

## REVIEW REPORT ON STATEMENT OF LIQUID CAPITAL BALANCE

To the Chief Executive Officer of Pearl Securities Limited

### Introduction

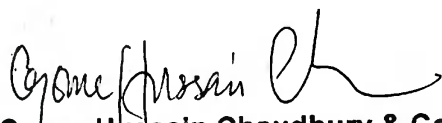
We have reviewed the accompanying Statement of Liquid Capital Balance of Pearl Securities Limited (the 'Company') as at December 31, 2022. Management is responsible for the preparation of the statement in accordance with the requirement of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) issued by the Securities & Exchange Commission of Pakistan (SECP). Our responsibility is to express a conclusion on the statement based on our review.

### Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" which applies to review of historical financial information performed by the independent auditors of the Securities Broker. A review of historical financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying statement is not prepared, in all material respects, in accordance with the requirement of Third Schedule of the Regulations.



**Crowe Hussain Chaudhury & Co.**  
**Chartered Accountants**  
**Engagement Partner: Imran Shaikh**

Karachi  
Date:

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of  
Pearl Securities Limited  
Report on review of interim financial statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pearl Securities Limited (the 'Company'), as at December 31, 2022 and the related condensed interim statement of profit or loss condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

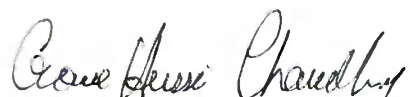
### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

  
Crowe Hussain Chaudhury & Co.  
Karachi

Date: 01 MAR 2023

UDIN: RR202210207maYNQL1A6

**PEARL SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note	----- Rupees -----	
<b>SHARE CAPITAL &amp; RESERVES</b>		
Authorized capital 50,000,000 (June 30, 2022: 50,000,000) ordinary shares of Rs. 10 each	<b>500,000,000</b>	500,000,000
Issued, subscribed and paid-up capital	4 144,136,000	144,136,000
Revenue reserve - unappropriated profit	285,003,271	188,880,727
Fair value reserve	(197,022,340)	(105,699,509)
Sponsor's loan	46,000,000	46,000,000
Remeasurement of post retirement benefits	(531,126)	(531,126)
	<b>277,585,805</b>	272,786,092
<b>NON-CURRENT LIABILITIES</b>		
Long term loan and finances	5 1,479,038	2,404,506
Staff retirement benefits	35,608,730	32,706,000
	<b>37,087,768</b>	35,110,506
<b>CURRENT LIABILITIES</b>		
Trade creditors, accrued and other liabilities	6 394,795,121	551,153,830
Accrued markup	57,962,828	40,810,976
Short term borrowings	7 1,283,648,320	1,170,647,291
Current portion of liability against leased assets	5 1,805,358	1,716,346
	<b>1,738,211,627</b>	1,764,328,443
Contingencies and commitments	8	
	<b>2,052,885,200</b>	2,072,225,041
<b>NON-CURRENT ASSETS</b>		
Property and equipment	9 41,347,269	37,419,433
Right-of-use assets	3,091,017	3,974,164
Intangible assets	10 2,750,000	2,750,000
Deferred taxation	11 43,656,334	24,293,515
Long term deposits	12 19,207,979	18,837,979
	<b>110,052,599</b>	87,275,091
<b>CURRENT ASSETS</b>		
Short term investments	13 432,766,979	603,293,350
Receivable against margin financing transactions	8,808,743	24,189,686
Trade debts	14 1,391,884,433	1,224,785,094
Advances, deposits, prepayments and other receivables	15 36,255,116	28,270,626
Taxation - net	2,685,822	5,175,913
Cash and bank balances	16 70,431,508	99,235,281
	<b>1,942,832,601</b>	1,984,949,950
	<b>2,052,885,200</b>	2,072,225,041

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

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**Chief Executive**

  
**Director**

**PEARL SECURITIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Note	Half year ended	
		December 31,	December 31,
		2022	2021
		----- (Rupees) -----	
Operating revenue		61,242,658	91,851,276
Capital gain on short term investments		201,054,157	106,182,670
Administrative and operating expenses		(82,064,997)	(91,389,166)
' Unrealized loss on fair value through profit and loss investments		(4,740,846)	(10,295,666)
Operating profit		<u>175,490,972</u>	<u>96,349,114</u>
Finance cost	17	<u>(112,160,504)</u>	<u>(83,556,010)</u>
		63,330,468	12,793,104
Other income	18	<u>14,885,715</u>	<u>15,905,826</u>
<b>Profit before taxation</b>		<u>78,216,183</u>	<u>28,698,930</u>
Taxation			
- Current		(5,239,814)	(19,492,348)
- Prior		3,783,356	-
- Deferred		2,806,141	(2,795,324)
		1,349,683	(22,287,672)
<b>Profit after taxation</b>		<u>79,565,866</u>	<u>6,411,258</u>
Profit per share - basic and diluted		<u>5.52</u>	<u>0.44</u>

