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INDEPENDENT AUDITOR'S REPORT

To the members of Alfalah Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Alfalah Securities (Private) Limited** (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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 December 31, 2024 and of the loss and other comprehensive income, the changes in equity and its cash flows 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 *Auditor's 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.

Emphasis of Matter

We draw attention to notes 21.1 and 21.2 to the annexed financial statements which describes the matters related to contingencies in respect of customer claims against the Company as at December 31, 2024 and the Company's contention for not creating any provision against the same.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's 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.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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.

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- 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 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;

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);

e) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared; and

f) the Company was in compliance with the relevant requirements of Futures Brokers (Licensing and Operations) Regulations, 2018 as at the date on which the statement of financial position was prepared.

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

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A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: April 25, 2025
UDIN: AR202410611SV5DdGbTq

ALFALAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024	2023
		---------- Rupees ----------	
Assets			
Non-current assets			
Property and equipment	4	93,897,076	85,277,759
Intangible assets	5	9,847,153	9,712,411
Long-term loans	6	28,500	372,004
Long-term deposits	7	17,369,353	16,329,013
Deferred taxation - net	8	-	-
		121,142,082	111,691,187
Current assets			
Trade receivables - net	9	294,087,597	464,993,051
Investments	10	52,806,946	136,935,796
Loans and advances - net	11	627,954	7,269,753
Deposits, prepayments and other receivables	12	18,784,867	310,459,136
Taxation recoverable		53,321,967	45,302,364
Cash and bank balances	13	1,296,525,042	512,335,759
		1,716,154,373	1,477,295,859
Total assets		1,837,296,455	1,588,987,046
Equity and liabilities			
Share capital and reserves			
Authorised share capital			
340,000,000 (31 December 2023: 150,000,000) ordinary shares of Rs. 10 each	14.1	3,400,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	14.2	1,600,000,000	400,000,000
Accumulated losses		(1,142,840,453)	(1,111,078,358)
Total equity		457,159,547	(711,078,358)
Liabilities			
Non-current liabilities			
Long-term loan	15	300,000,000	-
Payable against Diminishing Musharaka	16	10,480,241	18,379,263
Retirement benefit obligation	17	35,527,564	43,058,826
Lease liability against right-of-use assets	18	13,322,093	1,397,087
		359,329,898	62,835,176
Current liabilities			
Trade and other payables	19	986,060,114	1,512,521,607
Current maturity of long-term loan	15	9,583,544	316,257,534
Current portion of payable against Diminishing Musharaka	16	4,486,806	4,691,874
Current portion of lease liability against right-of-use assets	18	20,272,011	3,281,913
Short-term running finance facility	20	404,535	400,477,300
		1,020,807,010	2,237,230,228
Total equity and liabilities		1,837,296,455	1,588,987,046
Contingencies and commitments	21		

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

ALFALAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023 (Restated)
		------------------ Rupees ------------------	
Operating revenue	22	604,553,643	446,529,286
Other operating revenue	23	116,926,667	35,953,382
Total revenue		721,480,310	482,482,668
Cost of services	24	(408,403,152)	(358,511,425)
Gross profit		313,077,158	123,971,243
Administrative and operating expenses	25	(208,740,569)	(143,960,728)
Operating profit / (loss)		104,336,589	(19,989,485)
Financial charges	26	(163,691,745)	(329,055,335)
Other income - net	27	152,470,217	196,818,149
Other charges	28	-	(2,000,000)
Allowance for expected credit losses		(80,950,656)	(14,557,712)
Profit / (loss) for the year before taxation and levy		12,164,405	(168,784,383)
Levy	29	(45,737,157)	(28,756,365)
Loss for the year before taxation		(33,572,752)	(197,540,748)
Taxation	29	9,395,930	-
Loss for the year after taxation		(24,176,822)	(197,540,748)

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		.... Rupees	
Loss for the year after taxation		(24,176,822)	(197,540,748)
Comprehensive income:			
Items that will not be reclassified to the statement of profit or loss in subsequent years:			
Actuarial gain on remeasurement of retirement benefit obligation	17.6	5,717,202	6,495,813
Related tax impact thereon		-	-
		5,717,202	6,495,813
Total comprehensive loss for the year		(18,459,620)	(191,044,935)

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Issued, subscribed and paid-up capital	Revenue reserve Accumulated losses	Total
	----------------------	Rupees	----------------------
Balance as at 1 January 2023	400,000,000	(920,033,423)	(520,033,423)
Total comprehensive loss for the year			
Loss for the year after taxation	-	(197,540,748)	(197,540,748)
Other comprehensive income for the year	-	6,495,813	6,495,813
	-	(191,044,935)	(191,044,935)
Balance as at 31 December 2023	400,000,000	(1,111,078,358)	(711,078,358)
Total comprehensive income for the year			
Loss for the year after taxation	-	(24,176,822)	(24,176,822)
Other comprehensive income for the year	-	5,717,202	5,717,202
	-	(18,459,620)	(18,459,620)
Transaction with owners directly recorded in equity			
Issuance of right shares	1,200,000,000	-	1,200,000,000
Transaction cost pertaining to right issue (note 14.3)	-	(13,302,475)	(13,302,475)
Balance as at 31 December 2024	1,600,000,000	(1,142,840,453)	457,159,547

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023 (Restated)
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year before taxation and levy		12,164,405	(168,784,383)
Adjustments for:			
Depreciation	4	35,223,642	33,136,207
Amortisation	5.1	725,008	703,212
Charge for retirement benefit obligation	17.5	4,338,340	12,781,568
Mark-up on:			
Long-term loan	26	56,309,571	59,519,178
Short-term running finance facility	26	96,232,687	116,106,343
Diminishing Musharakah	26	4,778,980	5,388,788
Financial charges on lease liability against right-of-use assets	26	1,906,335	1,963,432
Allowance for expected credit losses		80,950,656	14,557,712
Capital gain on sale of investments	27	(114,237,573)	(35,763,898)
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	27	(33,606,150)	(28,264,936)
Loss / (gain) on disposal of property and equipment	27	869,237	(55,400)
Other Income		(526,163)	-
Dividend income	27	(1,902,953)	(315,500)
Movement in working capital		143,226,022	10,972,323
Decrease / (increase) in current assets			
Trade receivables - net		89,954,798	17,342,761
Loans and advances - net		6,985,303	5,287,122
Deposits, prepayments and other receivables		290,633,929	(127,492,708)
		387,574,030	(104,862,825)
(Decrease) / increase in current liabilities			
Trade and other payables		(526,461,493)	510,776,647
Net cash generated from operations		4,338,559	416,886,145
Taxes recovered / (paid)		1,376,326	(18,888,324)
Levy paid	29	(45,737,157)	(28,756,365)
Gratuity paid	17.4	(6,152,400)	(3,071,250)
Financial charges paid		(186,709,829)	(170,587,165)
Net cash (used in) / generated from operating activities		(232,884,501)	195,583,041
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(947,088)	(12,245,095)
Acquisition of intangible assets		(859,750)	(1,779,000)
Investments made - net		231,972,573	35,763,898
Proceeds from disposal of property and equipment		-	55,400
Dividend received		1,902,953	315,500
Net cash generated from investing activities		232,068,688	22,110,703
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid during the year		(16,230,175)	(21,314,277)
Amount received against issuance of shares		1,200,000,000	-
Transaction cost pertaining to right issue	14.3	(13,302,475)	-
Short-term running finance facility - net		(372,579,184)	(241,657,398)
Financing obtained against Diminishing Musharakah - net		(12,883,070)	(5,368,561)
Net cash generated from / (used in) financing activities		785,005,096	(268,340,236)
Net increase / (decrease) in cash and cash equivalents during the year		784,189,283	(50,646,492)
Cash and cash equivalents at the beginning of the year		512,335,759	562,982,251
Cash and cash equivalents at the end of the year	33	1,296,525,042	512,335,759

The annexed notes 1 to 42 form an integral part of these financial statements.

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Chief Executive Officer

Chief Financial Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Alfalah Securities (Private) Limited (formerly Alfalah CLSA Securities (Private) Limited) (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 [(now the Companies Act, 2017) (the Act)] on 23 September 2003 as a private limited company. The Company commenced its operations on 25 March 2004. The Company has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and is also a corporate member of Pakistan Mercantile Exchange Limited.

The principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The Company is a subsidiary of Bank Alfalah Limited which owns 95.59% (2023: 62.5%) shares of the Company.

The geographical locations and addresses of the Company's branches are as under:

- 4th Floor, Block 1, Shafi Court, Plot No. CL 5/6-1, Civil Lines, Karachi.
- Room No. 70, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
- Suite No. 314, 3rd Floor, ISE Tower, Jinnah Avenue, Blue Area, Islamabad.
- Suite No. 1, 2 & 3, Mezzanine Floor, LSE Plaza, North Tower, 19, Khayaban-e-Aiwan-e-Iqbal Road, Lahore.
- 607, 6th Floor, Kohistan Tower, Mall Road, Saddar Cantt., Rawalpindi.

1.2 During the year, an Extraordinary General Meeting of the shareholders was called on 18 March 2024 to increase the authorised share capital of the Company from Rs. 1,500 million to Rs. 3,400 million with an objective to inject additional capital to comply with the regulatory requirements with respect to net worth, liquid capital balance, asset under custody & client asset segregation and for strengthening the financial standing and smoothening of the operations of the Company. The Board of Directors of the Company passed a resolution through circulation on 9 April 2024 to increase the paid-up capital of the Company by Rs. 1,200 million by issuing right shares. In this regard, subsequent to passing of resolution, the regulatory requirements for increasing the paid-up share capital of the Company were fulfilled and the Parent Company subscribed the entire right issue of Rs. 1,200 million. On 30 April 2024, the Company received Rs. 1,200 million in its bank account and shares were issued to the Parent Company on 10 May 2024. The equity injection increased the Company's net worth which is now in compliance with the minimum net worth requirement of Rs 75 million and Rs. 10 million as per regulation 6(1A) of the Securities Brokers (Licensing and Operations) Regulations, 2016 and regulation 7 of Futures Brokers (Licensing and Operations Regulations), 2018 respectively. Further, it improved the Company's liquid capital balance, which is also in compliance with the minimum liquid capital requirement of Rs 10 million to be maintained at all times in accordance with the requirements of regulation 6(4) of the Securities Brokers (Licensing and Operations) Regulations, 2016.

