LOANS AND ADVANCES

	Note	31 December 2019	31 December 2018
		(Rupees)	
Loans to employees - secured	11.1	18,170	75,246
Advances to employees - unsecured	11.2	123,098	263,174
Advance for expenses to admin, contractors & suppliers		33,000	1,447,500
		174,268	1,785,920

11.1 This represents personal loans carrying mark-up rate of 12.75% (31 December 2018: 9.75%) 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.

11.2 During the period, the Company provided advances to Chief Executive Officer and Key Executives amounting to Rs. 400,000 and 982,000 respectively. All advances are recoverable within a maximum period of six months. These advances are interest free. At year end amount of Rs. 35,000 is still recoverable.

12. DEPOSITS AND PREPAYMENTS

	Note	31 December 2019	31 December 2018
		(Rupees)	
Deposits			
Exposure deposit with National Clearing Company of P	12.1	3,700,000	18,000,000
Prepayments			
- Insurance and computer maintenance		537,370	348,886
- Others		766,262	213,259
		5,003,632	18,562,145

12.1 This represents deposits held under the National Clearing Company of Pakistan Limited exposure rules. These deposits carry interest at the rate of 9.75% to 10.75% (31 December 2018: 4.5% to 5.5%) per annum.

13. OTHER RECEIVABLE

	Note	31 December 2019	31 December 2018
		(Rupees)	
Interest receivable on Pakistan Investment Bonds		5,665,672	-
Interest receivable on PLS accounts		5,765	-
Receivable from NCCPL-MTS		480,555	-
		6,151,992	-

14. CASH AND BANK BALANCES

	Note	31 December 2019	31 December 2018
Cash in hand		64,971	12,040
Balances with banks in:			
- Current accounts	14.2	454,807	65,308,308
- Saving accounts	14.3, 14.4 &14.5	111,656,990	2,513,605
- Call treasury account	14.4	-	1,834,977
		112,111,797	69,656,890
		112,176,768	69,668,930

cw

14.1 **Cash and cash equivalents**

Cash, cash equivalents and short term financing (used for cash management purposes) include the following for the purposes of the cash flow statement:

	Note	31 December 2019	31 December 2018
		(Rupees)	
Cash and bank balances		112,176,768	69,668,930
Short term financing	17	(16,616,866)	-
		95,559,902	69,668,930

14.2 This includes bank balances held with Bank AL Habib Limited (the Holding Company) amounting to Rs. 0.105 million (31 December 2018: Rs. 0.105 million).

14.3 This includes bank balances held with Bank AL Habib Limited (the Holding Company) amounting to Rs. 0.130 million (31 December 2018: Rs. 0.284 million) and carry interest ranging from 11.25 % to 11.75% (31 December 2018: 6.5% to 8.5%) per annum.

14.4 This represents bank balances held with Bank AL Habib Limited (the Holding Company) and carry interest ranging from 11.25% to 11.75% (31 December 2018: 6.5% to 8.5%) per annum.

14.5 This includes Rs. 109.588 million (31 December 2018: 64.082 million) held with Bank AL Habib Limited (The Holding Company) maintained on behalf of clients. During the year this account is marked as saving account and carries interest ranging from 8.25% to 11.75%.

14.6 Total number of clients' shares held in CDC sub account are 147,787,998 out of which 2,937,515 shares were pledged (31 December 2018: 148,482,859 out of which 6,356,740 shares were pledged).

15. **AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

15.1 **Authorised capital**

31 December 2019	31 December 2018		31 December 2019	31 December 2018
(Number of shares)			(Rupees)	
50,000,000	50,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	500,000,000	500,000,000

15.2 **Issued, subscribed and paid-up capital**

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

15.3 **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%
	30,000,000	100.00%

15.4 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 2019	Six months period ended 31 December 2018
		(Rupees)	
Total Assets		476,087,204	418,422,503
Less: Total Liabilities		(157,068,296)	(98,452,714)
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-	-
		319,018,908	319,969,789

16. **Unrealised gain on re-measurement of investments**

Listed shares	(1,008,531)	(9,300,643)
Pakistan Investment Bonds	4,025,674	-
Market Treasury Bills	-	(161,296)
	3,017,143	(9,461,939)
Related deferred tax asset/(liability)	(430,886)	1,712,667
Loss on sale on FVOCI investments	-	(902,015)
	2,586,257	(8,651,287)

