

## INDEPENDENT AUDITOR'S REPORT

To the members of H.H MISBAH SECURITIES (PRIVATE) LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **H.H MISBAH SECURITIES (PRIVATE) LIMITED** ("the Company"), which comprise the statement of financial position as at **June 30, 2023** and the statement of profit or loss, the statement of changes in equity, and the statement of cash flow 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, the statement of changes in equity and statement of cash flow 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 June 30, 2023 and of the loss for the year then ended, the changes in equity and its cash flows for the period 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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.

#### 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 requirement 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 operation, or has no realistic alternative but to do so.

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

### **Auditor's 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 auditor's 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 auditor's 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 auditor's 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, 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 period were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**.

*UHY Hassan Naeem & Co.*

**KARACHI**

**DATE: October 7, 2023**

**UDIN: AR202310215DmwnaGMbA**

**H.H MISBAH SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b><u>ASSETS</u></b>			
<b><u>NON CURRENT ASSETS</u></b>			
Property and equipment	4	24,206,863	28,595,079
Intangible assets	5	2,500,000	2,500,000
Investment at fair value through other comprehensive income	6	8,000,836	11,060,615
Long term deposits	7	1,500,000	1,505,858
		<b>36,207,699</b>	<b>43,661,552</b>
<b><u>CURRENT ASSETS</u></b>			
Trade debts - unsecured considered good	8	118,220,707	83,009,275
Investment at fair value through profit& loss	9	104,994,569	135,481,005
Advances, deposits, prepayments and other receivables	10	94,748,606	82,950,863
Cash and bank balances	11	87,920,261	257,763,452
		<b>405,884,143</b>	<b>559,204,595</b>
		<b>442,091,842</b>	<b>602,866,147</b>
<b><u>SHARE CAPITAL AND RESERVES</u></b>			
Authorized capital	12.1	120,000,000	120,000,000
<b>Share capital</b>			
Issued, subscribed and paid-up capital	12.2	100,000,000	100,000,000
<b>Capital Reserves</b>			
Surplus/(Deficit) - Investment at Fair value through OCI		5,370,077	8,429,856
Capital contribution from director		18,500,000	18,500,000
<b>Révenue reserves</b>			
Accumulated Profit/(Loss)		186,256,404	194,991,433
		<b>310,126,481</b>	<b>321,921,289</b>
<b><u>NON-CURRENT LIABILITIES</u></b>			
Staff Retirement Benefits - Gratuity	13	3,757,566	-
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payable	14	107,901,140	268,090,203
Short term loan	15	20,306,655	12,854,655
		<b>128,207,795</b>	<b>280,944,858</b>
<b>Contingencies and commitments</b>	16		
		<b>442,091,842</b>	<b>602,866,147</b>

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

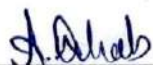
  
 Chief Executive

  
 Director

**H.H MISBAH SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
Revenue from contract with customers	17	63,689,651	81,742,875
Operating and administrative expenses	18	(84,850,333)	(97,030,973)
Other income	19	14,042,372	(25,971,933)
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		<u>(7,118,310)</u>	<u>(41,260,031)</u>
Taxation	20	(1,616,719)	(2,218,334)
<b>NET PROFIT/(LOSS) AFTER TAXATION</b>		<u><u>(8,735,029)</u></u>	<u><u>(43,478,365)</u></u>

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



Chief Executive



Director

**H.H MISBAH SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023 (Rupees)	2022 (Rupees)
Profit/(loss) for the year	(8,735,029)	(43,478,365)
<b>Other Comprehensive Income/ Loss</b>		
Items that will not be subsequently reclassified in profit or loss		
Unrealised gain/ (loss) on revaluation of investments at fair value through other comprehensive income	(3,059,779)	(13,060,824)
	(3,059,779)	(13,060,824)
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS)</b>	<b>(11,794,808)</b>	<b>(56,539,189)</b>

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



Chief Executive



Director

**H.H MISBAH SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Share capital		Capital Reserves		Revenue Reserves	Total
	Issued, Subscribed and Paid-up Capital	Surplus/ (Deficit) - Investment (FVTOCI)	Capital contribution from director	Accumulated Profit/(Loss)		
<b>Balance as at July 01, 2021</b>	100,000,000	21,490,680	-	238,469,798	359,960,478	
Net (loss) for the year	-	-	-	(43,478,365)	(43,478,365)	
Other comprehensive loss	-	(13,060,824)	-	-	(13,060,824)	
Effect of discounting of long term loan from directors	-	-	18,500,000	-	18,500,000	
<b>Balance as at June 30, 2022</b>	<b>100,000,000</b>	<b>8,429,856</b>	<b>18,500,000</b>	<b>194,991,433</b>	<b>321,921,289</b>	
Net Profit for the year	-	-	-	(8,735,029)	(8,735,029)	
Other comprehensive loss	-	(3,059,779)	-	-	(3,059,779)	
<b>Balance as at June 30, 2023</b>	<b>100,000,000</b>	<b>5,370,077</b>	<b>18,500,000</b>	<b>186,256,404</b>	<b>310,126,481</b>	

-----Rupees-----

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

  
 Chief Executive

  
 Director

**H.H MISBAH SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023 <i>(Rupees)</i>	2022 <i>(Rupees)</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(7,118,310)	(41,260,031)
<b><u>Adjustment for non-cash items:</u></b>		
Depreciation	5,182,565	3,855,953
Expected credit loss/(Reversal of expected credit loss)	(5,868,400)	3,958,849
Gratuity expense	3,757,566	-
Capital Gain on investment at fair value through P&L	6,162,060	35,434,549
Dividend income	(5,688,078)	(5,934,911)
Operating profit before working capital changes	3,545,713	37,314,440
<b><u>Changes in working capital</u></b>		
Decrease /(Increase) in trade debts	(29,343,032)	55,116,048
Decrease /(Increase) in long term deposits	5,858	-
Decrease /(Increase) in advances, deposits and prepayments	(12,361,694)	24,817,684
(Decrease) / increase in trade and other payable	(160,189,063)	22,493,020
<b>Net changes in working capital</b>	(201,887,931)	102,426,752
Taxes paid	(1,052,768)	(1,513,928)
<b>Net cash (used in)/generated from operating activities</b>	(206,513,296)	96,967,233
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(794,349)	(15,463,802)
Proceeds from short term investment	24,324,376	(8,620,965)
Dividend received	5,688,078	5,934,911
<b>Net cash (used in)/generated from investing activities</b>	29,218,105	(18,149,856)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term loan	7,452,000	12,854,655
Capital contribution from director	-	15,000,000
	7,452,000	27,854,655
<b>Net cash (used in)/generated from financing activities</b>	(169,843,191)	106,672,032
Net increase in cash and cash equivalent	257,763,452	151,091,420
Cash and cash equivalent at beginning of the year	87,920,261	257,763,452
Cash and cash equivalent at end of the year	87,920,261	257,763,452

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

  
 Chief Executive

  
 Director