

**RIAZ AHMED SECURITIES
(PRIVATE) LIMITED**

**Financial Statements
For the Period Ended 31 December, 2020**

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Balance Sheet

As At December 31, 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	5	1,571,085	1,758,027
Intangible asset	6	2,500,000	2,500,000
Long Term Investment	7	46,884,616	46,884,616
Long Term Advances	8	350,000	350,000
		51,305,701	51,492,643
Current Assets			
Short Term Investments	9	13,196,608	9,202,176
Advances, deposits & pre-payments	10	10,000	5,000
Taxation-Net	11	895,259	323,968
Cash and bank balances	12	9,294,546	6,256,286
		23,396,414	15,787,430
		74,702,115	67,280,074
EQUITY AND LIABILITIES			
Share capital & Reserves			
Authorized Capital	13	50,000,000	50,000,000
Share capital	13	47,493,370	47,493,370
Unappropriated Profit / (Loss)		24,086,180	16,903,692
		71,579,550	64,397,062
Liabilities			
Non Current Liabilities			
Deferred Tax Liabilities	14	20,466	20,466
Lease Liability of Right to use asset	15	629,175	825,391
Current Liabilities			
Account payables	16	1,826,623	1,256,513
Short term lease liability	16	519,285	488,640
Accrued and Other Liabilities	17	127,016	292,002
		2,472,924	2,037,155
Contingencies and commitments	18		
		74,702,115	67,280,074

The annexed notes 1 to 23 form an integral part of these financial statements.


Chief Executive



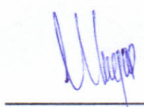
RIAZ AHMED SECURITIES (PRIVATE) LIMITED**Profit and Loss Account****For the Half Year Ended December 31, 2020**

	<i>Note</i>	Unaudited Dec-20 Rupees	Unaudited Dec-20 Rupees
Operating Revenue	19	5,610,019	2,563,726
Capital gain/ (loss) on sale of investment-net		3,815,137	892,272
Loss/gain on re-measurement of investment carried at fair value through profit or loss-net		(451,654)	(352,072)
		<u>8,973,501</u>	<u>3,103,926</u>
Operating and Administrative expenses	20	(1,926,577)	(1,498,823)
Profit /(loss) from operation		<u>7,046,924</u>	<u>1,605,103</u>
Financial charges		(9,596)	-
Impairment of Trading Right Entitlement certificate			(1,500,000)
Other income	21	149,974	483,437
Profit / (Loss) before taxation		<u>7,187,302</u>	<u>588,540</u>
Taxation		(4,811)	(23,806)
Profit / (Loss) after taxation		<u><u>7,182,491</u></u>	<u><u>564,734</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.



Chief Executive



Director



RIAZ AHMED SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Half Year ended December 31, 2020

1 The Company's operations and registered office

Riaz Ahmed Securities (Private) Limited ("the Company") was incorporated in May 11, 2006 under the Companies Ordinance 1984 as a Private Limited company at Islamabad and is primarily engaged in the business of stocks, brokerage, portfolio management and in secondary capital market operations. It is also actively taking part in the initial public offerings(IPO's) and providing all relative services to the general public to promote investment . Company office is situated at G- 9(A) Mezzanine of ISE Towers , 55-B, Jinnah Avenue, Sector F-7/G-7, Islamabad.

2 Statement of compliance

These financial statement have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprises 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 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.

3 Significant accounting policies

3.1 Accounting Convention

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

3.2 Property and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress are stated at Cost.

Depreciation is calculated using the reducing balance method on owned assets and on straight line basis on right of use assets, at the rates specified in note number 4, which are considered appropriate to write off the cost of the assets over their estimated useful lives. The Depreciation for full year in the year of purchase while no depreciation is charged in the year of sale of asset on owned assets and on the period of usage basis on right of use assets.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each balance sheet date.

3.3 Intangible assets

This is stated at cost less amortization and impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.4 Long Term Deposits and Loans

Long term deposits and Loans are stated at Cost.

3.5 Account Receivables

Account Receivables are recognized and carried at original amount which is fair value of the consideration to be received in future. Debts considered irrecoverable are written-off.

