

**INDEPENDENT AUDITORS' REPORT****To the members MSD CAPITAL EQUITIES (PVT.) LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **MSD CAPITAL EQUITIES (PVT.) LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, 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.

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 Annual 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.

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 accounting and reporting standards as applicable in Pakistan and the requirements of the 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required



to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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); and
- e) The Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the Financial Statements were prepared.



IECNET S.K.S.S.S

Chartered Accountants

- 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 Mr. Muhammad Aslam Khan.

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IECnet S.K.S.S.S.
Chartered Accountants
Lahore



Date: December 17, 2024
UDIN: AR2024102181Kh0lsmWO

MSD CAPITAL EQUITIES (PRIVATE) LIMITED

Financial Statements

For the Year Ended June 30, 2024

MSD CAPITAL EQUITIES (PVT.) LIMITED.

Statement of Financial Position

As at June 30, 2024

ASSETS

Non-current assets

- Property and equipment
- Intangible assets
- Long term investments
- Long term deposits

Current assets

- Trade debts - net
- Advance, prepayments and other receivables
- Income tax refundable
- Short term investments
- Cash and bank balances

EQUITY & LIABILITIES

Share capital and reserves

- Issued, subscribed and paid-up capital
- Unappropriated profit/(loss)
- Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI
- Director's loan

Total equity

Current liabilities

- Trade and other payables
- Provision for taxation

Contingencies and commitments

Trade debts - net

Advance, prepayments and other receivables

Income tax refundable

The annexed notes from 1 to 37 form an integral part of these financial statements.

Cash and bank balances

EQUITY & LIABILITIES

Share capital and reserves

Chief Executive Officer

- Issued, subscribed and paid-up capital
- Unappropriated profit/(loss)
- Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI
- Director's loan

Total equity

Current liabilities

- Trade and other payables
- Provision for taxation

Contingencies and commitments

Note	2024 Rupees	2023 Rupees
5	4,299,343	4,777,048
6	5,197,000	5,197,000
7	5,611,475	9,006,813
8	150,000	150,000
	15,257,818	19,130,861
9	-	-
10	1,062,854	58,802
11	2,977,615	851,732
12	42,881,545	24,493,290
13	1,209,066	831,708
	48,131,080	26,235,532
	63,388,898	45,366,393

14	35,000,000	35,000,000
	23,800,734	5,082,911
	(5,067,942)	(1,672,604)
15	5,750,000	5,750,000
	59,482,791	44,160,307
17	1,007,048	627,888
18	2,899,058	578,198
	3,906,106	1,206,086
19	-	-
	63,388,898	45,366,393



Handwritten signature in blue ink.

Director

The annexed notes from 1 to 37 form an integral part of these financial statements.

MSD CAPITAL EQUITIES (PVT.) LIMITED.**Statement of Profit or Loss***For the year ended June 30, 2024*

		2024	2023
	Note	Rupees	Rupees
Operating revenue	20	6,848,031	3,825,410
Gain/(loss) on sale of short term investments		6,244,491	98,086
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		9,118,774	-
		<u>22,211,296</u>	<u>3,923,496</u>
Operating and administrative expenses	21	(1,715,801)	(1,721,371)
Operating profit / (loss)		<u>20,495,496</u>	<u>2,202,125</u>
Financial charges	22	(8,672)	(4,090)
Other income/ (loss)	23	551,860	261,829
Profit / (loss) before taxation		<u>21,038,683</u>	<u>2,459,864</u>
Taxation	24	(2,320,860)	(621,552)
Profit/(loss) for the period		<u><u>18,717,823</u></u>	<u><u>1,838,312</u></u>
Earnings/(loss) per share - basic	25	53.48	5.25

The annexed notes from 1 to 37 form an integral part of these financial statements.

Operating revenue

Gain/(loss) on sale of short term investments

Unrealized gain/(loss) on remeasurement of

investments classified at FVTPL

Operating and administrative expenses

Operating profit / (loss)

Chief Executive Officer

Other income/ (loss)

Profit / (loss) before taxation

Taxation

Profit/(loss) for the period

Earnings/(loss) per share - basic

Chief Executive Officer

Director

MSD CAPITAL EQUITIES (PVT.) LIMITED.