1.3 During the current year, the sponsor shareholder of the Company, Bank Alfalah Limited, has entered into a Share Purchase Agreement (SPA) with an entity for disposal of its shares in Alfalah Securities (Private) Limited. The execution of the SPA is dependant on compliance of certain conditions as mentioned in the SPA which will be complied post 31 December 2024. As, the SPA, represents a transaction carried out by the sponsors in their individual capacity, it does not have any impact on the measurement of assets and liabilities in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- provisions of and directives issued under the Companies Act, 2017; and
- the Securities Brokers (Licensing and Operations) Regulations, 2016.

Where provisions of and directives issued under the Companies Act, 2017 and the Securities Brokers (Licensing and Operations) Regulations, 2016 differ from the IFRS Accounting Standards, the provisions of and directives issued under the Companies Act, 2017 and the Securities Brokers (Licensing and Operations) Regulations, 2016 have been followed.

2.2 Standards, interpretations and amendments to accounting and reporting standards that are effective in the current year:

There are certain standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after 1 January 2024 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

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

The following new amendments will be effective from the dates mentioned below against the respective amendment:

Standard and amendments	Effective date (accounting period beginning on or after)
- the new standard - IFRS 18 - 'Presentation and Disclosure in Financial Statements' (New)	1 January 2027
- amendments to IFRS 7 'amendments to IFRS 7 'Financial Instruments: Disclosures'	1 January 2026
- amendments to IFRS 9 'Financial Instruments'	1 January 2026
- IAS 21 - 'The Effects of Changes in Foreign Exchange Rates' (amendments)	1 January 2025

The management is in the process of assessing the impact of these amendments on the financial statements of the Company.

There are certain other new standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after 1 January 2025. However, these will not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are carried at fair values and liability towards defined benefit plan which is stated at present value of defined benefit obligation less fair value of plan assets, if any.

2.5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.6 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- estimation of useful lives and residual values of property and equipment (notes 3.1 and 4);
- estimation of useful lives of intangible assets (notes 3.2 and 5);
- provision for current and deferred taxation (notes 3.7, 8 and 29);
- lease liability and right-of-use assets (notes 3.3, 4 and 18);
- classification, valuation and impairment of financial assets (notes 3.5.1.1, 3.5.1.2, 6, 9, 10, 11 and 12); and
- provision for retirement benefits (notes 3.4 and 17).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, except the following:

a) Interpretation on IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes

During the year, the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and has issued a Guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said Guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, effective from 1 January 2024 the Company has changed its accounting policy to recognise such taxes as 'levies' which were previously being recognised as 'income tax'. This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures in the statement of profit and loss and other comprehensive income and statement of cash flows have been restated.

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EFFECT ON THE STATEMENT OF PROFIT OR LOSS

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	Rupees		
For the year ended 31 December 2024			
Levy - tax on dividends on investments and minimum tax on institutional brokerage	-	(45,737,157)	(45,737,157)
Profit / (loss) for the year before taxation	12,164,405	(45,737,157)	(33,572,752)
Taxation	(36,341,227)	45,737,157	9,395,930
Profit for the year after taxation	(24,176,822)	-	(24,176,822)
For the year ended 31 December 2023			
Levy - tax on dividends on investments and minimum tax on institutional brokerage	-	(28,756,365)	(28,756,365)
Loss for the year before taxation	(168,784,383)	(28,756,365)	(197,540,748)
Taxation	(28,756,365)	28,756,365	-
Loss for the year	(197,540,748)	-	(197,540,748)

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after taxation and the statement of financial position.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. The cost of an item of property and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation on property and equipment is calculated using the straight line method in accordance with the rates specified in note 4 to these financial statements after taking into account residual values, if significant. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if significant, at each reporting date.

Depreciation on additions is charged from the date the asset is available for use. For any disposal, depreciation is charged till the date of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised 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. All other repairs and maintenance expenditures are charged to the statement of profit or loss as and when incurred.

3.2 Intangible assets

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual values, if significant, at the rates specified in note 5.1 to these financial statements. The useful lives, assets' residual values and amortisation method are reviewed and adjusted, if significant, at each reporting date.

Amortisation on additions is charged from the date the intangible is available for use. For any disposal, amortisation is charged till the date of disposal.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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3.3 Right-of-use assets and their related lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, using the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase an underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight line method in accordance with the rates specified in note 4 to these financial statements and after taking into account residual values, if any.

3.4 Employees' retirement benefits

The Company operates an unfunded gratuity scheme for all its permanent employees who have completed the prescribed qualifying period of service. Provision in respect of gratuity costs is recorded based on actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit method. In accordance with IAS 19 Employee Benefits, remeasurements arising as a result of actuarial valuations, are recorded in other comprehensive income in the period in which these occur.

3.5 Financial instruments

3.5.1 Financial assets

3.5.1.1 Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories in accordance with the requirements of IFRS 9:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

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The classification requirements for debt and equity instruments are described below:

(i) **Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) **At amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.5.1.2.

b) **Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 3.5.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from surplus on remeasurement of financial assets to the statement of profit or loss.

c) **Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

(ii) **Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are to be recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

3.5.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI and trade receivables. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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The Company considers that a financial asset is in default when the counterparty fails to make contractual payments within ninety days of when they fall due. Further, financial assets are written off by the Company, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.5.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or

(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.5.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.5.2 Financial liabilities

Financial liabilities are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost except for financial liabilities at fair value through profit and loss.

3.5.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the statement of profit or loss.

3.5.3 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

3.5.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5.5 Business model

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's board/ board committees;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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3.5.6 Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

3.5.7 Reclassifications

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

3.6 Non-financial assets

The carrying amount of the assets is reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the statement of profit or loss.

3.7 Taxation

3.7.1 Current

Provision for current taxation is based on taxability of certain income streams of the Company under minimum tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under normal tax regime after taking into account tax credits and rebates available, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of Income Tax Ordinance, 2001 whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year.

3.7.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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

3.8 Levy

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of International Financial Reporting Interpretations Committee (IFRIC) 21 - 'Levies' and accordingly have been classified as levy in these financial statements.

3.9 Borrowings

These are initially recognised at cost being the fair value of consideration received. Subsequently, these are carried at amortised cost. Costs in respect of these are recognised as an expense in the statement of profit or loss in the period in which these are incurred.

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3.10 Payable against Diminishing Musharaka

Diminishing Musharaka is an Islamic financing arrangement where the Company and a counterparty jointly purchase an asset. Over time, the Company buys the counterparty's share in the asset, eventually obtaining full ownership.

At inception, the asset acquired through Diminishing Musharaka is recognised at cost, which includes the amount paid to acquire the asset jointly with the counterparty. Correspondingly, a liability is recognised for the counterparty's share in the asset, representing the Company's obligation to purchase the counterparty's share over time.

The asset is depreciated over its useful life, consistent with the Company's depreciation policy for similar assets. Depreciation begins when the asset is available for use and continues until the asset is fully depreciated or disposed of.

The payments made to acquire the counterparty's share are apportioned between the reduction of the liability and interest expense. The interest component is recognised in the statement of profit or loss, reflecting the cost of financing.

3.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.12 Deposits and other receivables

Deposits and other receivables are carried at amortised cost, less expected credit loss allowance determined in accordance with note 3.5.1.2.

3.13 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

3.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, balances with banks in current and savings accounts and other highly liquid short-term investments with original maturities of three months or less and bank overdrafts.

3.15 Revenue recognition

3.15.1 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 consideration 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 contracts do not typically include multiple performance obligations.

When the Company provides a service to its customers, consideration is invoiced and generally due immediately upon 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 is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

3.15.2 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 fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees.

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

3.15.3 Fee and commission income from services where performance obligations are satisfied over time

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

The Company's brokerage and fee revenue does not include significant services where performance obligations are satisfied over time.

3.15.4 Other income

Interest income on financial assets (including margin financing) is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive the dividend is established.

Gains / losses arising on sale of fixed assets are included in the statement of profit or loss in the period in which they arise.

3.16 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared / transfers are made.

3.17 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates approximating those at the statement of financial position date. Exchange gains / losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the statement of profit or loss.

4 PROPERTY AND EQUIPMENT

	2024					
	Furniture and fixtures	Computer equipment	Office equipment	Motor vehicles	Right-of-use assets - Buildings	Total
	(Rupees)					
As at 1 January 2024						
Cost	26,575,198	32,591,915	17,834,849	39,982,000	45,516,783	162,500,745
Accumulated depreciation	(6,258,901)	(21,687,058)	(11,074,955)	(7,605,313)	(30,596,759)	(77,222,986)
Net book value	20,316,297	10,904,857	6,759,894	32,376,687	14,920,024	85,277,759
Year ended 31 December 2024						
Opening net book value	20,316,297	10,904,857	6,759,894	32,376,687	14,920,024	85,277,759
Additions	-	695,318	251,770	-	44,064,701	45,011,789
Disposals						
Cost	(1,211,458)	-	-	-	(43,727,640)	(44,939,098)
Accumulated depreciation / adjustment	155,423	526,163	-	-	43,088,682	43,770,268
	(1,056,035)	526,163	-	-	(638,958)	(1,168,830)
Depreciation charge for the year	(2,849,563)	(4,979,133)	(3,364,727)	(5,597,480)	(18,632,739)	(35,223,642)
Closing net book value	16,610,699	7,147,205	3,646,937	26,779,207	39,713,028	93,897,076
As at 31 December 2024						
Cost	25,363,740	33,287,233	18,086,619	39,982,000	45,853,844	162,573,436
Accumulated depreciation	(8,753,041)	(26,140,028)	(14,439,682)	(13,202,793)	(6,140,816)	(68,676,360)
Net book value	16,610,699	7,147,205	3,646,937	26,779,207	39,713,028	93,897,076
Depreciation rate (% per annum)	10%	25%	25%	20%	1 to 3 years	

	2023					
	Furniture and fixtures	Computer equipment	Office equipment	Motor vehicles	Right-of-use assets - Buildings	Total
	(Rupees)					
As at 1 January 2023						
Cost	23,689,615	29,979,670	16,426,624	34,982,000	45,931,271	151,009,180
Accumulated depreciation	(3,690,308)	(16,928,491)	(7,865,703)	(2,335,778)	(19,966,886)	(50,787,166)
Net book value	19,999,307	13,051,179	8,560,921	32,646,222	25,964,385	100,222,014
Year ended 31 December 2023						
Opening net book value	19,999,307	13,051,179	8,560,921	32,646,222	25,964,385	100,222,014
Additions	2,885,583	2,951,287	1,408,225	5,000,000	5,946,857	18,191,952
Disposals						
Cost	-	(339,042)	-	-	(6,361,345)	(6,700,387)
Accumulated depreciation	-	339,042	-	-	6,361,345	6,700,387
	-	-	-	-	-	-
Depreciation charge for the year	(2,568,593)	(5,097,609)	(3,209,252)	(5,269,535)	(16,991,218)	(33,136,207)
Closing net book value	20,316,297	10,904,857	6,759,894	32,376,687	14,920,024	85,277,759
As at 31 December 2023						
Cost	26,575,198	32,591,915	17,834,849	39,982,000	45,516,783	162,500,745
Accumulated depreciation	(6,258,901)	(21,687,058)	(11,074,955)	(7,605,313)	(30,596,759)	(77,222,986)
Net book value	20,316,297	10,904,857	6,759,894	32,376,687	14,920,024	85,277,759
Depreciation rate (% per annum)	10%	25%	25%	20%	1 to 3 years	

4.1 The aggregate net book value of disposals was not in excess of Rs. 5 million during the year ended 31 December 2024.

4.2 Property and equipment includes items costing Rs. 18.375 million (2023: Rs. 17.260 million) which are fully depreciated as of 31 December 2024 but are still in active use of the Company.

