**KTRADE SECURITIES LIMITED**
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT Sep 30, 2025**

| | Note | Quarter Ended 30 SEP, 2025 Rupees | YEAR ENDED 30 JUNE, 2025 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | | |
| Property and equipment | 5 | 110,660,444 | 90,375,987 |
| Intangible assets | 6 | 6,110,881 | 6,611,667 |
| Security deposit | 7 | 7,687,728 | 7,357,728 |
| Long term investments | 8 | 20,322,968 | 20,322,968 |
| | | 144,782,021 | 124,668,350 |
| **CURRENT ASSETS** | | | |
| Trade debts | 9 | 2,888,370,977 | 709,268,546 |
| Advances, deposits and other receivables | 10 | 1,198,118,928 | 1,036,084,712 |
| Short term investments | 11 | 632,966,574 | 162,526,541 |
| Advance tax | | 110,092,870 | 92,655,805 |
| Cash and bank balances | 12 | 652,222,269 | 875,872,704 |
| | | 5,481,771,618 | 2,876,408,308 |
| **TOTAL ASSETS** | | 5,626,553,639 | 3,001,076,658 |
| **EQUITY AND LIABILITIES** | | | |
| Authorized Share Capital | | | |
| 50,000,000 (2023: 50,000,000) ordinary shares of Rs. 10/- each | | 500,000,000 | 500,000,000 |
| Issued, subscribed and paid up capital | 13 | 236,103,910 | 236,103,910 |
| Issued, subscribed & paid up Preference share capital | | 35,335,670 | |
| Capital Reserves | | | |
| Share premium | | 424,168,307 | 424,168,307 |
| Share Premium preference | | 164,664,222 | - |
| Revaluation surplus / (deficit) on intangible assets | | - | - |
| Deficit on re-measurements of investments | | (7,055,779) | (7,055,779) |
| Revenue Reserves | | | |
| Unappropriated Profit | | 192,095,526 | 693,487 |
| Dividend payment to preference shareholders | | (4,380,823) | - |
| Advance against issue of shares | | 395,180 | 150,395,072 |
| | | 1,041,326,213 | 804,304,997 |
| **NON CURRENT LIABILITIES** | | | |
| Deferred tax | 14 | 1,679,275 | 1,679,275 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 15 | 4,583,008,482 | 2,094,853,149 |
| Short term borrowings | 16 | 539,670 | 100,239,237 |
| | | 4,583,548,152 | 2,195,092,386 |
| **EQUITY AND LIABILITIES** | | 5,626,553,639 | 3,001,076,658 |
| **CONTINGENCIES AND COMMITMENTS** | 17 | | |

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

**CHIEF EXECUTIVE OFFICER**

KTRADE SECURITIES LIMITED KASB

**CHIEF FINANCIAL OFFICER**

**KTRADE SECURITIES LIMITED**
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**
**FOR THE QUARTER ENDED 30 SEP, 2025**

| | Note | Quarter Ended 30 Sep, 2025 Rupees | Quarter Ended 30 Sep, 2024 Rupees |
|---|---|---|---|
| **Revenue** | | | |
| Operating revenue | 18 | 217,166,641 | 69,390,661 |
| Capital gain/ (loss) on sale of listed investments | | 74,546,145 | 11,925,000 |
| Unrealised gain/ (loss) on remeasurement of investments | | 45,040,569 | (3,559,273) |
| | | 336,753,355 | 77,756,388 |
| **Expenditures** | | | |
| Administrative and operating expenses | 19 | (161,155,775) | (98,937,765) |
| Finance cost | 20 | (648,957) | (144,478) |
| | | (161,804,732) | (99,082,243) |
| Other income | 21 | 33,100,643 | 36,329,202 |
| Profit before taxation | | 208,049,265 | 15,003,347 |
| Taxation | 22 | (16,647,226) | - |
| Profit for the year | | 191,402,039 | 15,003,347 |
| profit per share - basic and diluted | 23 | 8.11 | 2.27 |

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

**CHIEF EXECUTIVE OFFICER**

KTRADE SECURITIES LIMITED

**CHIEF FINANCIAL OFFICER**

**KTRADE SECURITIES LIMITED**
**UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**
**FOR THE QUARTER ENDED 30 SEP, 2025**

| | Quarter Ended 30 Sep, 2025 Rupees | Quarter Ended 30 Sep, 2024 Rupees |
|---|---|---|
| profit after taxation for the year | 191,402,039 | 15,003,347 |
| Other comprehensive profit for the year | | |
| Reversal of revaluation surplus on Trading Right Entitlement Certificate (TREC) | - | - |
| Deferred tax liability on revaluation of Trading Right Entitlement Certificate (TREC) | - | - |
| Deficit on re-measurement of investments | - | - |
| | - | - |
| Total comprehensive profit for the year | 191,402,039 | 15,003,347 |