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

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Chief Executive


Director

**PEARL SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED),**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

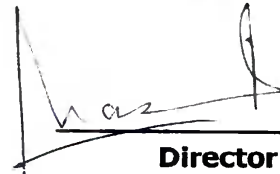
	Half year ended	
	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Profit after taxation for the period	79,565,866	6,411,258
<b>Other comprehensive income for the period</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
- Unrealised (diminution) / gain - FVOCI investment	(91,322,831)	(618,694,531)
- Deferred tax on unrealized gain of FVOCI investment	16,556,678	84,653,956
<b>Total comprehensive (loss) / income for the period</b>	<b>4,799,713</b>	<b>(527,629,317)</b>

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

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**Chief Executive**



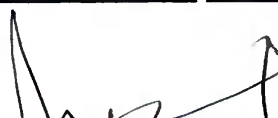
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**Director**

**PEARL SECURITIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Half year ended	
	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	78,216,183	28,698,930
Adjustments for:		
- Depreciation of property and equipment	1,992,564	2,165,873
- Depreciation of right of use of assets	714,214	813,463
- Unrealized (loss) on investments through profit and loss	4,740,846	10,295,666
- Provision for gratuity	3,357,060	3,701,706
- Provision for bad debts	-	1,100,000
- Gain on disposal of fixed assets	(1,707,800)	(960)
- Finance cost	112,160,504	83,556,010
Cash generated from operating activities before working capital changes	121,257,388	101,631,758
(Increase) / decrease in current assets		
Trade debts	(167,099,339)	59,154,633
Receivable against margin finance transactions	15,380,943	44,015,028
Advances, deposits, prepayments and other receivables	(7,984,490)	33,087,358
Increase / (decrease) in current liabilities		
Trade creditors, accrued and other liabilities	(156,358,709)	(151,388,535)
Short term borrowings	113,001,029	(11,754,371)
	(203,060,566)	(26,885,886)
Financial charges paid	(95,008,652)	(133,001,260)
Taxes paid	1,033,633	(41,967,307)
Gratuity Paid	(454,330)	(2,564,807)
Net cash (used in) / generated from operating activities	(98,016,344)	(74,088,573)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(6,377,667)	(1,047,328)
Proceeds from disposal of property and equipment	2,334,000	16,540
Net proceeds from sale of short term investments	74,462,694	(111,791,514)
Long term deposits	(370,000)	(8,900,000)
Net cash generated from / (used in) investing activities	70,049,027	(121,722,302)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of lease liability	(836,456)	(768,570)
Net cash used in financing activities	(836,456)	(768,570)
Net (decrease) / increase in cash and cash equivalents	(28,803,773)	(196,579,442)
Cash and cash equivalents at the beginning of the period	99,235,281	318,197,084
Cash and cash equivalents at the end of the period	70,431,508	121,617,642

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

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 Chief Executive


  
 Director

Pratt Securities Limited  
Statement of Changes in Equity  
For the period ended 31 December 2022

	Issued, subscribed & paid-up capital	Sponsor's Loan	Revenue reserve - unappropriated profit / (loss)	Fair value reserve	Remeasurement of post retirement benefits-net of tax	Total Equity
	(Rupees)					
Balance as at 01 July 2021	144,136,000		114,575,519	764,269,165	(58,428)	1,022,922,256
Profit after taxation for the period	-		6,411,258	-	-	6,411,258
Transfer of fair value reserve of equity instruments designated at FVOCI			5,660,649	(5,660,649)	-	-
Remeasurement gain/loss on post retirement benefits-net of tax for the period				(534,040,575)	-	(534,040,575)
Other comprehensive gain for the period				224,567,941	(58,428)	495,292,939
<b>Balance as at 31 December 2021</b>	<b>144,136,000</b>	<b>-</b>	<b>126,647,426</b>	<b>224,567,941</b>	<b>(58,428)</b>	<b>495,292,939</b>
Balance as at 01 July 2022	144,136,000	46,000,000	188,880,727	(105,699,509)	(531,126)	272,786,092
Profit after taxation for the period	-	-	79,565,866	-	-	79,565,866
Transfer of fair value reserve of equity instruments designated at FVOCI			16,556,678	-	-	16,556,678
Other comprehensive loss for the period				(91,322,831)	-	(91,322,831)
<b>Balance as at 31 December 2022</b>	<b>144,136,000</b>	<b>46,000,000</b>	<b>285,003,271</b>	<b>(197,022,340)</b>	<b>(531,126)</b>	<b>277,585,805</b>

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

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Chief Executive

  
Director

## PEARL SECURITIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

Pearl Securities Limited (the Company) was incorporated as a private limited company on May 8, 2000 under the Companies Ordinance, 1984 and was subsequently converted into a public limited Company on April 27, 2009. The Company is a corporate member of Pakistan Stock Exchange Limited (PSX).

