


Memon Securities (Private) Limited


Statement of Financial Position

As at December 31, 2023 (Unaudited)

ASSETS	Note	Dec, 2023	June, 2023
		Rupees	
Non-current assets			
Property, plant and equipment	3	11,455,697	12,460,764
Intangible assets	4	3,500,000	3,500,000
Investment property	5	1,318,195	1,351,995
Long term deposits and advances	6	4,510,200	4,510,200
		20,784,092	21,822,959
Current assets			
Trade debts	7	12,617,081	1,771,175
Short term investments	8	1,049,008,963	878,456,056
Deposit, loan, prepayment and other receivables	9	73,118,864	13,287,276
Income tax refundable	10	24,439,175	15,226,112
Cash and bank balances	11	182,413,464	160,436,241
		1,341,597,547	1,069,176,860
Total assets		1,362,381,639	1,090,999,819
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital		250,000,000	250,000,000
Issued, subscribed and paid up capital		250,000,000	250,000,000
<i>Revenue reserves</i>			
Unappropriated profit		684,252,100	474,914,505
General reserve		2,600,000	2,600,000
		686,852,100	477,514,505
		936,852,100	727,514,505
Current liabilities			
Trade and other payables	12	219,058,411	182,032,359
Short term borrowing	13	205,576,590	180,254,395
Unearned rental income		-	-
Accrued markup		894,538	1,198,560
		425,529,539	363,485,314
Total equity and liabilities		1,362,381,639	1,090,999,819

The annexed notes from 1 to 22 form an integral part of these financial statements.


 Chief Executive


 Director

Memon Securities (Private) Limited

Statement of Profit or Loss

For the six months ended December 31, 2023 (Unaudited)

	Note	Dec, 2023 — Rupees —	Dec, 2022
Operating revenue	14	71,817,142	41,496,673
Capital (loss) / gain on sale of investments		88,252,887	(15,646,526)
(Loss) / gain on re-measurement of investments		86,235,778	(41,095,327)
		<u>246,305,807</u>	<u>(15,245,180)</u>
Administrative expenses	15	(28,611,812)	(22,075,400)
Finance costs	16	(1,903,943)	(909,388)
		<u>(30,515,755)</u>	<u>(22,984,788)</u>
Other income	17	1,868,258	1,311,065
Profit before taxation		<u>217,658,310</u>	<u>(36,918,903)</u>
Taxation	18	(8,320,715)	(5,030,556)
Profit after taxation		<u><u>209,337,595</u></u>	<u><u>(41,949,459)</u></u>

The annexed notes from 1 to 22 form an integral part of these financial statements.



Chief Executive



Director

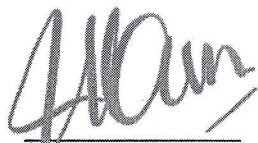
Memon Securities (Private) Limited


Statement of Changes in Equity

For the six months ended December 31, 2023 (Unaudited)

	Issued, subscribed and paid up capital	Unappropriated profit	General reserve	Total
	Rupees			
Balance as at June 30, 2022	97,400,000	630,315,790	2,600,000	730,315,790
<i>Total comprehensive income for the period ended December 31, 2022</i>				
- Profit after taxation	-	(41,949,459)	-	(41,949,459)
- Other comprehensive income	-	-	-	-
	-	(41,949,459)	-	(41,949,459)
Balance as at December 31, 2022	97,400,000	588,366,331	2,600,000	688,366,331
Balance as at June 30, 2023	250,000,000	474,914,505	2,600,000	727,514,505
<i>Total comprehensive income for the period ended December 31, 2023</i>				
- Profit after taxation	-	209,337,595	-	209,337,595
- Other comprehensive income	-	-	-	-
	-	209,337,595	-	209,337,595
Balance as at December 31, 2023	250,000,000	684,252,100	2,600,000	936,852,100

The annexed notes from 1 to 27 form an integral part of these financial statements.