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

**CHIEF EXECUTIVE OFFICER**

KTRADE SECURITIES LIMITED

**CHIEF FINANCIAL OFFICER**

**KTRADE SECURITIES LIMITED**
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE QUARTER ENDED SEP 30, 2025**

| | Capital Reserves | | | | | Revenue Reserve | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Preference shares | Share premium | Share Premium Preference shares | Deficit on re-measurement of investments | Revaluation surplus on intangible asset net off tax | Unappropriated profit | Advance against issue of shares | Total |
| | Rupees | | | | | | | | |
| **Balance as at July 01, 2024** | 236,103,910 | | 424,168,307 | | (7,055,779) | - | (226,368,263) | 395,072 | 427,243,247 |
| Advance against issue of shares | - | | - | | - | - | - | - | - |
| Shares allotment during the year against cash | | | | | | | | | - |
| Profit for the year | - | | | | - | - | 227,061,750 | 150,000,000 | 377,061,750 |
| Other comprehensive income for the year | - | | - | | - | - | - | - | (7,044,589) |
| Total comprehensive income for the year | - | | - | | - | - | 227,061,750 | 150,000,000 | 377,061,750 |
| **Balance as at June 30, 2025** | 236,103,910 | | 424,168,307 | | (7,055,779) | - | 693,487 | 150,395,072 | 804,304,997 |
| **Balance as at July 01, 2025** | 236,103,910 | | 424,168,307 | | (7,055,779) | - | 693,487 | 150,395,072 | 804,304,997 |
| Income for the year | - | 35,335,670 | | 164,664,222 | - | - | 191,402,039 | (149,999,892) | 241,402,039 |
| Other comprehensive income for the year | - | | - | | - | - | - | | - |
| Total comprehensive income for the year | - | 35,335,670 | - | 164,664,222 | - | - | 191,402,039 | (149,999,892) | 241,402,039 |
| **Balance as at Sep 30, 2025** | 236,103,910 | 35,335,670 | 424,168,307 | 164,664,222 | (7,055,779) | - | 192,095,526 | 395,180 | 1,045,707,036 |

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

**KTRADE SECURITIES LIMITED**
**UNCONSOLIDATED STATEMENT OF CASHFLOWS**
**FOR THE QUARTER ENDED 30 SEP, 2025**

| | QTR ENDED 30 SEP, 2025 Rupees | YEAR ENDED 30 June, 2025 Rupees |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 208,049,265 | 265,128,554 |
| Adjustments for: | | |
| Depreciation | 6,632,372 | 17,737,617 |
| Amortization | 443,437 | 1,703,749 |
| Gain on disposal of property and equipment | - | (1,186,667) |
| Impairment of intangible asset | - | - |
| Unrealised (gain)/ loss on remeasurement of investments | (45,040,569) | (7,975,202) |
| Dividend income | (2,801,277) | (11,258,181) |
| Profit from NCCPL against margin deposits | (5,737,343) | (56,230,343) |
| Profit on bank deposits | (23,856,761) | (66,068,371) |
| Profit on market treasury bills | - | - |
| Impairment on Long Term Investment | - | 926,732 |
| Finance cost | 648,957 | 1,501,874 |
| | (69,711,184) | (120,848,792) |
| **Decrease / (increase) in current assets** | | |
| Advances, deposits and other receivables | (116,873,346) | (671,687,969) |
| Trade debts | (2,179,102,431) | (498,157,963) |
| | (2,295,975,777) | (1,169,845,932) |
| **(Decrease) / increase in current liabilities** | | |
| Trade and other payables | 2,488,155,333 | 1,451,730,232 |
| | 2,488,155,333 | 1,451,730,232 |
| Cash used in operations | 330,517,637 | 426,164,062 |
| Decrease / (increase) in security deposits | (330,000) | (47,500) |
| Finance cost paid | (648,957) | (1,501,874) |
| Income tax paid | (34,147,244) | (106,392,595) |
| Net cash used in operating activities | 295,391,436 | 318,222,093 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Short term investments - net | (470,440,033) | (140,596,680) |
| Short term borrowings | (99,699,567) | 100,239,237 |
| Purchase of property and equipment | (26,916,829) | (48,634,217) |
| Proceeds from disposal of property and equipment | - | 3,000,000 |
| Purchase of intangible assets | - | - |
| Dividend received | 2,801,277 | 11,258,181 |
| Dividend Paid on preference shares | (4,380,823) | |
| Markup received on margin deposits | 5,737,343 | 56,230,343 |
| Mark up received on bank deposits | 23,856,761 | 66,068,371 |
| Markup received on government treasury bills | - | - |
| Disposal / (Acquisition) of Long-term investments | - | - |
| Net cash generated from / (used in) investing activities | (569,041,871) | 47,565,235 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Received against issuance of shares | 199,999,892 | - |
| Received against advance for issuance of shares | (149,999,892) | 150,000,000 |
| Net cash generated from financing activities | 50,000,000 | 150,000,000 |
| Net decrease in cash and cash equivalent | (223,650,435) | 515,787,328 |
| Cash and cash equivalent at the beginning of the year | 875,872,704 | 360,085,376 |
| Cash and cash equivalent at the end of the year | 652,222,269 | 875,872,704 |