17. **SHORT TERM FINANCING**

	Note		
Short Term Running Finance - secured	17.1	16,616,866	-

17.1 Running finance facility available to the Company is Rs. 275 million (31 December 2018: Rs. 275 million). The Company has obtained from Bank AL Habib Limited (the Holding Company) Rs . 175 million and Bank Alfalah Limited Rs. 100 million having expiry on 30 June 2021 and 30 September 2020 respectively which is secured against hypothecation of amounts due from customers and lien over shares listed at Pakistan Stock Exchange Limited, units of mutual funds and government securities. The facilities obtained from Bank AL Habib Limited (the Holding company) carry mark-up rate at 3 month average KIBOR + 1% (31 December 2018: 3 month average KIBOR +1%) and Bank Alfalah Limited carry mark-up rate at 3 month average KIBOR + 1.5% (31 December 2018: 3 month average KIBOR + 1%).

18. **TRADE AND OTHER PAYABLES**

	Note	31 December 2019	31 December 2018
		(Rupees)	
Due to clients against trading of securities	18.1	131,368,116	92,035,035
Due to National Clearing Company of Pakistan Limited	18.2	3,623,738	-
Workers' Welfare Fund payable		509,179	509,179
Sales tax and FED payable		450,162	381,235
Other liabilities		1,223,354	972,432
		137,174,550	93,897,881

18.1 This includes trade payables of Rs. 18.556 million(31 December 2018: Rs. Nil.) payable to related party.

18.2 This shows trade payable in respect of two days trading T+2 settlement.

19. ACCRUED LIABILITIES

	31 December 2019	31 December 2018
	---------- (Rupees) ----------	
Accrued salaries payable	1,903,708	2,272,816
Auditors Remuneration payable	398,911	157,063
Accrued Vehicle Running fuel & Repair	244,129	175,157
Other Payable	730,132	1,566,375
	3,276,880	4,171,411

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There are no contingencies as at 31 December 2019 (31 December 2018: Nil).

20.2 Future contracts against counter commitments

20.2.1 For sale of quoted securities under future contracts against counter commitments as at 31 December 2019 is Rs. 3.188 million (31 December 2018: Rs. 0.0340 million)

20.2.2 For purchase of quoted securities under future contracts against counter commitments as at 31 December 2019 is Rs. 10.684 (31 December 2018: Rs. 0.0498)

21. BROKERAGE REVENUE - NET

	Note	31 December 2019	Six months period ended 31 December 2018
		---------- (Rupees) ----------	
Brokerage revenue - gross		47,525,360	22,753,656
Less: Sales tax on services		(6,178,297)	(2,957,975)
Net Revenue	21.1	41,347,063	19,795,681

21.1 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 2019	Six months period ended 31 December 2018
		---------- (Rupees) ----------	
Retail customers		19,863,160	7,874,198
Institutional customers		21,416,037	11,877,647
Proprietary trade		67,866	43,836
		41,347,063	19,795,681

22. OTHER INCOME

	Note	31 December 2019	Six months period ended 31 December 2018
Profit on PSX exposure		354,682	147,364
Interest on staff loans		5,726	2,563
Gain on disposal of property and equipment		16,941	47,000
Fee charged for clients' fund management	22.1	1,938,663	-
Miscellaneous income		824,127	19,266
		3,140,139	216,193

22.1 This represents interest income earned on clients' funds as per PSX Rulebook 4.18.1(a).

Eu

	Note	31 December 2019	Six months period ended 31 December 2018
		(Rupees)	
23. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	23.1	41,528,681	20,676,499
Printing and stationery		211,320	279,830
Auditors' remuneration	23.2	398,911	241,021
Rent, rates and taxes		2,252,500	1,187,505
Vehicles running		2,955,627	1,243,603
Utilities		228,770	668,380
Legal and professional charges		1,506,861	516,095
Insurance		1,343,169	722,104
Newspapers and periodicals		60,550	29,887
Entertainment		92,785	21,280
Advertisement and business promotion		229,794	48,830
Computer expenses		1,021,339	618,170
Clearing house charges		4,389,102	2,404,203
Office security		617,076	320,938
Depreciation	4	2,271,120	961,634
Amortization	5	771,250	219,998
Repairs and maintenance		190,960	136,380
Conveyance and travelling		382,432	2,400
Communication		972,497	397,040
Fee and subscription		7,932,103	2,753,887
Lease rental of vehicles		247,844	294,768
Office supplies		319,120	113,019
Donations		-	3,000
Others		648,098	111,127
		70,569,899	34,151,398

23.1 This includes the Company's contribution to the defined contribution plan amounting to Rs. 2.239 million (31 December 2018: Rs. 1.153 million).