3.6 Taxation

The charge for current taxation is based on taxable income at current rate of taxation of the Income Tax Ordinance, 2001 after taking into account applicable tax credits and rebates, if any.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits.

3.7 Trade and settlement date accounting

All "regular way" purchases and sales of listed securities are recognized on the trade date, i.e. the date that the Company commits to purchase/ sell the asset. Regular way purchase or sale of financial assets are those, the contract for which requires delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

3.8 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/ reverse repurchase of investment securities are entered into at contracted rate for specified periods of time.

3.9 Revenue recognition

- a) Brokerage, fees, commission and other income are accrued as and when due.
- b) Dividend income on equity investments is recognized, when receive the same.
- c) Gains or losses on sale of investments are recognized in the period in which they arise.
- d) Unrealized capital gains/(losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading are included in profit and loss account in the period in which they arise.

3.10 Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.11 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

3.12 Financial Instruments

Initial Recognition

All Financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or receive. These are subsequently measured at fair value, amortised cost or cost

Classification of financial assets:

The company classifies its financial instruments in the following categories

- At fair value Through Profit and Loss (FVTPL)
- At fair value Through Other Comprehensive Income (FVTOCI)
- At Amortized Cost

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

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

- The financial asset is held with a business model whose objective is to hold financial assets in order to collect contractual cash flow; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal outstanding.
- By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities:

The company classifies its financial instruments in the following categories

- At fair value Through Profit and Loss (FVTPL)
- At Amortized Cost

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

Subsequent Measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

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

Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increased in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 month after the reporting date:

- Short term deposits and receivables
- loan to director
- Receivable again sale of property
- Bank balances

Loss allowance for receivables from clients are always measured at an amount equal to life time

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

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

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

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

3.13 Contingencies and Commitments

A contingent liability is disclosed when the Company has a possible obligation as a result of past event, existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past event, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4 Changes in accounting policy

IFRS 9- Financial Instruments

IFRS 9 replaces the provision of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedging accounting. The adoption of IFRS 9 from July 1, 2019 resulted in changes in accounting policies are set out in note 3.12 above. In accordance with the transitional provision in IFRS 9, the corresponding figures have not been restated.

IFRS 16: Leases

This standard introduces a single, on-balance sheet lease accounting model for lessees, whereby the lessee recognizes a single, right-of-use asset (representing its right to use an asset) and a lease liability representing the lessee's obligation to make lease payments. Guidance being replaced and superseded by IFRS 16 includes (but is not limited to) IAS 17 (Leases), IFRIC 4 (Determining Whether An Arrangement Contains a Lease) and SIC 15 (Incentives in Operating Leases). The standard is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 9 from renewal of lease on May 15, 2020 for next three years resulted in changes in accounting policies as required by IFRS 16.

5 Property and Equipmnt

RIAZ AHMED SECURITIES (PRIVATE) LIMITED

5.1 Tangible

PARTICULARS

COST

DEPRECIATION

PARTICULARS	COST			DEPRECIATION			As at Dec 31, 2020	Book value as at Dec 31, 2020	Depreciation rate %	
	As at July 01, 2020	Additions during the period	Deletions during the period	As at Dec 31, 2020	As at July 01, 2020	For the period				Additions/ (Deletions)
OWNED										
Office equipments	170,459	15,565	-	186,024	79,207	5,341	-	84,548	101,476	10
Computer equipments	627,718	-	-	627,718	501,950	18,865	-	520,815	106,903	30
Furniture and fixtures	154,670	-	-	154,670	60,422	4,712	-	65,134	89,536	10
Leased Office	1,509,662	98,553		1,608,215	62,903	272,142		335,045	1,273,170	
<i>Rupees</i>	Dec , 2020	2,462,509	15,565	-	2,576,627	704,482	301,060	-	1,005,542	1,571,085
5.2 Intangible Asset										
Membership Card Value		2,500,000		2,500,000	-	-	-	-	2,500,000	0
Software		75,000	-	75,000	75,000	-	-	75,000	-	33.33
<i>Rupees</i>	Dec , 2020	4,075,000	-	-	2,575,000	75,000	-	-	75,000	2,500,000

			Unaudited Dec-20 Rupees	Audited Jun-20 Rupees
6	Intangible Asset			
	Trading Right Entitlement Certificate	6.1	2,500,000	2,500,000
			<u>2,500,000</u>	<u>2,500,000</u>

6.1 In the absence of an active market for TREC, the company has taken the cost of TREC at Rs. 2.5 million, which is the value approved by the Board of Director of Pakistan Stock Exchange Limited and intimated to Securities and Exchange Commission of Pakistan. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest.