Statement of Other Comprehensive Income

For the year ended June 30, 2024

	Note	2024 Rupees	2023 Rupees
Profit/(loss) for the period		18,717,823	1,838,312
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Short term Investment		-	(6,203,060)
Unrealized gain / (loss) during the period in the market value of investments measured at FVOCI- Long term Investment		(3,395,338)	(7,400,061)
Total comprehensive income/(loss) for the period		<u>15,322,484</u>	<u>(11,764,809)</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

MSD CAPITAL EQUITIES (PVT.) LIMITED

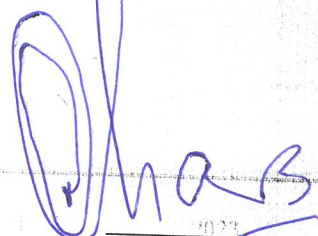
Statement of Other Comprehensive Income

For the year ended June 30, 2024



Chief Executive Officer





Director

Profit/(loss) for the period

Other comprehensive income

Items that will not be reclassified subsequently to profit or loss

Short term investment

Unrealized gain / (loss) during the period in the market value of investments measured at FVOCI- Long term Investment

Total comprehensive income/(loss) for the period

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Director

For the year ended June 30, 2024

The annexed notes from 1 to 37 form an integral part of these financial statements.



1,708 818,535
9,066 831,708

[Signature]

Director

CASH FLOWS FROM FINANCING

Proceeds from *Amelanchier* 100.00

MSD CAPITAL EQUITIES (PVT.) LIMITED.

Statement of Changes in Equity

For the year ended June 30, 2024

	Issued, subscribed and paid-up capital	Unappropriated profit/ (loss)	Unrealized surplus / (deficit) on re- measurement of investments measured at FVOCI	Total
	Rupees.....			
Balance as at June 30, 2022	35,000,000	3,244,599	11,930,517	50,175,116
Total comprehensive income for the year				
Profit/(loss) for the year	-	1,838,312	-	1,838,312
Other comprehensive income/(loss)	-	-	(13,603,121)	(13,603,121)
	-	1,838,312	(13,603,121)	(11,764,809)
Balance as at June 30, 2023	35,000,000	5,082,911	(1,672,604)	38,410,307
Total comprehensive income for the period				
Profit / (Loss) for the period	-	18,717,823	-	18,717,823
Other comprehensive income/(loss)	-	-	(3,395,338)	(3,395,338)
	-	18,717,823	(3,395,338)	15,322,484
Balance as at June 30, 2024	35,000,000	23,800,734	(5,067,942)	53,732,791

The annexed notes from 1 to 37 form an integral part of these financial statements.

Balance as at June 30, 2022

Total comprehensive income for the year

Chief Executive Officer

Other comprehensive income/(loss)

Balance as at June 30, 2023

Total comprehensive income for the period

Profit / (Loss) for the period

Other comprehensive income/(loss)

Balance as at June 30, 2024

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Director

MSD CAPITAL EQUITIES (PVT.) LIMITED

Notes to the Financials Statements

For the Year Ended June 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

MSD CAPITAL EQUITIES (PVT.) LIMITED (the "Company") was incorporated in Pakistan on December 28, 2012 as a private limited company, limited by shares, under the Companies Ordinance 1984 (Now Companies Act, 2017). The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited & Pakistan Mercantile Exchange Limited.

The Company is principally engaged in brokerage of shares, stocks, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2 The geographical location of Company's offices are as follows:

Head Office: 69/3 FCC GREEN VILLAS SCHEME, SYED MARATIB ALI ROAD, GULBERG IV, LAHORE.

Branch Office: 69/3 FCC GREEN VILLAS SCHEME, SYED MARATIB ALI ROAD, GULBERG IV, LAHORE.

3 BASIS OF PREPARATION

3.1 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 as applicable in Pakistan comprise of:

- Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) 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, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations").

In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

3.2 Accounting convention

These financial statements have been prepared on trade base under the historical cost convention, except:

- Short Term Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

3.3 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 Pak Rupees which is the Company's functional and presentation currency.