The Company is a Trading Right Entitlement Certificate (TREC) holder of PSX and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities, commodities and other financial instruments, securities research, financial consultancy and underwriting. The Company has a network of five branches (December 31, 2021: five branches) across Pakistan.

#### Geographical location of business units

Locations	Addresses
<b>Head Office/Registered Office</b>	Suit # 204, 2nd Floor, Business & Finance Centre, I.I Chundrigar Road, Karachi.
<b>Branches</b>	
Pakistan Stock Exchange	Suit # 137, 3rd Floor, Stock Exchange
Islamabad Branch	Suit # 1011, 10th Floor, Stock Exchange Towers, Islamabad
State Life Branch	Ground Floor, State Life Building, Peshawar
Lahore Branch	Suit # 218, 2nd Floor, Siddiq Trade Centre, 72 Main Boulevard Gulberg, Lahore.
Mardan Branch	Shop # 57 & 60 Cantonment Plaza Mall

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

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

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### 3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements for the period ended June 30, 2022.

### 4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

(Un-audited) December 31, 2021 ----- (No. of shares) -----	(Audited) June 30, 2021		(Un-audited) December 31, 2022 ----- (Rupees) -----	(Audited) June 30, 2022
<u>14,413,600</u>	<u>14,413,600</u>	Issued for cash	<u>144,136,000</u>	<u>144,136,000</u>

### 5 LONG TERM LOAN AND FINANCES

Lease liability	<u>3,284,396</u>	<u>4,120,852</u>
	<u>3,284,396</u>	<u>4,120,852</u>
Less: Current Portion lease liability	<u>(1,805,358)</u>	<u>(1,716,346)</u>
Less: Current Portion of long term loan	<u>-</u>	<u>-</u>
Long term Portion	<u>1,479,038</u>	<u>2,404,506</u>

### 6 TRADE CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors for purchase of shares	6.1	69,602,057	88,137,048
Payable to NCCPL		34,725	1,533,097
Creditors of PMEX		6,143	6,143
Payable to money market clients		317,723,098	453,686,799
Payable to forex clients		14,927	87,057
Sindh sales tax on brokerage services		1,291,766	1,527,770
Commission payable to traders		2,058,745	3,511,722
Accrued and other liabilities		4,063,660	2,664,194
		<u>394,795,121</u>	<u>551,153,830</u>

6.1 This includes liability of creditors for sale of shares amounting Rs. 9,146,102 dated December 29 and 30, 2022 which will be settled after reporting date.

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(Un-audited) December 31, 2022 ----- (Rupees) -----	(Audited) June 30, 2022
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**7. SHORT TERM BORROWINGS****From banking companies - secured**

Summit Bank Limited	222,901,320	146,134,470
Silk Bank Limited	599,740,104	597,798,076
Sindh Bank Limited	301,009,336	301,009,776
Askari Bank Limited	85,979,394	56,056,623
Soneri Bank Limited	24,018,166	19,648,346

**From investment companies - secured**

Saudi Pak Agricultural & Investment Company Limited	50,000,000	50,000,000
	<u>1,283,648,320</u>	<u>1,170,647,291</u>

**8. CONTINGENCIES AND COMMITMENTS**

The Assistant Commissioner SRB, has passed 3 orders in respect of short payment of sales tax amounting to Rs. 280,808,039 along with penalty amounting to Rs. 14,040,401 in respect of financial year 2011 to 2018 on other charges recovered from customers. The Company has filed appeal before the Commissioner Appeals against the impugned order however, decision in appeal is pending. The Company is having fair chance of success in appeal, therefore, no provision has been made in these financial statements.