	31 December 2019	Six months period ended 31 December 2018
	(Rupees)	
23.2 Auditors' remuneration		
Statutory audit fee	216,000	100,000
Half yearly audit fee	-	-
Other certifications	108,000	57,500
Out of pocket expenses	74,911	83,521
	398,911	241,021

23.2.1 Above audit fees and other services fees include Sales Tax @ 8%.

	Note	31 December 2019	Six months period ended 31 December 2018
24. FINANCE COST			
Mark-up on short term running finance	17	942,749	306,765
Bank charges		139,884	96,526
		1,082,633	403,291

25. INCOME TAX EXPENSE	Note	31 December 2019	Six months period ended 31 December 2018
		(Rupees)	
Current		5,614,783	609,590
Deferred	8.	959,701	1,744,363
Prior year		-	(37)
		6,574,484	2,353,916

25.1 The income tax returns of the Company have been filed up to tax year 2019 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

25.2 This represents refundable amount claimed in the income tax returns of prior years and the advance tax recognized in the books of the Company.

26. LOSS PER SHARE - BASIC AND DILUTED	31 December 2019	Six months period ended 31 December 2018
	(Rupees)	
Loss for the period	(11,206,767)	(7,894,282)
	(Number)	
Weighted average number of ordinary shares in issue during the period	30,000,000	30,000,000
	(Rupees)	
Loss per share - basic and diluted	(0.374)	(0.263)

26.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 31 December 2019 and 31 December 2018 which would have any effect on the earnings per share.

27. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the financial statements for the remuneration, including all benefits to the Chief Executive and Executives of the Company are as follows:

	31 December 2019		31 December 2018	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees)			
Managerial remuneration	8,200,000	8,256,000	4,100,000	4,128,000
Housing and utilities	4,100,000	4,128,000	2,050,000	2,064,000
Medical	25,000	125,000	12,500	62,500
Company's contribution to provident fund	819,996	774,055	409,998	412,796
Commission	-	178,203	-	192,681
	13,144,996	13,461,258	6,572,498	6,859,977
Number of persons	1	5	1	5

27.1 In addition to the above, Chief Executive and Executives have been provided with free use of the Company maintained vehicles and mobile phones under the service contracts.

27.2 No fee is paid to directors for meetings attended by them.

28. PROVIDENT FUND

Details of investments held by the provident fund of the Company for its employees are as follows:

	(Unaudited) 31 December 2019	(Audited) 30 June 2019
	(Rupees)	
Size of the fund	58,839,490	53,131,879
Cost of investments made	54,830,342	52,509,656
Percentage of investments made	100.00%	100.00%
Fair value of investments	56,466,998	51,807,927

28.1 Breakup of investments in terms of amount and percentage of the size of the provident fund are as follows:

	(Unaudited) 31 December 2019		(Audited) 30 June 2019	
	Investments	% of investments as size of the fund	Investments	% of investments as size of the fund
	(Rupees)	(Percentage)	(Rupees)	(Percentage)
Government securities	42,745,256	75.70%	39,128,258	75.53%
Listed securities	11,697,406	20.72%	10,061,103	19.42%
Debt Securities	1,120,000	1.98%	1,120,000	2.16%
Bank balances	904,336	1.60%	1,498,566	2.89%
	56,466,998	100.00%	51,807,927	100.00%

28.2 All investments in collective investment schemes, listed equity and listed debt securities out of the provident fund have been made in accordance with the provisions of the section 218 of the Companies Act, 2017 and the conditions specified thereunder.

29. 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.