3.4 Accounting estimates and judgments

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

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are as follows:

- 1- Estimates of useful lives and residual values of items of property and equipment.
- 2- Estimates of useful lives of intangible assets;
- 3- Allowance for credit losses;
- 4- Fair Value of unquoted equity investments;
- 5- Classification, recognition, measurement / valuation of financial instruments; and
- 6- Provision for taxation.

Investments in associates

Derivative financial instruments

3.3 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 Pak Rupees which is the Company's functional and presentation currency.

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MSD CAPITAL EQUITIES (PVT.) LIMITED

Notes to the Financial Statements

For the Year Ended June 30, 2024

3.5 New standards, amendments / improvements to existing standards (including interpretations thereof) and forthcoming requirements

3.5.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements except as disclosed in note 3 to these financial statements.

3.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

Effective date (annual reporting periods beginning on or after)

IAS 1	Presentation of financial statements (Amendments)	January 1, 2024
IAS 7	Statement of Cash flows (Amendments)	January 1, 2024
IFRS 16	Leases	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

4 MATERIAL ACCOUNTING POLICY INFORMATION

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss account during the year in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized 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. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

The above standards, amendments and interpretations are not likely to have any material impact on the Company's financial statements.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in relevant note to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2024 did not require any adjustment.

4 MATERIAL ACCOUNTING POLICY INFORMATION

Significant accounting policies

consistently applied to all years presented

4.1 Property and equipment

Items of property and equipment

includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss account during the year in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized 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. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

The above standards, amendments and interpretations are not likely to have any material impact on the Company's financial statements.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in relevant note to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

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The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2024 did not require any adjustment.



MSD CAPITAL EQUITIES (PVT.) LIMITED
Notes to the Financial Statements
For the Year Ended June 30, 2024

4.2 Intangible assets

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit or loss account during the year in which the assets are disposed of.

4.2.1 Membership cards and offices

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

4.3 Leased assets

Recognition

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

Initial measurement

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

- 4.2 Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; 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 the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

Subsequent measurement

Lease liability

- 4.3 After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability; lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

rate 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 the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

Subsequent measurement

Lease liability

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability; lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset



MSD CAPITAL EQUITIES (PVT.) LIMITED
Notes to the Financials Statements
For the Year Ended June 30, 2024

4.4 Investment property

Investment properties are held for capital appreciation and are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. The changes in fair value are recognized in the statement of profit or loss.

4.5 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the associate's post-acquisition profits or losses in income, and its share of the post-acquisition movement in reserves is recognized in other comprehensive income.

4.6 Financial instruments

4.6.1 The Company classifies its financial assets in the following three categories:

- (a) Financial assets measured at amortized cost;
- (b) Financial assets measured at fair value through other comprehensive income
- (c) Financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

- (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (ii) It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition. Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, as aforesaid.

4.6.1 Such financial assets are initially measured at fair value.

4.6.2 Initial recognition

- (b) The Company recognizes an investment when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

- (a) Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own (the house) investments. Trade date is the date on which the Company commits to purchase or sell its asset.

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Amounts paid under these agreements in respect of reverse repurchase transactions are recognized as a receivable. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued on a time proportion basis over the life of the reverse repo agreement.

- (a) Financial assets measured at amortized cost

- (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

- (ii) It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition. Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

4.6.2 Initial recognition

- (b) The Company recognizes an investment when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

- (a) Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place. However, the Company follows trade date accounting for its own (the house) investments. Trade date is the date on which the Company commits to purchase or sell its asset.



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Notes to the Financial Statements
For the Year Ended June 30, 2024

4.6.3 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

"Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the profit and loss account.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognized in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit and loss account.

4.6.4 Impairment

Financial assets

4.6.3 The Company applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for financial assets measured at amortized cost. The Company's expected credit loss impairment model reflects the present value of all cash shortfalls related to default events, either over the following twelve months, or over the expected life of a financial instrument, depending on credit deterioration from inception. The allowance / provision for credit losses reflects an unbiased, probability-weighted outcomes which considers multiple scenarios based on reasonable and supportable forecasts.

Where there has not been a significant decrease in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.