The annexed notes from 1 to 34 form an integral part of these unconsolidated financial statements.

**CHIEF EXECUTIVE OFFICER**

**CHIEF FINANCIAL OFFICER**

**KTRADE SECURITIES LIMITED**
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE QUARTER ENDED 30 SEP, 2025**

## 1 STATUS AND NATURE OF BUSINESS

KTrade Securities Limited ("the Company") was incorporated in Pakistan on April 25, 2013 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017. The Company was initially incorporated as a private limited company. Subsequently, the Company changed its status from private limited company to public unlisted company. The registered office of the Company is situated at Room 101 and 105, 1st Floor, New PSX Building, I.I. Chundrigar Road, Karachi. The corporate office of the Company is located at "Office 201-202, 2nd floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi.".

The Company is the subsidiary of Oxford Frontier Capital Limited ("the Holding Company") which holds 59.64% shares of the Company as at June 30, 2023. Oxford Frontier Capital Limited is registered in London (UK) under registration no. 10823644. Registered address of the company is " 3, 31 Emperors Gate, London, UK, SW/ 4JA" The Company holds 85% voting shares in Block Tech Limited ("the Subsidiary") as at June 30, 2023, which is a public unlisted company incorporated in Pakistan and is involved in providing IT services.

The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in the business of dealing of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research, advisory services and dealing in leverage products of the National Clearing Company of Pakistan Limited (NCCPL).

The Company's is principally engaged in the business of dealing of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research, advisory services and dealing in leverage products of the National Clearing Company of Pakistan Limited (NCCPL).

The geographical location of the Company's offices are as follows;

| | |
|---|---|
| - Pakistan Stock Exchange Office - Karachi | Room # 101 and 105, 1st Floor, New PSX Building, I.I. Chundrigar Road, Karachi. |
| - DHA Bukhari Commercial 1st floor Office - Karachi | Office 101-102, 1st floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi. |
| - DHA Bukhari Commercial 2nd floor Office - Karachi | Office 201-202, 2nd floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi. |
| - DHA Bukhari Commercial 3rd floor Office - Karachi | Office 301-302, 3rd floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi. |

| | |
|---|---|
| - DHA Bukhari Commercial 3rd floor Office - Karachi | Office 401-402, 4th floor, Plot # 33-C, Lane 13, Khayaban e Bukhari, Phase VI, DHA, Karachi. |
| - Multan | Office # 16, 4th Floor, Bomanji Square, Plot no. 84/2, Nusrat Road, Multan Cantt, Multan. |
| - Lahore | Office # M09, 50N Gurumangat Road, Gulberg II, Lahore. |

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Use of estimates and judgments

The preparation of unconsolidated 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 the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognised in these unconsolidated financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in future periods are described in the following notes:

- Property and equipment (note 4.1 & 5)
- Trade debts, advances and other receivables (note 4.5, 9 & 10)
- Provision (note 4.9)
- Taxation (note 4.13 & 21)
- Fair value (note 4.3 & 25)

### 2.3 Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These unconsolidated financial statements are presented in Pak Rupees ("Rupees" or "Rs."), which is the Company's functional and presentation currency.

## 3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

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

| | **Effective date (annual periods beginning on or after)** |
|---|---|
| Interest Rate Benchmarch Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | January 01, 2021 |
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework | January 01, 2022 |

| | **Effective date (annual periods beginning on or after)** |
|---|---|
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use | January 01, 2022 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract | January 01, 2022 |

| | |
|---|---|
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies | January 01, 2023 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates | January 01, 2023 |
| Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction | January 01, 2023 |
| Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes International Tax Reform — Pillar Two Model Rules | January 01, 2023 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract | January 01, 2022 |

Certain annual improvements have also been made to a number of IFRSs.