(Un-audited) December 31, 2022 ----- (Rupees) -----	(Audited) June 30, 2022
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**9 PROPERTY AND EQUIPMENTS**

Opening written down value	37,419,433	40,768,596
Addition during the period / year	6,546,600	1,024,454
Disposal during the period / year	(2,520,160)	(296,550)
Depreciation charged during the period / year	(98,604)	(4,077,067)
	<u>41,347,269</u>	<u>37,419,433</u>

**10. INTANGIBLE ASSETS**

Trading Right Entitlement Certificate (TREC)	2,500,000	2,500,000
Pakistan Mercantile Exchange Limited - membership card	250,000	250,000
	<u>2,750,000</u>	<u>2,750,000</u>

- 10.1** This represents TREC received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. These have been recorded at notional value determined by PSX.

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	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees) -----	
<b>11. DEFERRED TAXATION</b>		
<b>Taxable temporary differences on:</b>		
Accelerated depreciation	(4,400,803)	(5,858,767)
Right of use asset	(854,331)	(1,152,508)
Investments-FVOCI	30,847,944	14,291,266
Re-measurement of staff retirement obligation	(441,960)	(441,960)
<b>Deductible temporary differences on:</b>		
Provision of doubtful debts	4,795,528	4,788,852
provision of gratuity	10,326,532	9,484,740
Liability against leased assets	952,475	1,195,047
Investments-FVTPL	711,127	267,023
Depreciation / Initial allowance unlimited C/F	1,719,822	1,719,822
	<u>43,656,334</u>	<u>24,293,515</u>
<b>12. LONG TERM DEPOSITS</b>		
Pakistan Stock Exchange Limited	13,355,979	13,205,979
National Clearing Company of Pakistan Limited	1,400,000	1,400,000
Pakistan Mercantile Exchange Limited	3,250,000	3,250,000
Central Depository Company of Pakistan Limited	100,000	100,000
Others	1,102,000	882,000
	<u>19,207,979</u>	<u>18,837,979</u>
<b>12.1</b> This include amount placed with Pakistan Stock Exchange Limited as a basic deposit for taking exposure in regular and future market and cash deposited amounting to Rs. 13,355,979 against BMC requirement.		
	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees) -----	
<b>13. SHORT TERM INVESTMENT</b>		
<b>Financial assets classified as FVTPL</b>		
Shares of listed companies - average cost	34,796,121	29,946,052
Less: Unrealized loss on revaluation of fair value through profit or loss investments	(4,740,846)	(2,136,185)
Fair value	<u>30,055,275</u>	<u>27,809,867</u>
<b>Financial assets classified as FVTOCI</b>		
Share of listed companies - average cost	608,364,661	689,813,608
Add: Unrealized gain on revaluation of fair value through profit or loss investments	(205,652,957)	(114,330,125)
Fair value	<u>402,711,704</u>	<u>575,483,483</u>
<b>Total Short Term Investment</b>	<u>432,766,979</u>	<u>603,293,350</u>

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	(Un-audited) December 31, 2022 ----- (Rupees) -----	(Audited) June 30, 2022
<b>14. TRADE DEBTS</b>		
Receivable from client on behalf of;		
Purchase of shares on behalf of clients	<b>1,387,007,667</b>	1,218,107,584
Money market and Forex Brokerage	<b>4,876,766</b>	6,677,510
	<b>1,391,884,433</b>	1,224,785,094
Considered doubtful	<b>16,536,304</b>	16,513,282
	<b>1,408,420,737</b>	1,241,298,376
Less: Provision for expected credit losses	<b>(16,536,304)</b>	(16,513,282)
	<b>1,391,884,433</b>	1,224,785,094

	(Un-audited) December 31, 2022 ----- (Rupees) -----	(Audited) June 30, 2022
<b>14.2 Provision against expected credit losses</b>		
As at July 01	<b>16,513,282</b>	11,513,282
Charge / (reversal) for the period/year	<b>23,022</b>	5,000,000
Closing	<b>16,536,304</b>	16,513,282

**15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE**

Advances to staff - secured		<b>8,334,392</b>	10,623,892
Trade deposit	15.1	<b>21,582,180</b>	12,582,180
Prepayments		<b>2,201,987</b>	1,177,997
Other deposits and receivables		<b>4,136,557</b>	3,886,557
		<b>36,255,116</b>	28,270,626

**15.1** This represent deposit with National Clearing Company Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profits at rates ranging from 4.5% to 11% (June 30, 2022: 4.5% to 11%)

**16. CASH AND BANK BALANCES**

Cash in hand		<b>3,859,327</b>	1,321,768
At banks:			
- Client accounts (current)		<b>63,696,584</b>	89,535,991
- Current accounts		<b>2,285,125</b>	7,552,839
- Saving accounts		<b>590,472</b>	824,683
		<b>70,431,508</b>	99,235,281

**16.1** The interest rates on saving accounts range from 8% to 12% per annum (June 30,2022: 8% to 10%).

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