When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, or when a financial instrument is considered to be in default, expected credit loss is computed based on lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue effort or cost. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessments, including forward-looking information.

(c) Forward-looking information includes reasonable and supportable forecasts of future events and economic conditions. These include macro-economic information, which may be reflected through qualitative adjustments or overlays. The estimation and application of forward-looking information may require significant judgment.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. 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. The Company makes this assessment on an individual asset basis, after consideration of multiple historical and forward-looking factors. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Company's processes and procedures for recovery of amounts due.

required under IFRS 9, for financial assets measured at amortized cost. The Company's expected credit loss impairment model reflects the present value of all cash shortfalls related to default events, either over the following twelve months, or over the expected life of a financial instrument, depending on credit deterioration from inception. The allowance / provision for credit losses reflects an unbiased, probability-weighted outcomes which considers multiple scenarios based on reasonable and supportable forecasts.

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When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, or when a financial instrument is considered to be in default, expected credit loss is computed based on lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue effort or cost. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessments, including forward-looking information.



MSD CAPITAL EQUITIES (PVT.) LIMITED

Notes to the Financial Statements

For the Year Ended June 30, 2024

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount - defined as the higher of the asset's fair value less costs of disposal and the asset's value-in-use (present value of estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risk) - is estimated to determine the extent of the impairment loss.

For the purpose of assessing impairment, assets are grouped into cash-generating units: the lowest levels for which there are separately identifiable cash flows.

4.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at amortized cost using the effective interest rate method.

Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

4.10 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss account over the period of the borrowings using the effective interest method.

4.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

4.12 Staff retirement benefits

The Company did not have any retirement benefits plan.

4.13 Taxation

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

Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of profit or loss as a result of this change.

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

Income tax expense comprises current and deferred tax.

Current

4.10 Borrowings

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year.

4.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

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The Company did not have any retirement benefits plan.

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Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of profit or loss as a result of this change.



For the Year Ended June 30, 2024

Dividends received from foreign companies are not taxable in the United States. Dividends are received by U.S. shareholders from foreign companies that the economic benefits are not realized and are not taxable. This is not reliable. This applies even to the case of a company that is not a U.S. company and can be measured.

MSD CAPITAL EQUITIES (PVT.) LIMITED
Notes to the Financial Statements
For the Year Ended June 30, 2024

4.19 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

4.20 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

4.21 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

4.22 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

4.23 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

4.24 Trade Date Accounting

All "Regular Way" Purchases and Sales of financial assets are recognized on trade date on which the company commits to purchase and sale of financial assets.

4.19

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

4.20 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

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Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

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4.23 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

4.24 Trade Date Accounting

All "Regular Way" Purchases and Sales of financial assets are recognized on trade date on which the company commits to purchase and sale of financial assets.



MSD CAPITAL EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5 PROPERTY AND EQUIPMENT

	Jun-24					
	Building	Furniture & Fixtures	Computer	Office equipment	Vehicles	Electric installation
As at July 1, 2023						
Cost	4,425,000	162,000	96,000	80,000	236,000	5,000,000
Accumulated Depreciation	(2,914,241)	(106,604)	(70,004)	(52,469)	(140,434)	(1,938,200)
Net book value	1,510,759	55,396	25,996	27,531	95,566	3,061,800
Movement during the period						
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Depreciation charge for the period	151,076	5,540	2,600	2,753	9,557	306,180
As at June 30, 2024						
Cost	4,425,000	162,000	96,000	80,000	236,000	5,000,000
Accumulated Depreciation	(3,065,317)	(112,144)	(72,604)	(55,222)	(149,991)	(2,244,380)
Net book value	1,359,683	49,856	23,396	24,778	86,009	2,755,620
Depreciation rate per annum	10%	10%	10%	10%	10%	10%