4.3 The details of operating fixed assets disposed off during the year are as follow:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchasers	Relationship
		Rupees							
Furniture and fixtures	1	912,958	56,477	856,481	-	(856,481)	Write off	-	-
Furniture and fixtures	1	298,500	98,800	199,700	-	(199,700)	Write off	-	-
		1,211,458	155,277	1,056,181	-	(1,056,181)			

5 INTANGIBLE ASSETS

	Note	2024	2023
		(Rupees)	
Intangibles	5.1	8,124,253	7,489,511
Capital work-in-progress	5.2	1,722,900	2,222,900
		9,847,153	9,712,411

5.1

	2024			
	Computer software	TRE Certificate - Pakistan Stock Exchange Limited (5.1.1)	TRE Certificate - Pakistan Mercantile Exchange Limited (5.1.2)	Total
	(Rupees)			
As at 1 January 2024				
Cost	9,873,312	4,926,170	3,500,000	18,299,482
Accumulated amortisation / impairment	(8,383,801)	(2,426,170)	-	(10,809,971)
Net book value	1,489,511	2,500,000	3,500,000	7,489,511
Year ended 31 December 2024				
Opening net book value	1,489,511	2,500,000	3,500,000	7,489,511
Additions	1,359,750	-	-	1,359,750
Amortisation for the year	(725,008)	-	-	(725,008)
Closing net book value	2,124,253	2,500,000	3,500,000	8,124,253
As at 31 December 2024				
Cost	11,233,062	4,926,170	3,500,000	19,659,232
Accumulated amortisation / impairment	(9,108,809)	(2,426,170)	-	(11,534,979)
Net book value	2,124,253	2,500,000	3,500,000	8,124,253
Amortisation rate (% per annum)	25%			

	2023			
	Computer software	TRE Certificate - Pakistan Stock Exchange Limited (5.1.1)	TRE Certificate - Pakistan Mercantile Exchange Limited (5.1.2)	Total
	(Rupees)			
As at 1 January 2023				
Cost	9,564,312	4,926,170	3,500,000	17,990,482
Accumulated amortisation / impairment	(7,680,589)	(2,426,170)	-	(10,106,759)
Net book value	1,883,723	2,500,000	3,500,000	7,883,723
Year ended 31 December 2023				
Opening net book value	1,883,723	2,500,000	3,500,000	7,883,723
Additions	309,000	-	-	309,000
Amortisation for the year	(703,212)	-	-	(703,212)
Closing net book value	1,489,511	2,500,000	3,500,000	7,489,511
As at 31 December 2023				
Cost	9,873,312	4,926,170	3,500,000	18,299,482
Accumulated amortisation / impairment	(8,383,801)	(2,426,170)	-	(10,809,971)
Net book value	1,489,511	2,500,000	3,500,000	7,489,511
Amortisation rate (% per annum)	25%			

5.1.1 This represents Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012.

5.1.2 This represents Trading Right Entitlement Certificate (TREC) of Pakistan Mercantile Exchange Limited issued in accordance with the Futures Market Act, 2016.

5.1.3 Intangible assets includes items costing Rs. 7.547 million (2023: Rs. 7.027 million) which are fully amortised as at 31 December 2024 but are still in active use of the Company.

	Note	2024	2023
5.2 Capital work-in-progress		(Rupees)	
Advance to vendor	5.2.1	1,722,900	2,222,900

5.2.1 Movement of capital work-in-progress

	2024	2023
Opening as at 1 January	2,222,900	752,900
(Deletions) / additions during the year	(500,000)	1,470,000
Closing as at 31 December	1,722,900	2,222,900

6 LONG-TERM LOANS

	Note	2024	2023
Considered good - unsecured			
Loan to employees			
Executives		-	687,505
Other employees		362,762	2,150,012
		362,762	2,837,517
Considered doubtful - unsecured			
Loan to ex-CEO*		307,080	307,080
Loan to other employees		833,535	833,535
		1,140,615	1,140,615
Less: provision against doubtful employee loans	6.4	(1,140,615)	(1,140,615)
	6.2	362,762	2,837,517
Less: current maturity of long-term loans			
Loan to ex-CEO*		-	-
Loan to employees		(334,262)	(2,465,513)
	11	(334,262)	(2,465,513)
		28,500	372,004

* During the year, the ex-CEO was dismissed and his loan amount has been fully provided.

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6.1 These represent personal loans provided to employees of the Company as per the Company's policy. These loans carry mark-up at the rate of 1 month KIBOR + 1% (2023: 1 month KIBOR + 1%) and are repayable in equal monthly installments over a period of two years through deductions from salary.

6.2 Reconciliation of loans to executives and other employees of the Company is as follows:	2024	2023
	(Rupees)	
As at 1 January	2,837,517	2,758,908
Loans disbursed during the year	226,000	4,365,000
Loans repaid during the year	(2,700,755)	(4,286,391)
As at 31 December	362,762	2,837,517

6.3 The maximum aggregate amount due from the employees at the end of any month during the year was Rs. 3.646 million (2023: Rs. 5.016 million).

6.4 **Movement in provision against doubtful employee loans:**	2024	2023
	(Rupees)	
As at 1 January	1,140,615	811,072
Charge for the year	-	329,543
Reversals made during the year	-	-
As at 31 December	1,140,615	1,140,615

* During the year, the ex-CEO has been dismissed and his loan amount has been fully provided as doubtful.

7 **LONG-TERM DEPOSITS**	Note	2024	2023
		(Rupees)	
Deposits with:			
Central Depository Company of Pakistan Limited		100,000	100,000
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Pakistan Stock Exchange Limited	7.1	13,810,000	13,210,000
Pakistan Mercantile Exchange Limited		1,381,353	761,043
Other security deposits		678,000	857,970
		17,369,353	16,329,013

7.1 This represents amount deposited with Pakistan Stock Exchange Limited (PSX) on account of Base Minimum Capital requirement prescribed by PSX and is in addition to the shares of PSX as mentioned in note 10.2 to these financial statements. This deposit carries mark-up / interest at the rate as determined by the Exchange.

8 **DEFERRED TAXATION - NET**	2024	2023
	(Rupees)	
Deferred tax assets arising on deductible temporary differences		
Property and equipment	300,110	-
Intangible assets	89,277	119,811
Lease liability against right-of-use assets	9,742,290	1,356,910
Retirement benefit obligation	10,302,994	7,005,108
Payable against Diminishing Musharaka	8,593,861	6,690,630
	29,028,532	15,172,459
Deferred tax liabilities arising on taxable temporary differences		
Property and equipment	-	1,456,413
Investment in securities	9,745,784	-
Right-of-use assets	11,516,778	4,326,807
Motor vehicles under Diminishing Musharaka	7,765,970	9,389,239
	29,028,532	15,172,459
Deferred tax asset	-	-

8.1 **Reconciliation of deferred tax asset**

	2024	2023
Deferred tax asset / (liability) as at 1 Jan	-	-
Recognised in the statement of profit or loss	-	-
Recognised in other comprehensive income	-	-
Deferred tax asset / (liability) as at 31 December	-	-

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8.2 As at 31 December 2024, the Company has aggregate tax losses amounting to Rs 356.392 million in respect of business losses for prior years. This includes business losses for tax years 2022 and 2023 aggregating to Rs 161.522 million.The Company is in proces of filing the revised tax returns due to restatements of financial statements of the Company for the years 2023, 2022 and 2021. The Company has opted for recognising deferred tax asset on deductible temporary differences only to the extent of taxable temporary differences.

9 TRADE RECEIVABLES - NET	Note	2024	2023
		(Rupees)	
Considered good			
Receivable from clients against purchase of marketable securities - secured		235,183,070	307,920,788
Money market brokerage receivable - unsecured		57,333,793	39,787,971
Forex brokerage receivable - unsecured		1,570,734	970,953
		294,087,597	348,679,712
Receivable from National Clearing Company of Pakistan Limited		-	116,313,339
		294,087,597	464,993,051
Considered doubtful			
Receivable from clients against purchase of marketable securities		1,233,269,033	1,166,870,368
Money market brokerage receivable		6,885,875	2,420,075
Forex brokerage receivable		8,998	8,659
Others		3,152,832	3,152,832
		1,243,316,738	1,172,451,934
Less: Provision against doubtful trade receivables	9.5	(1,243,316,738)	(1,172,451,934)
		-	-
	9.1	294,087,597	464,993,051

9.1 The ageing analysis of trade receivables is as follows:

	2024		
	Gross	Provision	Net
		(Rupees)	
Up to 5 days	215,335,125	(4,702,425)	210,632,700
More than 5 but up to 14 days	11,413,544	(232,305)	11,181,239
More than 14 but up to 30 days	4,710,636	(106,743)	4,603,893
More than 30 but up to 60 days	24,419,642	(1,732,863)	22,686,779
More than 60 but up to 90 days	7,397,098	(619,043)	6,778,055
More than 90 days but up to 365 days	27,283,886	(2,727,033)	24,556,853
More than 365 days*	1,246,844,404	(1,233,196,326)	13,648,078
	1,537,404,335	(1,243,316,738)	294,087,597

	2023		
	Gross	Provision	Net
		(Rupees)	
Up to 5 days	290,575,010	(1,597,367)	288,977,643
More than 5 but up to 14 days	30,877,180	(529,487)	30,347,693
More than 14 but up to 30 days	15,094,751	(178,532)	14,916,219
More than 30 but up to 60 days	61,229,745	(4,633,201)	56,596,544
More than 60 but up to 90 days	8,065,974	(1,363,289)	6,702,685
More than 90 days but up to 365 days	14,864,956	(3,308,114)	11,556,842
More than 365 days*	1,216,737,369	(1,160,841,944)	55,895,425
	1,637,444,985	(1,172,451,934)	464,993,051

*this includes balances whose aging have been moved to highest category as these balances were rolled over historically.