Transactions for the year	Relationship		31 December 2019	31 December 2018
			(Rupees)	
Bank AL Habib Limited	Holding			
- Equity brokerage commission	Company holds		769,709	670,454
- Mark-up expense on running finance	66.67%(2018:		931,974	-
- Office rent	66.67%) share		2,100,000	1,050,000
- Bank charges	capital		79,758	47,428
- Markup income on bank balances			739,724	244,732
- Information technology services			750,000	375,000
Total Mark up income on client account		6,539,590		
Less: Transferred to clients		(4,600,927)		
Balance mark up income on client account as per P&L		1,938,662	1,938,662	-
Habib Insurance Company Limited	Associated			
- Equity brokerage commission	company of Holding		754,843	622,170
- Insurance premium paid	Company		849,330	223,430
- Insurance premium payable	0%(2018:0%)		-	113,087
First Habib Stock Fund	Associated			
- Equity brokerage commission	company of Holding Company 0%(2018:0%)		22,046	8,200
Habib Sugar Mills Limited	Associated			
- Equity brokerage commission	company of Holding Company 0%(2018:0%)		226,101	-
First Habib Asset Allocation Fund	Associated			
- Equity brokerage commission	company of Holding Company 0%(2018:0%)		12,796	3,745
First Habib Islamic Stock Fund	Associated			
- Equity brokerage commission	company of Holding Company 0%(2018:0%)		4,378	5,785
AL Habib Capital Markets (Private) Limited - Employees' Provident Fund	Other			
- Equity brokerage commission	related party		100	-
Habib Asset Management - Staff Provident Fund	Associated			
- Equity brokerage commission	company of Holding Company 0%(2018:0%)		6,483	400
Key management				
- Contribution to the defined contribution plan			1,594,051	822,794
- Equity brokerage commission	Key management		14,211	14,414
- Advances			1,382,000	630,000

Balances at year end	Relationship	31 December 2019	31 December 2018
		------- (Rupees) -------	
Bank AL Habib Limited			
- Bank balances	Holding Company holds 66.67%	109,802,760	48,858,155
- Equity brokerage commission receivable	(2018:66.67%) share capital	170,535	123,289
- Accrued markup payable		634,853	282,036
- Overdraft		16,016,866	-
Associated Companies			
First Habib Stock Fund	Associated company of		
- Equity brokerage commission receivable	Holding Company	25,385	2,901
Habib Insurance Company Limited	Associated company of		
- Equity brokerage commission receivable	Holding Company	5,046	5,046
- Equity payable		18,551,221	-
Habib Asset Management Limited	Associated company of		
- CDC charges receivable	Holding Company	1,093	580
Habib Sugar Mills Limited	Associated company of		
- Equity payable	Holding Company	458	-
First Habib Asset Allocation Fund	Associated company of		
- Equity brokerage commission receivable	Holding Company	15,142	1,034
Habib Asset Management Limited -Staff Provident Fund	Associated company of Holding Company		
- CDC charges receivable		335	-
First Habib Islamic stock Fund	Associated company of		
- Equity brokerage commission receivable	Holding Company	23,183	17,920
- Advances	Key management	35,000	200,000

30. 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.

30.1 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.

30.2 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 2019 is the carrying amount of the financial assets as set out below:

	Note	31 December 2019	31 December 2018
		(Rupees)	
Long term advances and deposits	7.	1,411,500	1,561,500
Trade receivables	10.	50,546,545	28,137,214
Loans and advances - considered good	11.	174,268	1,785,920
Short term deposits	12.	3,700,000	18,000,000
Bank balances	14.	112,111,797	69,656,890
		167,944,110	119,141,524

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

	31 December 2019			
	Carrying amount			
	Amount outstanding	Impaired	Provision held	Total
	(Rupees)			
Not yet due	40,798,230	-	-	40,798,230
Upto 3 months	8,790,988	-	-	8,790,988
3 to 6 months	612,169	-	-	612,169
6 months to 1 year	148,365	-	-	148,365
More than 1 year	196,793	-	-	196,793
	50,546,545	-	-	50,546,545

	31 December 2018			
	Carrying amount			
	Amount outstanding	Impaired	Provision held	Total
	(Rupees)			
Not yet due	26,877,039	-	-	26,877,039
Upto 3 months	844,245	-	-	844,245
3 to 6 months	162,462	-	-	162,462
More than 6 months	85,425	-	-	85,425
More than 1 year	168,043	-	-	168,043
	28,137,214	-	-	28,137,214

30.2.2 *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 2019 (Rupees)	(%)
Bank AL Habib Limited	PACRA	A1+	AA+	109,802,709	97.9%
Bank Alfalah Limited	PACRA/VIS	A1+	AA+	1,716,542	1.5%
Habib Bank Limited	VIS	A1+	AAA	51,180	0.05%
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	121,389	0.11%
JS Bank Limited	PACRA	A1+	AA-	349,548	0.31%
MCB Islamic Bank Limited	PACRA	A1	A	1,079	0.00%
MCB Bank Limited	PACRA	A1+	AAA	69,350	0.06%
				112,111,797	100.00%

	Rating Agency	Short term rating	Long term rating	31 December 2018 (Rupees)	(%)
Bank AL Habib Limited	PACRA	A-1+	AA+	48,658,155	68.32%
Bank Alfalah Limited	PACRA	A-1+	AA+	19,141,869	29.87%
Habib Bank Limited	JCR-VIS	A-1+	AAA	125,761	0.14%
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	97,836	0.25%
JS Bank Limited	PACRA	A-1+	AA-	796,429	1.01%
MCB Islamic Bank Limited	PACRA	A1	A	76,079	0.17%
MCB Bank Limited	PACRA	A-1+	AAA	760,741	0.24%
				69,856,890	100.00%

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.