Chief Executive


Director


Memon Securities (Private) Limited

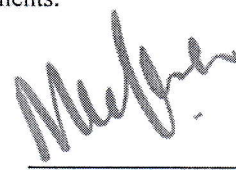
Statement of Cash Flows

For the six months ended December 31, 2023 (Unaudited)

	Note	Dec 2023	Dec 2022
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		217,658,310	(36,918,903)
<i>Adjustment for non-cash and other items:</i>			
Depreciation on property and equipment	4	1,005,067	1,071,402
Depreciation on investment property	6	33,800	35,579
Finance cost	19	1,903,943	909,388
Profit on saving accounts	20	(1,345,012)	(458,205)
Profit on cash margin placed with NCCPL	20	(433,208)	(403,983)
Rental income	20	(90,038)	(448,877)
		<u>1,074,552</u>	<u>705,304</u>
Cash flow before working capital changes		218,732,862	(36,213,599)
Changes in working capital			
<i>Decrease/(Increase) in current assets</i>			
Trade debts		(10,845,906)	(7,502,308)
Purchase / sale of investments-net		(170,552,907)	78,592,788
Deposit, loan, prepayment and other receivables		(59,831,588)	(48,205,355)
		<u>(241,230,401)</u>	<u>22,885,125</u>
<i>Increase/(Decrease) in current liabilities</i>			
Trade and other payables		37,026,052	55,952,001
Cash generated from / (used in) operations		<u>14,528,513</u>	<u>42,623,527</u>
Finance cost paid		(2,207,964)	(1,386,872)
Income tax (paid) / refund		(17,533,778)	(4,984,868)
Net cash generated from / (used in) operating activities		(5,213,229)	36,251,787
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		-	(9,000,000)
Proceeds from sale property and equipment		-	-
Profit received on saving accounts		1,345,011	458,206
Profit received on cash margin placed with PSX		433,208	403,983
Rental income received		90,038	75,000
Net cash generated from investing activities		<u>1,868,257</u>	<u>(8,062,811)</u>
Net increase / (decrease) in cash and cash equivalents		(3,344,972)	28,188,976
Cash and cash equivalents at the beginning of the year		(19,818,154)	26,772,762
Cash and cash equivalents at the end of the year	22	(23,163,126)	54,961,738

The annexed notes from 1 to 27 form an integral part of these financial statements.


Chief Executive


Director

Memon Securities (Private) Limited

Notes to the Financial Statements

For the six months ended December 31, 2023 (Unaudited)

1. STATUS AND NATURE OF BUSINESS

Memon Securities (Private) Limited ('the Company') was incorporated in Pakistan on August 03, 2000 as a private limited company under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). The Company is a Trading Rights Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and is categorized as a 'Trading and Self-Clearing' broker under the Securities and Exchange Commission of Pakistan (SECP). The Company is also a member of Pakistan Mercantile Exchange Limited (PMEX).

The principal activities of the Company are investments, share brokerage and Initial Public Offer (IPO) underwriting.

The registered office of the Company is situated at Room Nos. 154, Stock Exchange Building, Stock Exchange Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

In these financial statements all items have been measured at their cost historical cost except for short term investments in quoted equity securities which are carried at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

- (a) Useful lives, depreciation methods and residual values of property and equipment;
- (b) Useful lives, depreciation methods and residual values of investment property;
- (c) Provision for taxation.

2.5 New Accounting Pronouncements

2.5.1 *New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:*

(a) IAS 37 - Onerous contracts

Effective date:
January 01, 2022

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 - Proceeds before an asset's intended use

Effective date:
January 01, 2022

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

(a) IAS 1 - Disclosure of accounting policies

Effective date:
January 01, 2023

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(b) IAS 8 - Definition of accounting estimates

Effective date:
January 01, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) IAS 12 - Deferred tax

Effective date:
January 01, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) IAS 1 - Classification of liabilities as current or non current

Effective date:
January 01, 2024

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) IFRS 16 - Sale and leaseback transaction

Effective date:
January 01, 2024

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

		31-Dec-2023	30-Jun-2023
		Rupees	
3.	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	11,455,697	12,460,764
4.	INTANGIBLE ASSETS		
	Membership Card - PMEX	1,000,000	1,000,000
	Trading Right Entitlement Certificate - PSX	2,500,000	2,500,000
		3,500,000	3,500,000

- 4.1 Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Company received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Pakistan Stock Exchange Limited (PSX). This is being carried at cost less accumulated impairment computed based on the notional value of the TREC as notified by PSX.

5. INVESTMENT PROPERTY	31-Dec-2023	30-Jun-2023
	Rupees	
Opening net book value	1,351,995	1,423,153
Less: Depreciation charge for the year	(33,800)	(71,158)
Closing net book value	<u>1,318,195</u>	<u>1,351,995</u>
	<u>5%</u>	<u>5%</u>

- 5.1 The Company measure its investment properties using cost model. As at the reporting date, the fair value of investment properties amounting to Rs. 2.1 million (2021: Rs 2.1 million), calculated on the basis of present market values for similar sized of properties in the vicinity and replacement values of similar type of properties adjusted for depreciation factor for the existing assets in use.

