

**Pearl Securities Limited**  
**Financial Statements**  
**For the six months period ended 31**  
**December 2024**

**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** as at **31 December 2024** 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-month 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 statements 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.

**Other matter**

The financial statements for the six months period ended 31 December 2023 and year ended 30 June 2024 were reviewed / audited by another firm of chartered accountants who have expressed unqualified opinion vide their reports dated 08 March 2024 and 31 October 2024.

The engagement partner on the review resulting in this independent auditor's review report is **Farrukh V. Junaidy**.



**Chartered Accountants**

Karachi

**Date: 27<sup>th</sup> February 2025**

**UDIN: AR202410653gTA4Md96H**

**PEARL SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
*As at December 31, 2024*

		December 31, 2024 (Un-audited)	June 30, 2024 (Audited)	June 30, 2023 (Audited)
			----- (Restated) -----	
----- (Rupees) -----				
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL &amp; RESERVES</b>				
Authorized capital		500,000,000	500,000,000	500,000,000
50,000,000 ordinary shares of Rs. 10 each				
Issued, subscribed and paid-up capital	4	144,136,000	144,136,000	144,136,000
Revenue reserve - unappropriated profit		217,603,676	165,859,150	188,028,319
		361,739,676	309,995,150	332,164,319
Fair value reserve		(89,586,310)	(131,894,908)	(136,408,700)
Sponsors' loan		46,000,000	46,000,000	46,000,000
		318,153,366	224,100,242	241,755,619
<b>NON-CURRENT LIABILITIES</b>				
Long term portion of liability against lease		938,909	938,910	505,518
Staff retirement benefits		45,329,716	40,911,493	33,706,000
		46,268,625	41,850,403	34,211,518
<b>CURRENT LIABILITIES</b>				
Trade creditors, accrued and other liabilities	5	553,032,230	443,866,254	353,061,393
Short term borrowings	6	1,242,525,615	1,255,774,951	1,403,578,497
Current portion of liability against lease		838,738	838,738	1,898,987
Accrued markup		89,755,923	106,205,652	69,570,789
Taxation - net		7,613,250	-	2,697,741
		1,893,765,756	1,806,685,595	1,830,807,407
		2,258,187,747	2,072,636,240	2,106,774,544
Contingencies and commitments	7	-	-	-
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property and equipment	8	40,023,394	38,984,682	40,009,514
Right-of-use assets		1,392,535	1,671,042	2,207,869
Intangible assets	9	2,750,000	2,750,000	2,750,000
Deferred taxation	10	32,021,786	34,557,699	30,690,826
Long term deposits		6,457,979	17,507,979	17,907,979
		82,645,694	95,471,402	93,566,188
<b>CURRENT ASSETS</b>				
Short term investments	11	210,217,685	202,412,863	187,018,436
Receivable against margin financing transactions		23,424,709	40,801,293	11,215,526
Trade debts	12	1,488,069,424	1,487,657,584	1,660,112,895
Advances, deposits, prepayments and other receivables	13	122,789,682	82,237,929	61,179,007
Taxation - net		-	2,828,752	-
Cash and bank balances	14	331,040,553	161,226,417	93,682,492
		2,175,542,053	1,977,164,838	2,013,208,356
		2,258,187,747	2,072,636,240	2,106,774,544

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

**PEARL SECURITIES LIMITED****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)***For the six months ended December 31, 2024*