30.3 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 2019				
	On demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees)				
Trade and other payables	136,215,209	-	-	-	136,215,209
Accrued liabilities	3,276,880	-	-	-	3,276,880
Short term financing	16,616,866	-	-	-	16,616,866
	156,108,955	-	-	-	156,108,955

	31 December 2018				
	On demand	Upto three months	More than three months and upto one year	More than one year	Total
	(Rupees)				
Trade and other payables	93,007,467	-	-	-	93,007,467
Accrued liabilities	4,171,411	-			4,171,411
Payable to Provident Fund	383,422	-	-	-	383,422
	97,562,300	-	-	-	97,562,300

30.4 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:

30.4.1 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.

30.4.2 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 2019	31 December 2018	31 December 2019	31 December 2018
Variable rate instruments	(Percentage)		(Rupees)	
Financial assets				
Bank balances	11.25% to 11.75%	6.5% to 8.5%	111,656,990	4,346,592
Financial liabilities				
Short term financing	3 Months average KIBOR + 1%	3 Months average KIBOR + 1%	16,616,866	-
Fixed rate instruments				
Deposits with National Clearing Company of Pakistan Limited	9.75% to 10.75%	4.50% to 5.50%	5,100,000	19,550,000
Staff loan	12.75%	9.75%	18,170	75,246

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 2018.

	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 2019				
Variable rate instruments	9,504,012	(9,504,012)	9,504,012	(9,504,012)
As at 31 December 2018				
Variable rate instruments	434,859	(434,859)	434,859	(434,859)

30.4.3 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. 112,867 (31 December 2018: Rs 103.014) 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 shareholders' equity
	(Rupees)				
31 December 2019	112,867,022	10% increase	124,153,724	11,286,702	11,286,702
		10% decrease	101,580,320	(11,286,702)	(11,286,702)
31 December 2018	103,014,215	10% increase	113,315,637	10,301,422	10,301,422
		10% decrease	92,712,794	(10,301,422)	(10,301,422)

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

30.5 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	31 December 2018							
	Carrying Amount					Fair value		
	FVOCI - equity instruments	FVOCI - debt instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Short term investments - fair value through other comprehensive income								
- Listed shares	82,862,169		-	-	82,862,169	82,862,169		
- Pakistan Investment Bonds		146,588,177	-	-	146,588,177	-	146,588,177	
- Market Treasury Bills		-	-	-	-			
Long term investments	30,004,853		-	-	30,004,853	30,004,853		
	112,867,022	146,588,177	-	-	259,455,199			
Financial assets not measured at fair value								
Long term loans, advances and deposits	-	-	1,411,500	-	1,411,500			
Trade receivables	-	-	50,546,545	-	50,546,545			
Loans and advances	-	-	174,258	-	174,258			
Deposits	-	-	3,796,000	-	3,796,000			
Other receivable	-	-	5,191,892	-	5,191,892			
Cash and bank balances	-	-	112,175,768	-	112,175,768			
	-	-	174,191,073	-	174,191,073			
Financial liabilities not measured at fair value								
Trade and other payables	-	-	-	(136,215,209)	(136,215,209)			
Payable to Provident Fund	-	-	-	-	-			
Accrued liabilities	-	-	-	(3,276,880)	(3,276,880)			
	-	-	-	(139,492,089)	(139,492,089)			
	112,867,022	146,588,177	174,191,073	(139,492,089)	294,154,183			