6. LONG TERM DEPOSITS AND ADVANCES	Note	31-Dec-2023	30-Jun-2023
		Rupees	
Trading deposits			
- National Clearing Company of Pakistan Limited	6.1	1,400,000	1,400,000
- Central Depository Company of Pakistan Limited		100,000	100,000
- Pakistan Mercantile Exchange Limited (PMEX)		500,000	500,000
		<u>2,000,000</u>	<u>2,000,000</u>
Other deposits		10,200	10,200
Advances			
- Pakistan Mercantile Exchange Limited (PMEX)	6.2	2,500,000	2,500,000
		<u>4,510,200</u>	<u>4,510,200</u>

- 6.1 These includes basic deposits and security deposits (including the security deposit relating to DFC market).

- 6.2 This represent an advance made to Pakistan Mercantile Exchange Limited (PMEX) for acquiring an office space at NCEL Building Project.

7. TRADE DEBTS	Note	31-Dec-2023	30-Jun-2023
		Rupees	
Considered good- secured		12,617,081	1,771,175
Considered doubtful- unsecured		157,176	157,176
		<u>12,774,257</u>	<u>1,928,351</u>
Less: Provision for expected credit losses	7.1	(157,176)	(157,176)
		<u>12,617,081</u>	<u>1,771,175</u>

7.1 Movement in provision for doubtful debts	Note	31-Dec-2023	30-Jun-2023
		Rupees	
Balance at the beginning of the year		157,176	101,047
Add: Charge for the year		-	56,129
Balance at the end of the year		<u>157,176</u>	<u>157,176</u>

	31-Dec-2023	30-Jun-2023
	Rupees	
8. SHORT TERM INVESTMENTS -		
At fair value through profit or loss		
- Quoted equity securities	<u>1,049,008,963</u>	<u>878,456,056</u>
9. DEPOSITS, LOANS PREPAYMENTS AND OTHER RECEIVABLES		
<i>Deposits</i>		
- Deposits placed with NCCPL in respect of Loss on DFCs	29,000,000	169,460
<i>Loans</i>		
- Loan to employees - unsecured	806,000	505,400
<i>Prepayment</i>		
- Prepaid insurance	-	24,189
<i>Other receivables</i>		
- Receivable from NCCPL against profit held on Deliverable Futures Contracts	43,312,864	12,588,227
	<u>73,118,864</u>	<u>13,287,276</u>
10. INCOME TAX REFUNDABLE		
Opening balance	15,226,112	14,926,718
Advance tax paid during the year	17,533,778	10,850,135
	<u>32,759,890</u>	<u>25,776,853</u>
	-	
Provision for taxation - current	(8,320,715)	(10,636,977)
Provision for taxation - prior	-	86,236
	<u>(8,320,715)</u>	<u>(10,550,741)</u>
Closing balance	<u>24,439,175</u>	<u>15,226,112</u>
11. CASH AND BANK BALANCES		
Cash in hand	11,861	7,905
Cash at bank		
- Saving accounts	474,642	4,254
- Current accounts	181,926,961	160,424,082
	<u>182,401,603</u>	<u>160,428,336</u>
	<u>182,413,464</u>	<u>160,436,241</u>
12. TRADE AND OTHER PAYABLES		
Trade payables	181,666,596	160,307,739
Accrued expenses	4,089,167	3,565,780
FED and sales tax payable	613,005	110,586
Profit on DFCs payable to clients	25,405,624	9,316,534
Exposure withheld	7,185,908	8,494,859
Others	98,111	236,861
	<u>219,058,411</u>	<u>182,032,359</u>