9.2 This includes amounts due from related parties as follows:	Note	2024	2023
		(Rupees)	
Key Management Personnel		2,053,203	-
Other related parties and associated undertakings		5,722,354	872,375
	9.4	7,775,557	872,375

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9.3 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 63.822 million (2023: Rs. 426.456 million).

9.4 The aging analysis of amounts due from related parties and associated undertakings is as follows:

	2024 Gross	2024 Provision	2024 Net
	---(Rupees)---		
Up to 5 days	1,732,653	(41,236)	1,691,417
More than 5 but up to 14 days	2,949,176	(68,812)	2,880,363
More than 14 but up to 30 days	-	-	-
More than 30 but up to 60 days	1,614,634	(475,183)	1,139,451
More than 60 but up to 90 days	1,261,562	(1,197,236)	64,326
More than 90 days but up to 365 days	2,905,636	(2,905,636)	-
More than 365 days	14,038,136	(12,038,136)	2,000,000
	24,501,797	(16,726,239)	7,775,557

	2023 Gross	2023 Provision	2023 Net
	---(Rupees)---		
Up to 5 days	456,160	-	456,160
More than 5 but up to 14 days	183,155	-	183,155
More than 14 but up to 30 days	67,646	-	67,646
More than 30 but up to 60 days	163,701	-	163,701
More than 60 but up to 90 days	623	-	623
More then 90 days but up to 365 days	42	-	42
More than 365 days	425,584,300	(425,583,252)	1,048
	426,455,627	(425,583,252)	872,375

9.5 Provision against doubtful debts	2024	2023
	---(Rupees)---	
As at 1 January	1,172,451,934	1,161,268,765
Charge for the year	80,950,656	11,183,169
Written off during the year	(10,085,852)	-
As at 31 December	1,243,316,738	1,172,451,934

9.6 The value of customers' assets held in the Central Depository System by the Company and maintained in the Company's sub-accounts as at 31 December 2024 amounts to Rs. 6,783.176. million (2023: Rs. 6,680.043 million).

10 INVESTMENTS	2024	2023
	---(Rupees)---	
Financial assets at 'fair value through profit or loss'		
- Quoted equity securities	52,806,946	136,935,796

10.1

Company name	Number of shares: As at 1 January 2024	Purchased / bonus issued during the year	Sold during the year	As at 31 December 2024	Percentage of equity held	Carrying value as at 31 December 2024	Market value as at 31 December 2024	Unrealised gain on remeasurement for the year
							(Rupees)	
Pakistan Stock Exchange Limited	1,902,953	-	-	1,902,953	0.24%	19,200,796	52,806,946	33,606,150
First National Equities Limited	23,500,000	-	23,500,000	-	-	-	-	-
Agritech Limited	-	16,762,500	16,762,500	-	-	-	-	-
Total as at 31 December 2024						19,200,796	52,806,946	33,606,150
Total as at 31 December 2023						108,670,860	136,935,796	28,264,936

10.2 The shares of PSX were allotted to the Company pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. These shares have been pledged with CDC in order to comply with the Base Minimum Capital requirement prescribed by the PSX.

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11 LOANS AND ADVANCES - NET

	Note	2024	2023
		----------(Rupees)----------	
Considered good - unsecured			
Current maturity of long-term loans	6	334,262	2,465,513
Advance to employees	11.1	25,000	4,203,018
Advance to suppliers		268,692	601,222
		627,954	7,269,753
Considered doubtful - unsecured			
Advance to employees		3,404,768	3,404,768
Less: provision against doubtful advances	11.2 & 11.3	(3,404,768)	(3,404,768)
		-	-
		627,954	7,269,753

11.1 The advances to employees are given to meet personal and travelling expenses. These are granted to employees of the Company in accordance with their terms of employment and are recovered through deductions from salaries / against expense settlements.

11.2 Provision against doubtful advances

	2024	2023
	----------(Rupees)----------	
As at 1 January	3,404,768	458,173
Charge for the year	-	3,045,000
Reversal during the year	-	(98,405)
As at 31 December	3,404,768	3,404,768

11.3 During the year, the ex-CEO was dismissed and his loan amount has been fully provided as doubtful.

12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024	2023
		----------(Rupees)----------	
Exposure deposits with National Clearing Company of Pakistan Limited	12.1	4,478,685	297,304,797
Prepayments			
Prepaid fees		945,407	1,594,913
Prepaid IT service level agreements		3,586,819	3,700,262
Prepaid insurance		24,063	206,310
Prepaid others		835,002	807,441
		5,391,291	6,308,926
Other receivables			
Accrued mark-up on exposure deposits with NCCPL		1,220,306	1,549,328
Accrued mark-up on bank deposits		588,505	204,515
Advisory fee receivable	12.2	2,789,995	2,789,995
Others		4,316,085	2,301,575
		8,914,891	6,845,413
		18,784,867	310,459,136

12.1 This represents deposits held at the year end against exposures arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited (the Exchange). Interest is earned on the deposit at rates as determined by the Exchange.

12.2 This includes an amount receivable from Bank Alfalah Limited (a related party) amounting to Rs. 1.595 million (2023: Rs. 1.595 million). The maximum aggregate amount outstanding at the end of any month during the year was Rs. 1.595 million (2023: Rs. 1.595 million).

12.2.1 The aging analysis of receivable from the related party is as follows:

	2024	2023
	----------(Rupees)----------	
Not past due	-	-
Past due more than one year	1,594,995	1,594,995
	1,594,995	1,594,995

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13 CASH AND BANK BALANCES

	Note	2024	2023
		(Rupees)	
Cash in hand		25,086	100,924
Cash at banks in			
- Current accounts	13.1	810,922,622	162,427,699
- Savings accounts	13.2 & 13.3	485,577,334	349,807,136
	13.4	1,296,499,956	512,234,835
		1,296,525,042	512,335,759

13.1 This includes an amount of Rs. 36.001 million (2023: Rs. 139.984 million) maintained with Bank Alfalah Limited (a related party).

13.2 These include a balance of Rs. 3.103 million (2023: Rs. 3.541 million) maintained with Bank Alfalah Limited (a related party) that carries mark-up at the rate of 13.50% to 20.5% (2023: 20.50%) per annum. Other savings accounts of the Company with commercial banks, carry mark-up at the rates ranging from 10% to 20.50% (2023: 7.00% to 20.50%) per annum.

13.3 This includes an amount of Rs. 334 million maintained in a Call Account with a commercial bank as security against loan and a lien is marked against the said amount.

13.4 This includes an amount of Rs. 797.473 million (2023: Rs. 148.726 million) representing clients' funds. As required under rule 4.17.1(a) of PSX Rule book, section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016 the Company is required to maintain in a separate account all customer assets received from the customer or accruing to the customer and not to comingle those customer assets with the assets of the Company.

14 SHARE CAPITAL

14.1 Authorised share capital

2024	2023		2024	2023
Number of shares			(Rupees)	
340,000,000	150,000,000	Ordinary shares of Rs. 10 each	3,400,000,000	1,500,000,000

14.2 Issued, subscribed and paid-up share capital

2024	2023		2024	2023
Number of shares			(Rupees)	
40,000,000	40,000,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	400,000,000	400,000,000
300,000,000	-	Right shares of Rs. 10 each issued as fully paid in cash	3,000,000,000	-
			3,400,000,000	400,000,000
		Less: Discount on issue of right shares	(1,800,000,000)	-
340,000,000	40,000,000		1,600,000,000	400,000,000

14.3 The Company has paid fee of Rs. 13.302 million to the Securities and Exchange Commission of Pakistan (SECP) pertaining to increase in authorised share capital during the year.

14.4 The share capital was issued, subscribed and paid-up by the following related parties of the Company:

	2024	2023	2024	2023
	Percentage Holding		Number of shares	
Bank Alfalah Limited	95.59%	62.50%	324,999,912	24,999,912
CLSA BV	0.00%	24.90%	-	9,960,000
Mr. Muhammad Aliuddin Ansari	4.16%	9.87%	14,158,761	3,948,761
Directors	0.00%	0.00%	88	88
Others	0.25%	2.73%	841,239	1,091,239
			340,000,000	40,000,000

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Subsequent to additional equity injection by Bank Alfalah Limited, CLSA BV decided to exit from the business and offered its shares to existing shareholders of the Company under the provision of relevant sections of the Companies Act, 2017. Further, Mr. Muhammad Alluddin Ansari has acquired the shares from former key management personnel. The transfer of shares and related legal requirements are being completed.

15 LONG-TERM LOAN

	Note	2024	2023
		(Rupees)	
Long-term loan	15.1	300,000,000	300,000,000
Accrued mark-up		9,583,544	16,257,534
		309,583,544	316,257,534
Less: current maturity of long-term loan		(9,583,544)	(316,257,534)
		300,000,000	-

15.1 During the year ended 31 December 2024, the Company extended the maturity of long term loan for the period of 3 years. Mark-up on loan is payable on quarterly basis and principal is repayable on maturity.

The loan is secured against lien of funds maintained in a Call Account with a commercial bank amounting to Rs. 334 million with a 10% margin on the said amount. The facility carries mark-up at the rate of 1 year KIBOR minus 5.99% (2023: 1 year KIBOR minus 2.23%) per annum and is due to mature in November 2027.