On balance sheet financial instruments	31 December 2017						
	Carrying Amount				Fair value		
	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees)						
Financial assets measured at fair value							
Short term investments - available for sale							
- Listed shares	81,262,148	-	-	81,262,148	81,262,148		
- Pakistan Investment Bonds	-	-	-	-			
- Market Treasury Bills	149,288,465	-	-	149,288,465		149,288,465	
Long term investments	21,752,072	-	-	21,752,072	21,752,072		
	252,302,685	-	-	252,302,685			
Financial assets not measured at fair value							
Long term loans, advances and deposits	-	1,561,500	-	1,561,500			
Trade receivables	-	38,157,214	-	38,157,214			
Loans and advances	-	1,785,300	-	1,785,300			
Deposits	-	18,000,000	-	18,000,000			
Other receivable	-	-	-	-			
Cash and bank balances	-	59,668,950	-	59,668,950			
	-	119,153,964	-	119,153,964			
Financial liabilities not measured at fair value							
Trade and other payables	-	-	(93,897,881)	(93,897,881)			
Payable to Provident Fund	-	-	(383,422)	(383,422)			
Accrued liabilities	-	-	(4,171,411)	(4,171,411)			
	-	-	(98,452,714)	(98,452,714)			
	252,302,685	119,153,964	(98,452,714)	273,003,935			

30.6 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;
- risk mitigation, including insurance where this is effective.

31. 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.

31.1 Base Minimum Capital

In compliance with the sub-regulation 2.1 of the Regulation Governing Risk Management (Regulations) of the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited), every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Brokers and Agents Registration Rules, 2001, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Regulations.

As at 31 December 2019, the Company is required to have a BMC of Rs. 28 million. The Company's BMC is comprised of the sum of notional value of the TREC and the market value of shares of Pakistan Stock Exchange Limited (PSX) and Pakistan Petroleum Limited (PPL) as at 31 December 2019. The market value of shares taken to meet BMC deposit requirement is after the haircut of 20.5% and 11% for PSX and PPL respectively.

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

	Note	31 December 2019	31 December 2018
		---------- (Rupees) ----------	
Trading Right Entitlement Certificates	5.	**2,500,000**	2,500,000
Securitized 1,902,953 PSX shares at Rs. 12.48 per share after applying 20.5% haircut	6.1 & 9.2	18,880,338	13,204,622
100,000 Shares of Pakistan Petroleum Limited at 137.14 per share after applying 11% haircut	9.2	12,205,460	12,721,100
		33,585,798	28,425,722

31.2 Statement of Net Capital Balance
As at December 31, 2019

The below mentioned disclosure is in conformity with SRO 1333(1)/2019 dated 6th November 2019 from Securities and Exchange Commission of Pakistan which states that "A company shall disclose the net capital balance in its annual audited financial statements in accordance with regulation 34."

(Excess of Current Assets over Current Liabilities determined in accordance with the third Schedule of the Securities and Exchange Rules 1971 and the clarifications/guidelines issued by SECP dated 3 July 2013, 20 December 2013 and 24 June 2016)

DESCRIPTION	VALUATION BASIS	Sub Total	Total
		(Rupees)	
CURRENT ASSETS			
Cash in hand and bank balances	As per book value	112,176,768	
Less: adjustment to restrict corresponding clients wise trade payable (settlement base)		(439,349)	111,737,419
Cash deposited as margin with National Clearing Company of Pakistan			3,700,000
Trade receivables	As per book value	50,546,545	
	Less: Overdue for more than 14 days	(5,251,284)	45,295,261
Investment in listed securities in the name of broker	At market value	92,882,169	
	Less: Securities in BMC	(17,458,000)	
	Less: Securities in exposure against demand	(294,830)	
		75,109,339	
	Less: Securities in exposure list marked to market less 15% discount	(11,266,401)	
			63,842,938
Securities purchased for customers			2,377,548
Pakistan Investment Bond	At market value	146,588,177	
	Less: Haircut @5%	(7,329,409)	
			139,258,768
Total current assets			366,211,934
CURRENT LIABILITIES			
Trade payables	As per book value (trade base)	131,368,116	
	Less: Overdue for more than 30 days	(18,952,664)	
			112,415,452
Other liabilities	As per book value		44,652,844
Total current liabilities			157,068,296
Net Capital Balance as at December 31, 2019			209,143,638

Kr

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

At present, 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. 4.213 million (31 December 2018: 1.726 million) which comprise basic salary, medical allowance and other benefits as per the Company's policy.

33. COMPARITIVES

As explained in note 2.3 to the financial statements, the comparative figures are for the period from 1 July 2018 to 31 December 2018 and hence, are not comparable with current year figures.

34. NUMBER OF EMPLOYEES

	31 December 2019	31 December 2018
	(Number)	
The details of number of employees are as follows:		
Average number of employees during the year	28	27
Number of employees at year end	25	28

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's Board of Directors and authorised for issue on 2 2 APR 2020

Chairman

Chief Executive