13. SHORT TERM BORROWING		31-Dec-2023	30-Jun-2023
		Rupees	
	Running finance	<u>205,576,590</u>	<u>180,254,395</u>
13.1	This represents the amount availed against a running finance facility obtained by the Company from M/s. Bank Al-Habib Limited in order to meet its working capital requirements. As of the reporting date, the limit of the facility was Rs. 400 million (June 2023: Rs. 300 million). The facility is secured against pledge over shares of listed companies quoted at Pakistan Stock Exchange Limited (as per bank approved list), lien over Treasury Call account and personal guarantees of the Mr. Muhammad Mustafa Memon (Director), Mr. Muhammad Amin Memon (Director) and Miss. Emaan Amin (Director). The facility carries markup at the rate of 3-Month KIBOR +1 % p.a. (June 2023: 3-Month KIBOR +1 % p.a.).		
13.2	As of the reporting date, the amount of unavailed facility was Rs. 194.423 million (June 2023: Rs. 119.746 million).		
14. OPERATING REVENUE		31-Dec-2023	31-Dec-2022
		Rupees	
	Commission income	17,813,286	8,142,745
	Dividend income	54,003,856	33,353,928
		<u>71,817,142</u>	<u>41,496,673</u>
15. ADMINISTRATIVE EXPENSES			
	Salaries, commission, benefits and allowances	14,383,520	11,676,898
	Directors' remuneration	-	1,200,000
	PSX service charges	1,958,197	1,055,363
	CDC charges	1,417,536	847,427
	NCCPL and other charges	1,453,677	648,722
	Insurance expenses	23,900	227,189
	Printing and stationery	102,330	106,312
	Fees and subscription	1,619,847	1,511,639
	Communication	414,019	211,228
	Legal and professional	353,000	-
	Auditors' remuneration - Audit fee	-	161,000
	Vehicle running expenses	153,850	218,402
	Donation	2,925,000	1,400,000
	Rent, rates & taxes	501,666	394,800
	Travelling and conveyance	1,173,689	647,846
	Entertainment	286,650	276,383
	Repairs and maintenance	478,560	231,130
	Depreciation on operating fixed asset	1,005,067	1,106,981
	Depreciation on investment property	33,800	-
	General expenses	327,504	154,080
		<u>28,611,812</u>	<u>22,075,400</u>
16. FINANCE COSTS			
	Markup on running finance	1,713,024	718,469
	Bank charges	190,919	190,919
		<u>1,903,943</u>	<u>909,388</u>

	31-Dec-2023	31-Dec-2022
	————— Rupees —————	
17. OTHER INCOME		
Profit on saving accounts	1,345,012	458,205
Profit on cash margin placed with NCCPL	433,208	403,983
Rental Income	90,038	448,877
	<u>1,868,258</u>	<u>1,311,065</u>
18. TAXATION		
Current	8,320,715	4,975,390
Prior	-	55,166
	<u>8,320,715</u>	<u>5,030,556</u>

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

		31-Dec-2023	31-Dec-2022
	Note	————— Rupees —————	
Cash and bank balances	11	182,413,464	197,326,679
Short term borrowings	13	<u>(205,576,590)</u>	<u>(142,364,941)</u>
		<u>(23,163,126)</u>	<u>54,961,738</u>

20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel including directors and their close family members and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive and Directors is disclosed in note 18.1 to the financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

Name of the related party, relationship with the Company and the nature of transaction / balance	Dec-23	Dec-22	
	————— Rupees —————		
<u>KEY MANAGEMENT PERSONNEL</u>			As on December 31, 2023
Mr. Muhammad Amin Memon (CEO / Director)			Short term investments
Trade payable at year end	<u>35,743,817</u>	<u>2,952,147</u>	Investment property
Mrs. Emaan Amin			As on June 30, 2023
Trade payable at year end	<u>826,307</u>	<u>1,690,086</u>	Short term investments
			Investment property
Mr. Muhammad Mustafa Memon			
Trade payable at year end	<u>9,725</u>	<u>1,730,610</u>	
<u>CLOSE FAMILY MEMBERS OF KEY MANAGEMENT PERSONNEL</u>			
Mrs. Rahat Amin			
Trade payable at year end	<u>(9,558,968)</u>	<u>(3,586,538)</u>	
Mr. Ibrahim Ahmed Memon (Ex-Director)			

Trade payable at year end	<u>9,230,753</u>	<u>45,935,984</u>
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21. FAIR VALUE OF ASSETS AND LIABILITIES

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

The table below analyses assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

Rupees		Level 1	Level 2	Level 3	Total
		Rupees			
	As on December 31, 2023				
	Short term investments	<u>1,049,008,963</u>	-	-	<u>1,049,008,963</u>
<u>35,743,817</u>	Investment property	<u>1,318,195</u>	-	-	<u>1,318,195</u>
<u>2,952,147</u>					
	As on June 30, 2023				
	Short term investments	<u>878,456,056</u>	-	-	<u>878,456,056</u>
<u>826,307</u>	Investment property	<u>1,351,995</u>	-	-	<u>1,351,995</u>
<u>1,690,086</u>					

22. GENERAL

22.1 Date of authorization for issue of these interim financial statements.

These financial statements were approved by the Board of Directors of the Company in their meeting held on 29-02-2024.

22.2 Level of rounding

All the figures in the financial statements have been rounded off to the nearest rupee.