**3.2 New accounting standards, amendments and interpretations that are not yet effective**

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

| | |
|---|---|
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2024 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants | January 01, 2024 |
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements | January 01, 2024 |

| | **Effective date (annual periods beginning on or after)** |
|---|---|
| Amendments to IAS 7 'Statement of Cash Flows' - Supplier Finance Arrangements | January 01, 2024 |
| Amendments to IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale | January 01, 2024 |



Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

| | | |
|---|---|---|
| IFRS 1 | First Time Adoption of International Financial Reporting Standards | January 01, 2004 |
| IFRS 17 | Insurance Contracts. | January 01, 2023 |

## 4 SIGNIFICANT ACCOUNTING POLICIES

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

### 4.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Normal repairs and maintenance are charged to profit or loss, as and when incurred.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains or losses on disposal of property and equipment, if any, are taken to profit or loss.

Depreciation is charged to profit or loss account by applying the straight line method reflecting the pattern in which the economic benefits of the assets are consumed by the Company at the rates specified in note 5. Depreciation on additions is charged for the full month in which an asset is available for use and on deletions up to the month immediately preceding the month of deletion.

The Company reviews the useful lives and residual values of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

**Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment (if any). It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation.

### 4.2 Intangible assets

**Computer software**

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the straight line method reflecting the pattern in which the economic benefits of the assets are consumed by the Company at the rates specified in note 5. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization on additions is charged for the full month in which an asset is available for use and on deletions up to the month immediately preceding the month of deletion..

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

**Trading Right Entitlement Certificates & Membership cards**

These are initially stated at cost. Subsequent to initial recognition, TREC is being carried at revalued amount. TREC do not have definite useful life, therefore, it is not being amortized.

Following the application of IAS 38, the Company's accounting policy for surplus on revaluation of intangibles stands amended as follows:

Increases in the carrying amounts arising on revaluation of intangibles are recognized, net of tax, in other comprehensive income and accumulated in surplus on revaluation of intangibles in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

## 4.3 Financial Instruments - Initial recognition and subsequent measurement

**Initial Recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

Regular way purchase of investments are recognized using trade date accounting i.e. , the date on which

**Classification of financial assets**

The Company classifies its financial instruments in the following categories:

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

- at amortized cost.

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

Financial assets that meet the following conditions are subsequently measured at amortized cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

**Classification of financial liabilities**

The Company classifies its financial liabilities in the following categories:

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

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

**Subsequent measurement**

**i) Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

**ii) Financial assets and liabilities at amortized cost**



Financial assets and liabilities at amortized cost are initially recognized at fair value, and

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

iii) **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

**Impairment of financial asset**

The Company recognizes loss allowance for Expected Credit Loss (ECL) through general approach on financial assets measured at amortized cost and FVTOCI at an amount equal to 12 months ECL or lifetime ECLs based on significant increase in credit risk except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables;
- other short term receivables; and
- receivables from PMEX and NCCPL.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 180 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

**Derecognition**



i) **Financial assets**

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

**ii) Financial liabilities**

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

**4.4 Off-setting of financial assets and liabilities**

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**4.5 Trade debts and other receivables**

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

A receivable is recognized on the trade date as this is the point in time that the Company becomes a party to the contractual provisions of the instrument.

**4.6 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, current accounts held with various banks and deposits placed in profit and loss sharing accounts.

**4.7 Revenue recognition**

Brokerage income, advisory fees and commission are recognized as and when such services are

provided.

Capital gains and losses on sale of investments are included in the profit and loss account in the period in which they arise.

Dividend income is recognized when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

Unrealized gains / (losses) arising on mark to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which they arise.

Mark-up / interest income on Margin Financing facility is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Mark-up income on profit and loss sharing basis bank accounts is recognized on a time proportion basis that takes into account the effective yield.

**4.8 Foreign currency transactions**

Transactions denominated in foreign currencies are translated to Pak Rupees at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies at reporting date are translated into Pak Rupees at exchange rates ruling on that date. Exchange differences are included in the profit or loss.

**4.10 Provisions**

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

**4.11 Earnings per share**

Earnings per share is calculated by dividing the profit/loss after tax for the year by the weighted average number of shares outstanding during the year.

**4.12 Trade creditors and other liabilities**

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

**4.13 Dividend and appropriations**

Dividend and appropriations to / from reserves are recognized in the period in which these are approved.

## 4.14 Income tax

### Current

The charge for current taxation is based on the taxable income at the rate of taxation after taking into account tax credits, rebates available, if any.

### Deferred

Deferred tax is accounted for using the liability method on all temporary difference arising between tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liability is generally recognized for all taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is charged to or credited in the unconsolidated statement of profit or loss and other comprehensive income.