	Jun-23					
	Building	Furniture & Fixtures	Computer	Office equipment	Electric installation	Vehicle
As at July 1, 2022						
Cost	4,425,000	162,000	96,000	80,000	236,000	5,000,000
Accumulated Depreciation	(2,746,379)	(100,449)	(67,115)	(49,410)	(129,815)	(1,598,000)
Net book value	1,678,621	61,551	28,885	30,590	106,185	3,402,000
Movement during the period						
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Depreciation charge for the period	167,862	6,155	2,889	3,059	10,619	340,200
As at June 30, 2023						
Cost	4,425,000	162,000	96,000	80,000	236,000	5,000,000
Accumulated Depreciation	(2,914,241)	(106,604)	(70,004)	(52,469)	(140,434)	(1,938,200)
Net book value	1,510,759	55,396	25,996	27,531	95,566	3,061,800
Depreciation rate per annum	10%	10%	10%	10%	10%	10%

5 Buildings include Room no. M-11 owned by company in Stock Exchange Building.

5 Depreciation charge for the year is included in administrative expenses (Note 20).

Depreciation rate per annum

As at July 1, 2022
 Cost
 Accumulated Depreciation
 Net book value
 Movement during the period
 Additions
 Disposals
 Cost
 Depreciation

As at June 30, 2023
 Cost
 Accumulated Depreciation
 Net book value
 Depreciation rate per annum



6 INTANGIBLE ASSETS

Trading Rights Entitlement Certificate ("TREC")
Room Rights

Impairment

Note	2024 Rupees	2023 Rupees
6.1	2,500,000	2,500,000
6.2	2,697,000	2,697,000
	<u>5,197,000</u>	<u>5,197,000</u>
	<u>5,197,000</u>	<u>5,197,000</u>

- 6.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. PSX vide notice. PSX/N-7178 dated November 10, 2017 have notified the notional value of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million.

- 6.2 This represent cost of lease hold rights to use room given by PSX for a period of 99 years useful life as per notice of LSE No. LSE-4757 dated November 12, 2009. MSD has been granted the right to use the room at Lahore Stock Exchange for 99 years commencing from June 21, 2013.

7 LONG TERM INVESTMENTS

Investments at fair value through OCI

LSE Financial Services Limited (unquoted) - opening
Adjustment for remeasurement to fair value

7.1	9,006,813	4,749,151
	<u>(3,395,338)</u>	<u>4,257,662</u>
	<u>5,611,475</u>	<u>9,006,813</u>

- 7.1 During the year, LSE Proptech Limited demerged into LSE Capital Limited and the Company received 245,294 of LSE Capital Limited and 842,810 shares of LSE Ventures Limited as per the demerger scheme. The said new shares have been measured at their fair value (i.e. quoted price) at the reporting date.

	2024	2023	Symbol	Name of Investee	2024	2023
	Number of Shares				Market Value in Rupees	
	245,294	295,535	LSECL	LSE CAPITAL LIMITED	765,317	1,421,523
	842,810	842,810	LSEVL	LSE VENTURES LIMITED	4,846,158	7,585,290
	<u>1,088,104</u>	<u>1,138,345</u>			<u>5,611,475</u>	<u>9,006,813</u>

8 LONG TERM DEPOSITS

Office Rent Security Deposit
NCCPL Cash Deposit

	50,000	50,000
	<u>100,000</u>	<u>100,000</u>
	<u>150,000</u>	<u>150,000</u>

9 TRADE DEBTS

Considered good
Considered doubtful

	136,903	133,480
	<u>136,903</u>	<u>133,480</u>
	<u>(136,903)</u>	<u>(133,480)</u>
	<u>-</u>	<u>-</u>

Less: Provision for doubtful debts

- 9.1 The unsecured trade debts is amounting to Rs:136,903.

Allowances for expected credit loss is calculated on the basis of ageing analysis more than 360 days and unsecured balances which ever is higher.

- 9.2 Movement in provision against trade debts is as under:

Opening balance (as at July 1)
Charged to profit and loss during the year
Amounts written off during the year
Closing balance (as at June 30)

	133,480	136,900
	<u>3,420</u>	<u>-</u>
	<u>136,903</u>	<u>136,900</u>
	<u>-</u>	<u>(3,420)</u>
	<u>136,903</u>	<u>133,480</u>



9.3 Aging Analysis

The aging analysis of trade debts is as follows:
More Than 360 days

9.4 Total value of securities pertaining to client held in CDS

9.5 Value of pledge securities of clients with NCCPL

9.6 Value of securities pledge of clients with financial Institutions

9.7 The Securities are valued using Market rate at the year end.

10 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS & OTHER RECEIVABLES

Eclear Receivables

CGT Excess Deducted by Eclear

11 INCOME TAX REFUNDABLE

Opening balance (as at July 1)