7 Long Term Investment

Investment in Shares of ISE Towers REIT
Management Company Limited (Available for Sale)

			3,034,603	3,034,603
	Price	7.1	<u>15.45</u>	<u>15.45</u>
			<u>46,884,616</u>	<u>46,884,616</u>

7.1 These represent the shares received from ISE Towers REIT Management Company Limited (Formerly Islamabad Stock Exchange (ISE) in pursuance of corporatization and demutualization of ISE as public company limited by shares in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration Act, 2012 (the Act)).

7.2 Accordingly, the company has been allotted 3,034,603 shares of ISE of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the SECP. 1,160,888 shares are pledged with PSX's participant IDs to maintain the Base Minimum Capital "BMC".

The Company has recorded a surplus of Rs. 14.346 million on conversion of membership card and ISE REIT shares and TREC in the equity through profit and loss account during the year 2012-13.

In the absence of an active market for these shares, the company has taken/ valued them at Rs. 15.45/share as per audited financials of 2020 of ISE REIT Management Company Limited, which is the value approved by the Board of Directors of PSX and intimated to SECP for the base minimum capital. The fact indicates an acceptable level for ISE REIT shares which is also used by the stock exchange for risk management and to safeguard investor's interest.

8 Long Term Advances

			Dec-20 Rupees	Jun-20 Rupees
	CDC Deposits		50,000	50,000
	NCSS Deposits		200,000	200,000
	PSX deposit		<u>100,000</u>	<u>100,000</u>
			<u>350,000</u>	<u>350,000</u>