		Six months period ended (Un-audited)	
		December 31, 2024	December 31, 2023
		(Rupees)	
	Note		
Operating revenue		101,990,888	68,434,217
Capital gain on short term investments		109,998,876	159,076,769
Administrative and operating expenses		(91,009,184)	(71,236,179)
<b>Operating profit</b>		<b>120,980,580</b>	<b>156,274,807</b>
Finance cost		(128,685,140)	(157,633,891)
Other income	15	46,927,468	10,656,799
<b>Profit from operations</b>		<b>39,222,908</b>	<b>9,297,715</b>
Unrealized loss on investments held at fair value through profit or loss	11	(990,997)	(3,440,731)
<b>Profit before income tax, minimum tax differential and final tax</b>		<b>38,231,911</b>	<b>5,856,984</b>
Minimum tax differential and final tax		(4,202,148)	(2,466,108)
<b>Profit before income tax</b>		<b>34,029,763</b>	<b>3,390,876</b>
Taxation			
- Current		(10,445,684)	(1,698,525)
- Prior years		11,719,978	-
- Deferred		4,930,286	(4,159,908)
		6,204,580	(5,858,433)
<b>Profit / (loss) after taxation</b>		<b>40,234,343</b>	<b>(2,467,557)</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



**PEARL SECURITIES LIMITED****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)***For the six months ended December 31, 2024*

	Six months period ended (Un-audited)	
	December 31, 2024	December 31, 2023
	----- (Rupees) -----	
Profit / (loss) after taxation	40,234,343	(2,467,557)
<i>Items that may not be reclassified subsequently to profit or loss</i>		
- Unrealized gain / (loss) on revaluation of equity securities held at 'Fair value through other comprehensive income'	53,818,781	10,728,460
- Realised loss - FVTOCI investment	11,510,183	-
<b>Total comprehensive income for the period</b>	<b>105,563,307</b>	<b>8,260,903</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
\_\_\_\_\_  
Chief Executive Officer  
\_\_\_\_\_  
Director

**PEARL SECURITIES LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

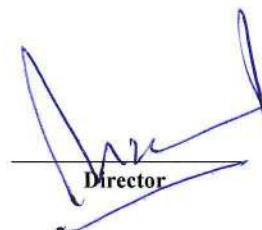
*For the six months ended December 31, 2024*

	Issued, subscribed & paid-up capital	Sponsors' loan	Revenue reserve - unappropriated profit	Fair value reserve	Total Equity
	----- (Rupees) -----				
Balance as at July 01, 2023 - <i>as previously reported</i>	144,136,000	46,000,000	203,469,826	(151,850,207)	241,755,619
Effect of restatement - Note 2.1.3	-	-	(15,441,507)	15,441,507	-
Balance as at July 01, 2023 - <i>restated</i>	<u>144,136,000</u>	<u>46,000,000</u>	<u>188,028,319</u>	<u>(136,408,700)</u>	<u>241,755,619</u>
<b>Total comprehensive income for the period</b>					
Loss after taxation for the period	-	-	(2,467,557)	-	(2,467,557)
Other comprehensive income for the period	-	-	-	10,728,460	10,728,460
Transfer of fair value reserve of equity instruments designated at FVTOCI	-	-	(8,895,033)	15,988,848	7,093,815
Balance as at December 31, 2023	<u>144,136,000</u>	<u>46,000,000</u>	<u>176,665,729</u>	<u>(109,691,392)</u>	<u>257,110,337</u>
Balance as at July 01, 2024 - <i>as previously reported</i>	144,136,000	46,000,000	202,727,998	(168,763,756)	224,100,242
Effect of restatement - Note 2.1.3	-	-	(36,868,848)	36,868,848	-
Balance as at July 01, 2024 - <i>restated</i>	<u>144,136,000</u>	<u>46,000,000</u>	<u>165,859,150</u>	<u>(131,894,908)</u>	<u>224,100,242</u>
<b>Total comprehensive income for the period</b>					
Profit after taxation for the period	-	-	40,234,343	-	40,234,343
<b>Other comprehensive income</b>					
Other comprehensive income for the period	-	-	-	53,818,781	53,818,781
Transfer of fair value reserve of equity instruments designated at FVTOCI	-	-	11,510,183	(11,510,183)	-
<b>Balance as at 31 December 2024</b>	<u>144,136,000</u>	<u>46,000,000</u>	<u>217,603,676</u>	<u>(89,586,310)</u>	<u>318,153,366</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