Add: Current year additions

Less: Adjustment against previous year provision for taxation

Balance at the end of the year

12 SHORT TERM INVESTMENTS

Investments at fair value through profit or loss

Investments in listed securities

2024	2023	Symbol	Name of Investee	2024	2023
Number of Shares				Market Value in Rupees	
9,745	9,745	PIBTL	Pak. Int. Bulk Terminal Ltd (PIBTL)	160,127	40,052
-	25,500	PIAA	Pak. Int. Airlines Corp. Ltd (PIAA)	-	85,680
75,000	75,000	AICL	Adamjee Insurance (AICL)	2,693,250	1,697,250
3,826,748	507,250	BOP	Bank of Punjab	18,636,263	812,919
250,000	250,000	CENERGY	BYCO petroleum/Cnergyco PK	962,500	710,000
-	58,500	PPL	Pakistan Petroleum Ltd (PPL)	-	3,459,690
25,000	50,000	EFERT	Engro fertilizer (PLEDGED) (EFERT)	4,155,500	4,126,500
147,500	147,500	EPQL	Engro Powergen Qadipur Limited	4,144,750	3,363,000
50,000	50,000	FFC	Fauji fertilizer (PLEDGED) (FFC)	8,169,000	4,126,500
50,000	50,000	FFL	Fauji food (FFL)	443,500	287,000
50,000	50,000	NBP	National Bank Limited	1,857,500	974,000
121,550	121,550	GGL	Ghani Global Holdings ltd (GGL)	1,157,156	1,199,699
-	150,000	FABL	Faysal Bank (FABL)	-	3,027,000
100,000	100,000	GGGL	Ghani Global Glass Limited	602,000	584,000
-	-	OGDC	Oil and Gas Development Limited (OGDC)	-	-
4,705,543	1,645,045			42,881,545	24,493,290

84,500 shares of listed securities have been pledged against exposure and other regulatory requirements and no Client share pledge with Bank.

12.1 Value of pledge securities of house with NCCPL

Investments at fair value through profit or loss

13 CASH AND BANK BALANCES

Cash in hand

Cash at bank

Client Accounts

Proprietary Accounts

13.1 Cash at bank includes customers' assets in the amount of PKR 628,129 (2023: 628,129) held in designated bank accounts.

13.2 These carry profit at the rate of 9.00% to 20.50%(2023: 9.00% to 20.50%) per annum.



MSD CAPITAL EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

14.1 Authorized capital
1,500,000 (2023: 1,500,000) ordinary shares of PKR 100 each.

14.2 Issued, subscribed and paid-up share capital

350,000 (2023: 350,000) ordinary shares of PKR 100/- each, issued for cash

14.3 Pattern of shareholding

	Number of Shares		Percentage	
	2024	2023	2024	2023
Saliha Haroon	250,000	250,000	71%	71%
Haroon Malik	50,000	50,000	14%	14%
Ali Ahmad	25,000	25,000	7%	7%
Mueed Ahmed	25,000	25,000	7%	7%
	350,000	350,000	100%	100%

Note	2024 Rupees	2023 Rupees
	150,000,000	150,000,000
	35,000,000	35,000,000
	35,000,000	35,000,000

15 LONG-TERM FINANCING

Loan from Directors - unsecured

15.1 Director's Loan

Mr. Mueed Ahmed
Ms. Saliha Haroon

15.2 This represents interest-free loans received from directors of the company payable at company discretionary power when ability to pay and long term in nature. In line with Technical Release-32 (TR-32-Accounting Director's Loan) issued by the Institute of the Chartered Accountants of Pakistan (ICAP), these loans are shown as part of the equity.