16 PAYABLE AGAINST DIMINISHING MUSHARAKA

	Note	2024	2023
		(Rupees)	
Payable against Diminishing Musharaka	16.1	14,967,047	23,071,137
Less: current portion of payable against Diminishing Musharaka		(4,486,806)	(4,691,874)
		10,480,241	18,379,263

16.1 These represent Diminishing Musharaka Financing obtained from a Modaraba amounting to Rs. 22.3279 million (2023: Rs. 27.987 million). The financed amount is secured by way of registering the vehicles purchased from the amount financed in the name of the Modaraba. These carry mark-up at the rate of 3 months KIBOR plus 2.5% per annum (2023: 3 months KIBOR plus 2.5% per annum). These facilities are due to mature latest by June 2028 (2023: June 2028).

16.2 Following is the movement in payable against Diminishing Musharaka:

	2024	2023
	(Rupees)	
As at 1 January	23,071,137	23,050,910
Amount borrowed during the year	-	3,500,000
Amount repaid during the year	(8,104,090)	(3,479,773)
As at 31 December	14,967,047	23,071,137

17 RETIREMENT BENEFIT OBLIGATION

17.1 The Company operates an unfunded gratuity scheme for all its eligible employees who have completed the minimum qualifying period of five years of service under the scheme. Actuarial valuation of the scheme is carried out every year using the projected unit credit method. Latest valuation of the scheme was carried out on 31 December 2024.

The gratuity scheme exposes the Company to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

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Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings, if any.

17.2 Valuation results

The information provided in notes 17.3 to 17.10 has been obtained from the actuarial valuation carried out as at 31 December 2024. The following significant assumptions have been used for valuation of this scheme:

Actuarial assumptions	**2024**	**2023**
Discount rate (per annum compound)	12.25%	15.50%
Expected rate of increase in salary (per annum compound)	10.25%	13.50%
Mortality rate	SLIC (2001 - 2005)	
Withdrawal rate	Moderate	

	Note	2024	2023
17.3 Amounts recognised in the statement of financial position		(Rupees)	
Present value of defined benefit obligation		35,527,564	43,058,826
17.4 The movement in present value of defined benefit obligations during the year is as follows:			
Obligation as at 1 January		43,058,826	39,844,321
Charge for the year	17.5	4,338,340	12,781,568
Benefits paid		(6,152,400)	(3,071,250)
Re-measurement gain on obligation	17.6	(5,717,202)	(6,495,813)
Obligation as at 31 December		35,527,564	43,058,826
17.5 Amount recognised in the statement of profit or loss			
Current service cost		6,684,011	7,754,322
Interest cost		4,930,390	5,027,246
Benefit not paid		(7,276,061)	-
		4,338,340	12,781,568
17.6 Remeasurement gain recognised in the statement of comprehensive income			
Actuarial gain on obligation		(5,717,202)	(6,495,813)

17.7 Sensitivity analysis:

The impact of 1% change in the following variables on defined benefit obligation is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
	%	(Rupees)	
Discount rate	1%	(1,768,743)	1,977,441
Salary increase rate	1%	2,157,930	(1,959,735)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied when calculating the gratuity liability.

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17.8 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 8.876 million in the financial statements in respect of the unfunded gratuity scheme for the year ending 31 December 2025.

17.9 The weighted average duration of the defined benefit obligation is 5.55 years (2023: 6.11 years).

17.10 Expected maturity analysis of undiscounted obligation

	Less than 1 year	1 - 2 years	2 - 5 years	Over 5 years
	(Rupees)			
Undiscounted payments	8,061,168	4,426,842	13,448,011	67,782,725

18 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

The Company has entered into lease agreements in respect of its rented premises for its head office and branches. These were initially measured at the present value of lease payments, discounted using the Company's incremental borrowing rate that ranges from 11.73% per annum to 25.63% per annum (2023: 11.89% per annum to 25.63% per annum). The lease liabilities are subsequently being measured at amortised cost using the effective interest rate method.

The amount of future payments for the leases and the period in which these payments will become due are as follows:

	2024	2023
	(Rupees)	
Present value of minimum lease payments	33,594,104	4,679,000
Less: current portion of lease liability against right of use assets	(20,272,011)	(3,281,913)
	13,322,093	1,397,087

18.1 The movement in lease liabilities against right-of-use assets is as follows:

	2024	2023
Opening balance	4,679,000	18,082,988
Additions during the year		
- Buildings	44,064,701	5,946,857
Disposals during the year / adjustment		
- Buildings	(825,757)	-
Interest expense for the year	1,906,335	1,963,432
Interest payments (presented as operating cash flows)	(1,906,335)	(1,963,432)
Principal payments made during the year	(14,323,840)	(19,350,845)
Closing balance	33,594,104	4,679,000

18.2 Cash outflow for leases

The Company has total cash outflows for leases amounting to Rs. 16.23 million (2023: Rs. 21.314 million). The future cash outflows relating to leases that have not yet commenced are disclosed in note 35.3 to these financial statements.

18.3

	2024		2023	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	(Rupees)			
Not later than one year	24,091,468	20,272,011	3,728,865	3,281,913
Later than one year and but later than five years	14,881,882	13,322,093	1,430,111	1,397,087
	38,973,350	33,594,104	5,158,976	4,679,000
Finance cost allocated to future periods	(5,379,246)	-	(479,976)	-
Present value of minimum lease payments	33,594,104	33,594,104	4,679,000	4,679,000
Less: current portion	(20,272,011)	(20,272,011)	(3,281,913)	(3,281,913)
	13,322,093	13,322,093	1,397,087	1,397,087

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19 TRADE AND OTHER PAYABLES

	Note	2024	2023
		(Rupees)	
Amounts due to customers	19.1	804,991,504	1,419,298,830
Payable to National Clearing Company of Pakistan Limited		62,333,317	-
Accrued expenses		66,444,049	19,961,640
Commission payable		16,692,535	21,442,323
Withholding tax payable		10,267,929	4,048,099
Capital gain tax payable		1,377,462	29,826,972
Sales tax payable		2,836,965	10,834,618
Other payables	19.2	21,116,353	7,109,125
		986,060,114	1,512,521,607

19.1 This includes amounts due to key management personnel amounting to Rs. 1.025 million (2023: Rs. 1.039 million).

19.2 This includes an amount of Rs. 0.498 million (2023: Rs. 0.498 million) payable to CLSA JV Holdings (Private) Limited (a related party).

20 SHORT-TERM RUNNING FINANCE FACILITY

	Note	2024	2023
		(Rupees)	
Running finance arrangements	20.1	-	372,579,184
Accrued mark-up		404,535	27,898,116
		404,535	400,477,300

20.1 This represents short-term running finance facilities obtained from commercial banks with limits aggregating to Rs. 900 million as at 31 December 2024 (2023: Rs. 1,100 million). These facilities have been obtained to finance of day to day operations and carry mark-up at rates ranging from of 1 month KIBOR + 2% to 3 months KIBOR + 2% (2023: 3 months KIBOR + 2%) per annum on a daily product basis. These are secured against hypothecation of receivables of the Company.

21 CONTINGENCIES AND COMMITMENTS

21.1 During the current year, a customer approached the Company alleging that a repo transaction was executed between the Company and the customer having a maturity date of 12 November 2024, whereby the Company had allegedly agreed with the customer for repurchase of 15,000 units of certain securities at a price / value at which the same were sold to the customer. The customer claimed that the repurchase price agreed was Rs 150 million.

Subsequently, the customer served a legal notice to the Company on 21 November 2024, wherein the customer alleged that it had been misled into the purchase of the said securities at a face value of Rs 10,000 whereas the actual face value was Rs 5,000 resulting in a deliberate fraud of Rs 75 million and that the Company has allegedly defaulted on its commitments under the purported repo agreement. The customer claimed an amount of Rs 75 million in this regard.

The customer has subsequently filed a civil Suit for declaration, recovery damages and injunction against the Company, amongst others, claiming for the above stated amount of Rs. 75 million.

The Company responded to the above stated legal notice and after careful perusal of the documents submitted by the customer in support of its claims, the Company has rejected these claims as baseless and unsubstantiated. The Company has also engaged legal counsel for defending the matter and based on the legal advisors' opinions, the management is confident of a favorable outcome of the matter. Accordingly, no provision has been made in respect of the above matter in these financial statements.

21.2 During the current year, a group of related customers (collectively called Group) approached the Company in November 2024 inquiring about their investments aggregating to Rs 150 million, which they alleged they had made during April 2023 with a fixed rate of return.

The initial investigation by the Company revealed that there were no written agreements, account opening records or other legally binding instruments for the alleged investments available in the Company's records; therefore, the claim cannot be entertained Furthermore, without prejudice to the foregoing, since the Company is not a bank, it could not and did not guarantee returns to its customers, which the customers are also aware of.

Subsequently, on 25 January 2025, each of the customers (within the Group) sent legal notices to the Company alleging that the Company had failed to fulfill its legal and contractual obligations to them through non-payment of profit on these investments and further alleged that the Company is liable to pay Rs 253.400 million in aggregate to them.

The Company has responded to the legal notices through legal counsel, refuting their alleged claims based on legal advice.

The management, in consultation with its legal counsel, is of the view that the Company expects a favourable outcome and accordingly no provision has been recognised in these financial statements.

21.3 A commercial bank has given a guarantee of Rs. 450 million (31 December 2023: Rs. 450 million) to National Clearing Company of Pakistan Limited (NCCPL) on behalf of the Company in respect of margin eligible securities. The facility is renewable on yearly basis and is secured by 1st Pari Passu charge on current assets of the Company.