RIAZ AHMED SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS


		Unaudited Dec-20 Rupees	Audited Jun-20 Rupees																																								
9	Short Term Investments																																										
	Cost of investment in listed securities	12,744,954	11,917,465																																								
	Unrealized Gain / (loss) on investment	(451,654)	(2,715,289)																																								
		13,196,608	9,202,176																																								
9.1	Shares are valued at the closing market price of December 31, 2020.																																										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Symbol</th> <th style="width: 40%;">Company Name (Listed)</th> <th style="width: 10%;">Qty</th> <th style="width: 10%;">Price</th> <th style="width: 10%;">Amount</th> </tr> </thead> <tbody> <tr> <td>EFERT</td> <td>Engro Fertilizers Limited</td> <td style="text-align: right;">23,400</td> <td style="text-align: right;">63.23</td> <td style="text-align: right;">1,479,582</td> </tr> <tr> <td>KAPCO</td> <td>Kot Addu Power Company Limited</td> <td style="text-align: right;">219,000</td> <td style="text-align: right;">27.20</td> <td style="text-align: right;">5,956,800</td> </tr> <tr> <td>PIBTL</td> <td>Pakistan International Bulk Terminal Lin</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>POL</td> <td>Pakistan Oil Field Limited</td> <td style="text-align: right;">7,300</td> <td style="text-align: right;">395.41</td> <td style="text-align: right;">2,886,493</td> </tr> <tr> <td>PPL</td> <td>Pakistan Petroleum Limited</td> <td style="text-align: right;">6,100</td> <td style="text-align: right;">90.33</td> <td style="text-align: right;">551,013</td> </tr> <tr> <td>PSMC</td> <td>Pakistan Suzuki Motor Company Ltd</td> <td style="text-align: right;">9,600</td> <td style="text-align: right;">241.95</td> <td style="text-align: right;">2,322,720</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">13,196,608</td> </tr> </tbody> </table>	Symbol	Company Name (Listed)	Qty	Price	Amount	EFERT	Engro Fertilizers Limited	23,400	63.23	1,479,582	KAPCO	Kot Addu Power Company Limited	219,000	27.20	5,956,800	PIBTL	Pakistan International Bulk Terminal Lin	-	-	-	POL	Pakistan Oil Field Limited	7,300	395.41	2,886,493	PPL	Pakistan Petroleum Limited	6,100	90.33	551,013	PSMC	Pakistan Suzuki Motor Company Ltd	9,600	241.95	2,322,720					13,196,608		
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10	Advances, deposits & pre-payments																																										
	NCCPL exposure deposit	10,000	5,000																																								
		10,000	5,000																																								
11	Taxation - NET																																										
	Balance brought forward	895,259	432,605																																								
	Provision for the year	24 -	(364,822)																																								
	Total liability	895,259	67,783																																								
	Less: payments/adjustments during the year	-	256,185																																								
		895,259	323,968																																								
12	Cash and bank balances																																										
	Cash in hand	3,000	2,000																																								
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	- In saving/ Profit Accounts	1,893,809	1,412,177																																								
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	5,000,000 Ordinary shares of Rs. 10 each	50,000,000	50,000,000																																								
		50,000,000	50,000,000																																								
	Issued, subscribed and paid up capital																																										
	4,749,337 Ordinary shares of Rs. 10 each fully paid-up in cash	47,493,370	47,493,370																																								
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14	Deferred Tax Liability																																										
	Opening Balance	20,466	12,068																																								
	Addition during the year	-	8,398																																								
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		Unaudited Dec-20 Rupees	Audited Jun-20 Rupees
15	Lease Liability		
	Opening net liability	825,391	-
	Addition during the year	98,553	1,509,662
	Less: already paid / paid during the year	-	(195,631)
		923,944	1,314,031
	Less: Transferred to short term liability	(294,769)	(488,640)
	Closing net liability	629,175	825,391
16.1	The Company has taken on lease office from ISE Towers REIT Management Company Limited on May 15, 2020 for three year with 7.5% annual increase and quarterly due payments, annual interest rate taken at 10% p.a. for calculation of present value of future due payments.		
16	Account payables		
	Account payables	1,826,623	1,256,513
		1,826,623	1,256,513
16.1	Payable to clients relate to operating business, furthermore consists of Accounts payable to Directors amounting to Rs. 459,730/-		
17	Accrued and Other Liabilities		
	FED payable	74,515	20,760
	Accrued Liabilities	52,501	271,242
		127,016	292,002
18	Contingencies and Commitments		
18.1	The Company has pledged / hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 1,160,888 ordinary shares of ISETRMCL with PSX in compliance with Base Minimum Capital (BMC) requirement.		
19	Operating Revenue	Unaudited Half Yearly Dec-20 Rupees	Unaudited Half Yearly Dec-19 Rupees
	Commission Income	3,999,650	1,681,846
	Dividend Income	1,610,369	881,880
		5,610,019	2,563,726

		Unaudited Half Yearly Dec-20 Rupees	Unaudited Half Yearly Dec-19 Rupees
20 Operating and Administrative expenses			
Director Remuneration	24	480,000	240,000
Salaries & Benefits		489,162	444,690
Electricity and Water Charges		38,661	56,689
Rent, Rates and Taxes		-	254,622
Telephone & Internet Charges		29,013	30,166
Entertainments		21,000	14,680
ISE Building Charges		19,497	43,856
Laga Charges		59,996	31,408
PSX Charges		126,426	126,426
NCSS Charges		68,240	48,293
CDC Charges		8,834	12,666
Printing and Stationary		14,430	14,990
Repair & Maintenance		33,423	18,230
Legal & Professional Charges		99,500	
Software Updation Charges		44,870	-
Auditors' Remuneration	20.1	-	42,000
Postage and courier		100	470
Fee and Subscription		92,365	69,830
Other Expenses		-	-
Depreciation	5	301,060	37,309
Amortization	6	-	12,498
		1,926,577	1,498,823
21 Other Income / (loss)			
Bank Profit		149,974	483,437
		149,974	483,437
22 Number of Employees			
Total number of employees at the end of the year was 3 (2020 :03).			
23 General			

Figures have been rounded off to the nearest Rupee.

The corresponding figures have been rearranged and reclassified, wherever



Chief Executive



Director