16 DEFERRED TAX LIABILITY/ASSETS

Accelerated tax depreciation and other provision

Provision for doubtful receivables

Revaluation on short term investment

Long term deposits

Tax losses

Less: Deferred tax asset not recognized

15.1 & 15.2	5,750,000	5,750,000
	5,750,000	5,750,000
	5,000,000	5,000,000
	750,000	750,000

16.1	210,422	192,917
	(38,709)	(38,709)
	(30,940)	(297,720)
	-	-
	(1,821,194)	(2,179,973)
	(1,680,422)	(2,323,485)
	1,680,422	2,323,485
	-	-

16.1 The deferred tax asset of Rs. 1,680,422 (2023: Rs. 2,323,485) has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilized.

17 TRADE AND OTHER PAYABLES

Creditor against trading of shares

FED Payables

Accrued expenses and other payables

17.1 Director's Loan

Trade payables include nil amount due to related parties.

17.1	81,890	81,897
	38,000	37,999
	887,159	507,992
	1,007,048	627,888

18 PROVISION FOR TAXATION

Balance at the beginning of the year

Add: Current year provision

Add/(Less): Adjustment against last year provision

Less: Adjustment against previous year advance tax

Balance at the end of the year

	578,198	578,198
	2,385,121	-
	(64,261)	-
	2,899,058	578,198
	2,899,058	578,198

19 CONTINGENCIES AND COMMITMENTS

19.1 There are no contingencies or commitments of the Company as at June 30, 2024 (2023: Nil).



MSD CAPITAL EQUITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

20 OPERATING REVENUE

Brokerage income
Less: Sales tax on services
Net Brokerage Commission excluding sales tax on services
Dividend income

Note	2024 Rupees	2023 Rupees
	353,470	57,268
	353,470	57,268
	6,494,561	3,768,142
	6,848,031	3,825,410

21 OPERATING & ADMINISTRATIVE EXPENSES

Staff Salaries & Other Benefits
Utilities
Software and IT charges
Other Expenses
Auditor's remuneration
Repair / Maintenance
Fee & Subscription
Depreciation

21.1

5

21.1 Auditor's remuneration
Statutory audit

	300,000	300,000
	350,748	367,633
	97,582	25,267
	55,351	16,848
	150,000	100,000
	281,487	372,042
	2,928	
	477,705	530,784
	1,715,801	1,712,574
	150,000	100,000
	150,000	100,000

22 FINANCIAL CHARGES

Bank and other charges

	8,672	4,090
	8,672	4,090

23 OTHER INCOME / (LOSS)

Income from financial assets

Mark-up on:

E-Clear deposits

Profit on Bank

Income from non-financial assets/liabilities

Reversal of provision for doubtful debts

22.1

22.2

	438,658	96,962
	113,201	161,447
		3,420
	551,860	261,829

24 TAXATION

Current tax expense / (income)

for the year
prior years

	2,385,121	578,198
	(64,261)	43,354
	2,320,860	621,552

24.1 Provision for current year represent tax on dividend income under section 150 and section 113 (c) of the Income Tax Ordinance, 2001.

24.2 Income tax assessments have been finalized by the management to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2024.

Repair / Maintenance

25 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit / (loss) after taxation, attributable to ordinary shareholders

Weighted average number of ordinary shares in issue during the year

Earnings per share

	18,717,823	1,838,312
	350,000	350,000
	53.48	5.25

23 No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

26 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

26.1 No remuneration has been paid to the Chief Executive Officer or any director of the Company during the year.

26.2 As per the 5th Schedule to the Companies Act, 2017, an executive is defined as a person whose annual basic salary exceeds Rs.1,200,000. As per this definition, no employee falls in the category of "Executives".

27 TAXATION

Current tax expense / (income)

	3,420	
	3,420	

28 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit / (loss) after taxation, attributable to ordinary shareholders

Weighted average number of ordinary shares in issue during the year

Earnings per share

	18,717,823	1,838,312
	350,000	350,000
	53.48	5.25

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.