	Note	2024	2023
22 OPERATING REVENUE		----------(Rupees)----------	
Equity brokerage	22.1	344,919,671	317,811,167
Money market brokerage		251,217,282	120,093,348
Forex brokerage		3,424,192	6,401,000
Commodities brokerage		4,801,917	261,313
Investment advisory fee		187,312	1,500,000
Others		3,269	462,458
		604,553,643	446,529,286

22.1 Equity brokerage

	2024	2023
Retail clients	211,340,775	225,223,815
Local institutions	83,958,310	67,943,646
Foreign institutions	49,620,586	24,643,706
	344,919,671	317,811,167

23 OTHER OPERATING REVENUE

	Note	2024	2023
Profit on savings accounts	23.1	97,158,250	16,139,929
Income on exposure deposits with NCCPL / Pakistan Stock Exchange Limited		19,768,417	14,242,541
Income from Margin Financing System		-	5,570,912
		116,926,667	35,953,382

23.1 Profit on savings accounts

	2024	2023
Gross profit (including profit on unutilised funds of clients)	146,930,855	66,374,465
Profit on unutilised funds of clients	(49,772,605)	(50,234,536)
Net profit	97,158,250	16,139,929

24 COST OF SERVICES

	Note	2024	2023
Salaries and allowances		80,211,390	101,556,856
Charge for retirement benefit obligation		2,206,427	6,775,345
Commission expense		239,432,732	154,743,596
Insurance expense		3,411,705	2,448,066
Repairs and maintenance		5,846,324	7,775,467
Printing and stationary		729,912	844,999
Fees and subscription including stock exchange, clearing house and CDC charges		42,568,854	42,049,613
Courier and communication		10,251,015	9,845,703
Travelling and conveyance		642,306	826,756
Depreciation	4	17,484,615	11,243,555
Utilities		2,676,749	2,203,753
Entertainment		1,195,946	1,692,347
Advertisement		136,750	398,440
Others		1,608,427	16,106,929
		408,403,152	358,511,425

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		Note	2024	2023
25	**ADMINISTRATIVE AND OPERATING EXPENSES**		------(Rupees)------	
	Salaries and allowances		70,010,765	71,361,174
	Charge for retirement benefit obligation		2,131,913	6,006,223
	Insurance expense		1,605,143	2,187,836
	Repairs and maintenance		5,704,023	5,609,111
	Fees and subscription including stock exchange, clearing house and CDC charges		10,280,142	11,123,759
	Printing and stationary		1,123,971	1,316,096
	Courier and communication		3,139,716	4,148,199
	Travelling and conveyance		283,890	1,045,710
	Legal and professional charges		18,411,469	4,926,674
	Auditors' remuneration	25.1	60,454,332	1,937,420
	Depreciation	4	17,739,027	21,892,652
	Amortisation	5	725,008	703,212
	Utilities		12,843,761	9,317,733
	Advertisement		987,832	8,793
	Entertainment		612,729	500,890
	Professional tax		582,000	114,500
	Others		2,104,848	1,760,746
			208,740,569	143,960,728

		2024	2023
25.1	**Auditors' remuneration**		
	Audit fee	4,200,000	1,100,000
	Special audit	7,000,000	-
	Advisory fee	46,000,000	-
	Special certifications	1,500,000	400,000
	Out of pocket expenses	692,732	293,907
		59,392,732	1,793,907
	Sindh Sales Tax	1,061,600	143,513
		60,454,332	1,937,420

		Note	2024	2023
26	**FINANCIAL CHARGES**			
	Mark-up on:			
	Long-term loan		56,309,571	59,519,178
	Short-term running finance facility		96,232,687	116,106,343
	Diminishing Musharaka		4,778,980	5,388,788
	Financing transactions	26.1	-	139,807,013
	Financial charges on lease liability against right-of-use assets		1,906,335	1,963,432
	Bank guarantee charges		4,350,000	5,784,877
	Bank charges		114,172	485,704
			163,691,745	329,055,335

26.1 This represents mark-up charges incurred on repo transactions and funds borrowed by the Company from customers / brokers / third parties. There were no such transaction during the year.

		Note	2024	2023
27	**OTHER INCOME - NET**		------(Rupees)------	
	Dividend income		1,902,953	315,500
	(Loss) / gain on disposal of property and equipment		(869,237)	55,400
	Capital gain on sale of investments		114,237,573	35,763,898
	Mark-up on loan to employees		327,061	821,752
	Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net		33,606,150	28,264,936
	Mark-up earned on financing transaction	27.1	3,265,717	131,596,663
			152,470,217	196,818,149

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27.1 This represents mark-up charged by the Company to a customer under "reverse repurchase transaction" in year 2023. The financing was made against shares (as collateral) by the Company to the customer.

	2024	2023
28 OTHER CHARGES	----------(Rupees)----------	
Penalty imposed by Pakistan Stock Exchange Limited	-	2,000,000

28.1 This penalty was imposed by Pakistan Stock Exchange Limited (PSX) on account of non-compliances observed in the year 2023 with regards to requirements under PSX Regulation 4.17.1 (a) (Segregation of clients' assets by the securities brokers).

	Note	2024	2023 (Restated)
29 LEVY AND TAXATION		----------(Rupees)----------	
Levy	29.2	45,737,157	28,756,365
Current tax - Current Year		-	-
- Prior Year		(9,395,930)	-
Deferred tax - Current Year		-	-
	29.1	36,341,227	28,756,365

29.1 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in the financial statements as the provision for current year income tax has been made under sections 113, 153 and 233 of the Income Tax Ordinance, 2001 (the Ordinance) due to tax loss in the current year, adjustment of alternate corporate tax paid in prior years and liability under minimum tax regime being higher than the liability under normal tax regime.

29.2 This represents minimum and final taxes paid under sections 150 and 233 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

29.3 The tax authorities had issued notices in respect of tax years 2016, 2017 and 2020 for monitoring of withholding taxes, stating non / short deduction of tax under certain heads which the tax authorities intend to recover under section 161/205 of the ITO, 2001. The Deputy Commissioner IR has passed orders dated 31 December 2020 and 3 January 2022 under sections 161/205/182 of the Ordinance raising a demand of Rs. 5.298 million, Rs. 18.310 million and Rs. 15.849 million for tax year 2016, 2017 and 2020 respectively. On the Company's appeal, the Commissioner Inland Revenue (Appeals) has remanded back the impugned orders for the tax years 2016 and 2017 for re-examination and re-consideration of the facts of the case vide separate orders dated 25 March 2021. Commissioner IR (Appeals) also remanded back the order for the tax year 2020 regarding the recovery under section 161 of the Ordinance and deleted the penalty imposed under section 182 vide order dated 28 April 2022. However, appeal on the issue of additional surcharge has been dismissed, regarding which a rectification application has been filed, which is pending adjudication.

After selection for audit by FBR through random balloting, the return of income of tax year 2018 was amended vide order dated 18 June 2022 raising demand of Rs. 95.148 million. On the Company's appeal, the Commissioner Inland Revenue (Appeals) has deleted the disallowance of Rs. 281.526 million in relation to the issuance of share capital, disallowance amounting to Rs. 12.348 million on account of unabsorbed depreciation and disallowance amounting to Rs. 166.412 million on account of claim of unadjusted loss from business and has remanded back disallowance of expenses at Rs. 38.017 million for re-examination, reconsideration, re-verification and re-adjudication.

The management based on the advice of its tax advisor is confident that the above matters will be decided in the favour of the Company. Accordingly, no provision has been recognised in respect of the above matters in these financial statements.

	2024	2023
30 NUMBER OF EMPLOYEES	----------(Number)----------	
Number of employees at the end of the year	100	114
Average number of employees during the year	108	114

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	2024	2023
	(Rupees)	
CLSA Limited - Associated Company		
Brokerage income	49,420,060	24,100,888
Alfalah GHP Islamic Stock Fund - Associate		
Brokerage income	310,558	213,781
Alfalah GHP Value Fund - Associate		
Brokerage income	66,941	16,025
Alfalah GHP Alpha Fund - Associate		
Brokerage income	149,361	91,053
Alfalah GHP Stock Fund - Associate		
Brokerage income	470,122	179,468
Alfalah GHP Pension Fund - Equity Sub fund - Associate		
Brokerage income	15,680	3,375
Alfalah GHP Islamic Pension Fund - Equity Sub fund - Associate		
Brokerage income	3,150	12,315
Alfalah GHP Islamic Dedicated Equity Fund - Associate		
Brokerage income	32,244	3,644
Alfalah GHP Dedicated Equity Fund - Associate		
Brokerage income	-	1,228
Alfalah GHP Cash Fund - Associate		
Brokerage income - Money Market	77,194	104,235
Alfalah GHP Money Market Fund - Associate		
Brokerage income - Money Market	1,075,932	777,691
Alfalah Financial Sector Income Plan-1		
Brokerage income - Money Market	48,000	-
Alfalah Financial Value Plan 1		
Brokerage income - Money Market	6,356	-
Alfalah GHP Islamic Income Fund		
Brokerage income - Money Market	20,281	43,784
Alfalah GHP Income Fund		
Brokerage income - Money Market	239,059	32,338
Alfalah Ghp Sovereign Fund		
Brokerage income - Money Market	854,821	31,182
Alfalah GHP Income Multiplier Fund		
Brokerage income - Money Market	94,556	5,000
Alfalah GHP Pension Fund MM Sub Fund		
Brokerage income - Money Market	7,054	325
Alfalah GHP Islamic Value Fund		
Brokerage income - Money Market	38,700	48,450
Alfalah Insurance Company Limited		
Brokerage income - Money Market	3,202	35,179
Alfalah Islamic Money Market Fund		
Brokerage income - Money Market	455,813	140,169

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	2024	2023
	------------------(Rupees)------------------	
Alfalah Islamic Pension Fund MM Sub Fund		
Brokerage income - Money Market	975	-
Alfalah Islamic Rozana Amdani Fund		
Brokerage income - Money Market	219,226	476,310
Alfalah Islamic Sovern Plan 2		
Brokerage income - Money Market	174,375	-
Alfalah Islamic Sovern Plan 1		
Brokerage income - Money Market	96,995	287,992
Alfalah Stable Return Plan 8		
Brokerage income - Money Market	4,000	7,500
Alfalah Stable Return Plan 9		
Brokerage income - Money Market	2,000	-
Alfalah Islamic KPK Employe Pension Fund MM Sub		
Brokerage income - Money Market	325	-
Key Management Personnel		
Brokerage income	192,817	35,723,509
Reversal against allowance for expected credit losses	-	(49,220,758)

32.2 **Balances with related parties (other than those which have been disclosed else where in these financial statements):**

	2024	2023
	------------------(Rupees)------------------	
Bank Alfalah Limited - Parent Company (95.59% shareholding)		
Receivable against trade of marketable securities	767,272	162,075
Money market brokerage receivable	1,352,624	570,445
Forex brokerage receivable	31,625	13,560
Investment advisory fee receivable	1,594,595	1,594,995
Bank balances	39,104,370	139,983,788
CLSA JV Holdings (Private) Limited - Associated Company		
Other payable	497,568	497,568
Bank Alfalah Islamic - Associated Company		
Money market brokerage receivable	505,390	209,524
Alfalah Insurance Company Limited - Associated Company		
Receivable against trade of marketable securities	2,551,417	365,816
CLSA Limited - Associated Company		
Receivable against trade of marketable securities	-	46,483
Alfalah GHP Islamic Stock Fund - Associate		
Receivable against trade of marketable securities	294,304	183,156
Alfalah GHP Alpha Fund - Associate		
Receivable against trade of marketable securities	143,387	43,861
Alfalah GHP Stock Fund - Associate		
Receivable against trade of marketable securities	349,492	67,646
Alfalah GHP Islamic Dedicated Equity Fund - Associate		
Receivable against trade of marketable securities	-	1,626

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	2024	2023
	------------------(Rupees)------------------	
Alfalah GHP Value Fund - Associate		
Receivable against trade of marketable securities	50,290	-
Alfalah GHP Cash Fund - Associate		
Money market brokerage receivable	139,687	106,985
Alfalah GHP Money Market Fund - Associate		
Money market brokerage receivable	1,680,086	827,998
Alfalah Financial Sector Income		
Money market brokerage receivable	48,966	-
Alfalah Financial Value Plan 1		
Money market brokerage receivable	7,252	-
Alfalah GHP Islamic Income Fund		
Money market brokerage receivable	9,438	48,233
Alfalah GHP Income Fund		
Money market brokerage receivable	158,237	36,000
Alfalah GHP Sovereign Fund		
Money market brokerage receivable	953,029	28,425
Alfalah GHP Income Multiplier Fund		
Money market brokerage receivable	79,790	5,650
Alfalah GHP Pension Fund M Sub		
Money market brokerage receivable	7,778	367
Alfalah GHP Islamic Value Fund		
Money market brokerage receivable	16,950	54,749
Alfalah Insurance Company Limited		
Money market brokerage receivable	-	39,752
Alfalah Islamic MM Fund		
Money market brokerage receivable	638,499	135,013
Alfalah Islamic Pension Fund MM Sub		
Money market brokerage receivable	1,102	-
Alfalah Islamic Rozana Amdani		
Money market brokerage receivable	539,622	391,528
Alfalah Islamic Sovern Plan 2		
Money market brokerage receivable	199,151	-
Alfalah Islamic Sovern Plan 1		
Money market brokerage receivable	465,214	354,610
Alfalah Stable Return Plan 7		
Money market brokerage receivable	367	367
Alfalah Stable Return Plan 8		
Money market brokerage receivable	13,075	8,475
Alfalah Stable Return Plan 9		
Money market brokerage receivable	2,300	-
Alfalah Stable Return Plan 5		
Money market brokerage receivable	10,030	10,030

	2024	2023
	(Rupees)	
Alfalah Financial Sector Income		
Money market brokerage receivable	11,300	5,650
Alfalah Islamic KPK Employee Pension		
Money market brokerage receivable	367	-
Key Management Personnel		
Receivable against trade of marketable securities	13,473,755	580,474,668
Payable against trade of marketable securities	8,614	1,756,490
Allowance for expected credit losses	11,420,552	441,223,347

32.2.1 The balances for the current year do not include balances of Ex-CEO Mr. Atif Muhammad Khan as he was dismissed during the current year.

33 CASH AND CASH EQUIVALENTS

	Note	2024	2023
		(Rupees)	
Cash and bank balances	13	1,296,525,042	512,335,759
		1,296,525,042	512,335,759

34 FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees)		
Financial assets			
Loan to employees	362,762	-	362,762
Long-term deposits	17,369,353	-	17,369,353
Trade receivables - net	294,087,597	-	294,087,597
Investments	-	52,806,946	52,806,946
Deposits and other receivables	13,393,576	-	13,393,576
Cash and bank balances	1,296,525,042	-	1,296,525,042
	1,621,738,330	52,806,946	1,674,545,276
Financial liabilities			
Long-term loan	309,583,544	-	309,583,544
Lease liability against right-of-use assets	33,594,104	-	33,594,104
Payable against Diminishing Musharaka	14,967,047	-	14,967,047
Trade and other payables	971,577,758	-	971,577,758
Short-term running finance facility	404,535	-	404,535
	1,330,126,988	-	1,330,126,988

	2023		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees)		
Financial assets			
Loan to employees	2,837,517	-	2,837,517
Long-term deposits	16,329,013	-	16,329,013
Trade receivables - net	464,993,051	-	464,993,051
Investments	-	136,935,796	136,935,796
Deposits and other receivables	304,150,210	-	304,150,210
Cash and bank balances	512,335,759	-	512,335,759
	1,300,645,550	136,935,796	1,437,581,346
Financial liabilities			
Long-term loan	316,257,534	-	316,257,534
Lease liability against right-of-use assets	4,679,000	-	4,679,000
Payable against Diminishing Musharaka	23,071,137	-	23,071,137
Trade and other payables	1,467,811,318	-	1,467,811,318
Short-term running finance facility	400,477,300	-	400,477,300
	2,212,296,289	-	2,212,296,289

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35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

35.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in market prices (e.g. foreign exchange rates, interest rates, equity prices, etc.). The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising returns for shareholders.

Market risk comprises three types of risks: currency risk, price risk, and yield / interest rate risk.

35.1.1 Currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The Company primarily has foreign currency exposure in US Dollars. Details of the balance are as follows:

	US Dollars	
	2024	2023
Payable to CLSA JV Holdings (Private) Limited	1,768	1,768

As at 31 December 2024, if Pakistani Rupee had strengthened / weakened by 1% against US Dollar with all other variables held constant, the impact on the total comprehensive income would have been lower / higher by an amount of Rs. 0.005 million (2023: Rs. 0.005 million).

35.1.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risks because of investments held by the Company in shares of Pakistan Stock Exchange Limited. In case of 1% increase / decrease in the market price of the shares held, the total comprehensive income of the Company would be higher / lower by approximately Rs. 0.528 million (2023: Rs. 1.369 million).

35.1.3 Yield / interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk mainly arises from its bank balances in savings accounts, loan to employees, long-term loan, short-term running finance facility, lease liability against right-of-use assets and payable against Diminishing Musharaka. The Company has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	Interest rate		Amount in Rupees	
	2024	2023	2024	2023
Variable rate instruments				
Financial assets				
Loan to employees	15.86%	23.31%	362,762	2,837,517
Balances with banks in savings accounts	10% to 20.5%	7% to 20.5%	485,577,334	349,807,136
			485,940,096	352,644,653

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	Interest rate		Amount in Rupees	
	2024	2023	2024	2023
Financial liabilities				
Long-term loan	11%	21.50%	309,583,544	316,257,534
Payable against Diminishing Musharaka	25%	25%	14,967,047	23,071,137
Short-term running finance facility	18.09%	24.64%	404,535	400,477,300
			324,955,126	739,805,971

	Interest rate		Amount in Rupees	
	2024	2023	2024	2023
Fixed rate instruments				
Financial liability				
Lease liability against right-of-use assets	11.73% to 25.63%	11.89% to 25.63%	33,594,104	4,679,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities which are classified at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting year would not affect the total comprehensive income.

Cash flow sensitivity for variable rate instruments

As at 31 December 2024, if the interest rate increased / decreased by 1% with all other variables held constant for variable rate instruments, the total comprehensive income of the Company would have been lower / higher by Rs. 1.610 million (2023: Rs. 3.872 million).

35.2 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 issuer of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

35.2.1 Exposure to credit risk

Credit risk of the Company arises principally from long-term deposits, trade receivables, loan to employees, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. 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 margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. Except for provision made against trade receivables amounting to Rs. 1,243.317 million (2023: Rs. 1,172.452 million) (refer note 9.5), provision against advances amounting to Rs. 3.405 million (2023: Rs. 3.405 million) (refer note 11.2) and provision against loan to employees amounting to Rs. 1.141 million (2023: Rs. 1.141 million) (refer note 6.4), the Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date was as follows:

	2024	2023
	----(Rupees)----	
Loan to employees	362,762	2,837,617
Long-term deposits	17,369,353	16,329,013
Trade receivables - net	294,087,597	464,993,051
Deposits and other receivables	13,393,576	304,150,210
Bank balances	1,296,499,956	512,234,835
	1,621,713,244	1,300,544,626

35.2.2 The ageing analysis of trade receivables is disclosed in note 9.1 to the financial statements.

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35.2.3 The credit quality of Company's balances with banks can be assessed with reference to external credit ratings as follows:

	Rating agency	Rating		Amount in Rupees	
		Short-term	Long-term	2024	2023
Allied Bank Limited	PACRA	A-1+	AAA	1,306,670	1,330,727
Askari Bank Limited	PACRA	A-1+	AA+	6,220,468	287,188
Bank AL Habib Limited	PACRA	A-1+	AAA	1,182,795,081	337,959,924
Bank Alfalah Limited	PACRA	A-1+	AA+	51,879,165	139,983,789
Bank Makramah Limited	-	Unrated	Unrated	545,743	641,586
BankIslami Pakistan Limited	PACRA	A-1	AA-	87,397	706,013
Bank of Khyber	PACRA / VIS	A-1	A+	354,664	225,816
Bank of Punjab	PACRA	A-1+	AA+	3,724,544	3,724,544
Dubai Islamic Bank Limited	VIS	A-1+	AA	1,579,195	591,099
Faysal Bank Limited	PACRA / VIS	A-1+	AA	12,022,029	1,953,809
Habib Bank Limited	VIS	A-1+	AAA	10,799,505	6,849,433
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	258,880	452,936
JS Bank Limited	PACRA	A-1+	AA	1,617,273	618,731
MCB Bank Limited	PACRA	A-1+	AAA	7,887,366	2,880,028
Meezan Bank Limited	VIS	A-1+	AAA	6,531,296	5,317,962
National Bank of Pakistan	PACRA / VIS	A-1+	AAA	1,104,325	5,608,051
Silk Bank Limited	VIS	A-2	A-	684,573	1,293,269
Soneri Bank Limited	PACRA	A-1+	AA-	3,149,103	168,861
United Bank Limited	VIS	A-1+	AAA	3,952,679	1,641,069
				1,296,499,956	512,234,835

35.2.4 The Company does not hold any other financial assets which are rated.

35.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2024				
	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	More than one year
	(Rupees)				
Financial liabilities					
Long-term loan	309,583,544	309,583,544	9,624,659	-	299,958,885
Lease-liability against right-of-use assets	33,594,104	29,639,131	1,000,002	13,757,247	14,881,882
Payable against Diminishing Musharaka	14,967,047	22,132,702	2,115,339	6,346,017	13,671,346
Trade and other payables	986,060,114	986,060,114	964,943,761	-	21,116,353
Short-term running finance facility	404,535	404,535	404,535	-	-
	1,344,609,344	1,347,820,026	978,088,296	20,103,264	349,628,466

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	2023				
	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	More than one year
	(Rupees)				
Financial liabilities					
Long-term loan	316,257,534	316,257,534	-	316,257,534	-
Lease liability against right-of-use assets	4,679,000	5,158,976	198,000	3,530,865	1,430,111
Payable against Diminishing Musharaka	23,071,137	38,069,424	2,651,664	7,954,992	27,462,768
Trade and other payables	1,512,521,607	1,512,521,607	1,505,412,482	-	7,109,125
Short-term running finance facility	400,477,300	400,477,300	-	400,477,300	-
	2,257,006,578	2,272,484,841	1,508,262,146	728,220,691	36,002,004

35.4 **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 behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance financial losses and damage to its reputation while achieving its investment objective of generating returns for investors.