27 FINANCIAL INSTRUMENTS BY CATEGORY

30-Jun-24			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

ASSETS

Non-current assets

Long term deposits	150,000	-	-	150,000
Long term investment	-	5,611,475	-	5,611,475

Current assets

Short-term investments	-	-	42,881,545	42,881,545
Trade deposits, short term prepayments and other receivables	1,062,854	-	-	1,062,854
Cash and bank balances	1,209,066	-	-	1,209,066

LIABILITIES

Current liabilities

Trade and other payables	1,007,048	-	-	1,007,048
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30-Jun-23			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

ASSETS

Non-current assets

Long term deposits	150,000	-	-	150,000
Long term investment	-	9,006,813	-	9,006,813

Current assets

Short-term investments	-	-	42,881,545	42,881,545
Trade deposits, short term prepayments and other receivables	58,802	-	24,493,290	24,493,290
Cash and bank balances	831,708	-	-	831,708

LIABILITIES

Current liabilities

Trade and other payables	627,888	-	-	627,888
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ASSETS

Non-current assets

Long term deposits	150,000	-	-	150,000
Long term investment	-	9,006,813	-	9,006,813

Current assets

Short-term investments	-	-	42,881,545	42,881,545
Trade deposits, short term prepayments and other receivables	58,802	-	24,493,290	24,493,290
Cash and bank balances	831,708	-	-	831,708

LIABILITIES

28 FINANCIAL RISK MANAGEMENT

28.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

28.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuer of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

28.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

28.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

26.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

28.3 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. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.



Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequently holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	30-Jun-24	30-Jun-23
Long-term investments	5,611,475	9,006,813
Short-term investments	42,881,545	24,493,290
Long-term deposits	150,000	150,000
Trade deposits, short term prepayments and other receivables	1,062,854	58,802
Cash and Bank balances	1,209,066	831,708
	50,914,940	34,540,613

28.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

The table below classifies the Company's financial liabilities into relevant maturity groupings based on the time to contractual maturity date, as at the balance sheet date. The amounts in the table are contractual undiscounted cash flows.

Financial liabilities	As at June 30, 2024		
	Carrying amount	Within one year	More than one year
Trade and other payables	1,007,048	1,007,048	-
Total	1,007,048	1,007,048	-

Financial liabilities	As at June 30, 2023		
	Carrying amount	Within one year	More than one year
Trade and other payables	627,888	627,888	-
Total	627,888	627,888	-

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfil its obligations as they come due.



29 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level follows the table.

Recurring FV Measurement - June 30, 2024	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	5,611,475	-	5,611,475
Short-term investment - available-for-sale	-	-	-	-
Short-term investments - at FVTPL	42,881,545	-	-	42,881,545
Recurring FV Measurement - June 30, 2023	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	9,006,813	-	9,006,813
Short-term investment - available-for-sale	-	-	-	-
Short-term investments - at FVTPL	24,493,290	-	-	24,493,290

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- 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.
- There were no transfers into or out of Level 1 measurements.

31 CAPITAL MANAGEMENT

31.1 The Company objectives when managing capital are to safeguard the company's ability as a going concern. In order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

31.2 CAPITAL ADEQUACY

The Capital Adequacy level as required by CDC is Calculated as Follows

	Notes	Amount (Rupees)
Recurring Total Assets	31.2.1	63,388,898
Less: Total Liabilities		(3,906,106)
Capital Adequacy Level		<u>59,482,791</u>

31.2.1 While determining the value of the total assets of the TREC Holder, Notional value of the TREC Certificate held by MSD CAPITAL EQUITIES (PVT.) LIMITED. as at year ended June 30th 2024 as determined by Pakistan Stock Exchange has been considered.



32 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

33 EVENTS AFTER REPORTING PERIOD

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

34 NUMBER OF EMPLOYEES

Total number of employees at the end of year was 1 (2023: 1). Average number of employees was 1 (2023: 1)

35 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

36 GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

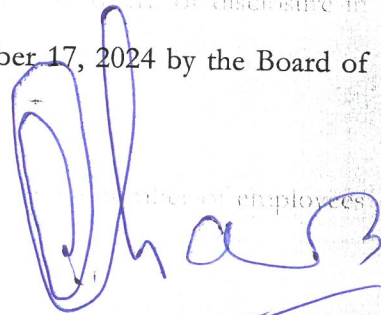
37 AUTHORIZATION

37.1 These financial statements were authorized for issue on December 17, 2024 by the Board of Directors of the Company.

Total number of employees
was 1 (2023: 1)


Chief Executive




Director