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

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

Senior management ensures that the Company's employees' have adequate training and experience and fosters effective communication related to operational risk management.

36 **FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

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Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2024 and 31 December 2023, the Company held the following financial instruments measured at fair values:

	2024		
	Level 1	Level 2	Level 3
	(Rupees)		
Financial assets			
At fair value through profit or loss	52,806,946	-	-

	2023		
	Level 1	Level 2	Level 3
	(Rupees)		
Financial assets			
At fair value through profit or loss	136,935,796	-	-

37 CAPITAL RISK MANAGEMENT

37.1 The objective of the Company when managing capital is to safeguard its 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 an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's strategy is to ensure compliance with the capital requirements of the Company as are set and regulated by the Pakistan Stock Exchange Limited.

37.2 Capital Adequacy Level	2024	2023
	(Rupees)	
Total assets	1,834,796,455	1,586,487,046
Less: Total liabilities	(1,380,136,908)	(2,300,065,404)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	454,659,547	(713,578,358)

37.2.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate of Pakistan Stock Exchange Limited is considered, which was determined as Nil, for Alfalah Securities (Private) Limited as at 31 December 2024 by Pakistan Stock Exchange Limited.

37.3 Liquid Capital Balance

S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
1	**Assets**			
1.1	Property and equipment	93,897,076	93,897,076	-
1.2	Intangible assets	9,847,153	9,847,153	-
1.3	Investment in government securities	-	-	-
1.4	**Investment in debt securities**			
	If listed than:			
	i. 5% of the balance sheet value, in the case of tenure upto 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1 - 3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value, in the case of tenure upto 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1 - 3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	**Investment in equity securities**			
	i. If listed 15% or VaR of each security on the cutoff date as computed by the clearing house for respective security whichever is higher. Provided that if any of these securities are pedged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.	52,806,946	52,806,946	-
	ii. If unlisted, 100% of the carrying value.	-	-	-
1.6	Investment in subsidiaries	-	-	-
1.7	**Investment in associated companies / undertakings**			
	i. If listed, 20% or VaR of each securities as computed by the Securities Exchange for respective securities, whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	**Statutory or regulatory deposits / basic deposits with the exchanges, clearing house or central depository or any other entity.** 100% of net value, however any excess amount of cash deposited with Securities Exchange to comply with requirements of Base Minimum Capital may be taken in the calculation of LC.	16,691,353	2,881,353	13,810,000
1.9	Margin deposits with exchange and clearing house.	4,478,685	-	4,478,685
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	6,069,291	6,069,291	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	1,808,811	-	1,808,811
	100% in respect of mark-up accrued on loans to directors, subsidiaries and other related parties.	-	-	-
1.13	Dividends receivable.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement (**Securities purchased under repo arrangement shall not be included in the investments**).	-	-	-
1.15	**Advances and receivables other than trade receivables:**		-	
	i. No haircut may be applied on the short-term loan to employees provided these loans are secured and due for repayments within 12 months.	358,762	-	358,762
	ii. No haircut may be applied to the advance tax to the extent it is netted with provision of taxation.	-	-	-
	iii. In all other cases, 100% of net value.	60,725,739	60,725,739	-
1.16	**Receivables from clearing house or Securities Exchange(s)**			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	7,809,500	-	7,809,500
1.17	**Receivables from customers**			
	i. In case receivables are against margin financing, the aggregate of a. value of securities held in the blocked account after applying VaR based haircut; b. cash deposited as collateral by the financee; c. market value of any securities deposited as collateral after applying VaR based haircut. **i. Lower of net balance sheet value or value determined through adjustments.**	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. **ii. Net amount after deducting haircut**	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into the contract. **iii. Net amount after deducting haircut**	-	-	-

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S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	203,975,448	-	203,975,448
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of: a. the market value of securities purchased for customers and held in sub-accounts after applying VaR based haircuts; b. cash deposited as collateral by the respective customer; and c. the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	70,987,453	62,065,078	8,922,375
	vi. In case of amount receivable from related parties, value determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: a. Up to 30 days, values determined after applying VaR based haircuts; b. Above 30 days but upto 90 days, value determined after applying 50% or VaR based haircuts whichever is higher; c. Above 90 days, 100% haircut shall be applicable. vi. Lower of net balance sheet value or value determined through adjustments	11,315,196	11,315,196	-
1.18	Cash and Bank balances			
	i. Bank balances - proprietary accounts	499,026,508	-	499,026,508
	ii. Bank balances - customer accounts	797,473,448	-	797,473,448
	iii. Cash in hand	25,086	-	25,086
1.19	Subscription money against investment in IPO / offer for sale (asset) i. No haircut may be applied in respect of amount paid as subscription money, provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	ii. In case of Investment in IPO where shares have been allotted but not yet credited in CDS account, 25% haircut will be applicable on the value of such securities.	-	-	-
	iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on right shares.	-	-	-
1.20	Total Assets	1,837,296,455		1,537,688,623
2	Liabilities			
2.1	Trade payables			
	i. Payable to exchanges and clearing house	62,333,317	-	62,333,317
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	804,991,504	-	804,991,504
2.2	Current liabilities			-
	i. Statutory and regulatory dues	14,482,356	-	14,482,356
	ii. Accruals and other payables	104,657,472	-	104,657,472
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long-term liabilities	9,583,544	-	9,583,544
	vi. Deferred liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	24,758,817	-	24,758,817
2.3	Non-current liabilities			
	i. Long-term financing	300,000,000	300,000,000	-
	ii. Other liabilities as per accounting principles and included in the financial statements	23,802,334	10,480,241	13,322,093
	iii. Staff retirement benefits	35,527,564	-	35,527,564
	Note: (a) 100% haircut may be allowed against long-term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases.			
2.4	Subordinated loans i. 100% of subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted.	-	-	-

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S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
2.5	**Advance against shares for increase in capital of securities broker:** 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital; b. Board of Directors of the company has approved the increase in capital; c. Relevant Regulatory approvals have been obtained; d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed; e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
2.6	**Total Liabilities**	1,380,136,908		1,069,656,667
3	**Ranking liabilities relating to:**			
3.1	**Concentration in Margin Financing** The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs. 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities.	-	-	-
3.2	**Concentration in securities lending and borrowing** The amount by which the aggregate of: i. Amount deposited by the borrower with NCCPL ii. Cash margins paid and iii. The market value of securities pledged as margin exceed the 110% of the market value of shares borrowed (Note: Only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)	-	-	-
3.3	**Net underwriting commitments** **(a) In the case of right issues:** If the market value of securities is less than or equal to the subscription price; the aggregate of: i. the 50% of haircut multiplied by the underwriting commitments, and ii. the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the haircut multiplied by the net underwriting commitment	-	-	-
	(b) In any other case: 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary** The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceeds the total liabilities of the subsidiary.	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions** 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency.	-	-	-
3.6	Amount payable under REPO	-	-	-
3.7	**Repo adjustment** **In the case of financier / purchaser,** the total amount receivable under Repo less the 110% of the market value of underlying securities. **In the case of financee / seller,** the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	**Concentrated proprietary positions** If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market value of a security exceeds 51% of the proprietary position, then 10% of the value of such security.	-	-	-
3.9	**Opening positions in futures and options** i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral / pledged with Securities Exchange after applying VaR haircut.	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-

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S. No.	Head of account	Value in Pak Rupees	Haircut / adjustments	Net adjusted Value
3.10	**Short sell positions**			
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based haircuts.	-	-	-
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total ranking liabilities**	-		-
		457,159,547	Liquid Capital	468,031,956

38 BASE MINIMUM CAPITAL REQUIREMENT

According to Regulation 19.2 of the Rule Book of Pakistan Stock Exchange Limited, every TREC holder licensed as a Securities Broker under Securities Brokers (Licensing and Operations) Regulations, 2016 is required to maintain a Base Minimum Capital (BMC) of the amount and in the form as prescribed in the Rule Book based on the Securities Broker's Assets Under Custody. As at 31 December 2024, the Company is required to maintain BMC of Rs. 31.466 million (2023: Rs. 30.545 million).

	2024	2023
Base Minimum Capital maintained by the Company and is as follows:	----------(Rupees)	----------
1,902,953 shares of Pakistan Stock Exchange Limited	36,974,377	17,335,902
Cash	13,810,000	13,210,000
	50,784,377	30,545,902

39 DISCLOSURE UNDER REGULATION 5(4) OF RESEARCH ANALYST REGULATIONS, 2015

As a securities broker, the Company also issues research reports on securities listed on Pakistan Stock Exchange. As at 31 December 2024, the Company has employed 2 individuals in its research department, including the Head of Research. All team members report directly to the Head of Research, who, in turn, reports to the CEO.

The compensation structure for research analysts employed by the Company is based on the qualifications, experience, and skill set and no employee is provided compensation based on the content or outcome of their research reports.

The total salary for the year ended 31 December 2024 of the employees in the Research Department amounted to Rs. 11.729 million (2023: Rs. 16.323 million), which includes basic salary and other allowances as per Company's policy.

40 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain losses if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

The Company enters into security transactions on behalf of its customers involving future settlement. Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The credit risk for these transactions is limited to the unrealised market valuation losses which have been recorded in the statement of accounts of the customers. As explained above, credit risk is controlled through a variety of reporting and controls procedures.

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41 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 24 April 2025 by the Board of Directors of the Company.

42 GENERAL

Figures have been rounded off to the nearest Rupees, unless otherwise stated.

Chief Executive Officer	Chief Financial Officer	Director