**PEARL SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
*For the six months ended December 31, 2024*

	Six months period ended (Un-audited)	
Note	December 31, 2024	December 31, 2023
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	38,231,911	5,856,984
<i>Adjustments for:</i>		
- Depreciation	2,621,026	4,866,801
- Depreciation on Right of use assets	278,507	883,148
- Unrealized loss/gain on held-for-trading investments	990,997	3,440,731
- Provision for gratuity	4,418,223	2,304,017
- Gain on disposal of fixed assets	(11,892,203)	(2,325,821)
- Finance cost	128,685,140	157,633,891
	125,101,690	166,802,767
<i>(Increase) / decrease in current assets</i>		
Trade debts	(411,840)	(80,462,387)
Receivable against margin financing	17,376,584	(25,535,864)
Advances, deposits, prepayments and other receivables	(40,551,753)	(22,118,803)
<i>Increase / (decrease) in current liabilities</i>		
Trade creditors, accrued and other liabilities	120,885,954	273,607,954
Short term borrowings	(13,249,336)	(152,401,297)
	84,049,609	(6,910,397)
Financial charges paid	(145,134,869)	(111,569,299)
Taxes paid	(4,205,830)	(2,123,160)
<i>Net cash generated from operating activities</i>	98,042,511	52,056,895
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(4,802,538)	(1,573,703)
Proceeds from disposal of property and equipment	13,035,002	6,451,983
Investments disposed / (purchased) during the period	52,489,161	(27,701,516)
Long term deposits	11,050,000	400,000
<i>Net cash generated from / (used in) investing activities</i>	71,771,625	(22,423,236)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liability	-	(838,865)
<i>Net cash used in financing activities</i>	-	(838,865)
<b>Net increase in cash and cash equivalents</b>	169,814,136	28,794,794
Cash and cash equivalents at the beginning of the period	161,226,417	93,682,492
<b>Cash and cash equivalents at the end of the period</b>	331,040,553	122,477,286

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



## PEARL SECURITIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six months ended December 31, 2024

#### 1. LEGAL STATUS AND OPERATION

- 1.1 Pearl Securities Limited ("the Company") was incorporated as a private limited company on May 8, 2000 under the Companies Ordinance, 1984 (now Companies Act, 2017) and was subsequently converted into a public limited company on April 17, 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 across Pakistan.

#### Geographical location of business units

Locations	Addresses
Head office / registered office	Suit # 204, 2nd Floor, Business & Finance Centre, LI Chundrigar Road, Karachi, Pakistan.
Branches	
Pakistan Stock Exchange	Suit # 137, 3rd Floor, Stock Exchange Building, Karachi, Pakistan.
Islamabad Branch	Suit # 1011, 10th Floor, Stock Exchange Towers, Islamabad, Pakistan.
Peshawar Branch	Ground Floor, State Life Building, Peshawar Cantt, Peshawar, Pakistan
Lahore Branch	Suit # 218, 2nd Floor, Siddiq Trade Centre, 72 Main Boulevard Gulberg, Lahore, Pakistan.
Mardan Branch	Office No. 102 & 103, Ground Floor, Mardan Trade Center 2, Qazi Bashir Road Opposite D.C Office Mardan,
Kohat Branch	5 - 6, Al - Madina Plaza, Near Central Science College, University Road, Chakar Kot, Kohat.

#### 2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Accounting Standards (IAS) 34 Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is un-audited and subject to limited scope review by the auditors and has been presented in accordance with the requirements of the International Accounting Standard as applicable in Pakistan for interim financial reporting. This condensed interim financial information does not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2024.



The comparative statement of financial position presented in this condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended June 30, 2024, whereas the comparative statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows are stated from the unaudited condensed interim financial information for the six months ended December 31, 2023.

This condensed interim financial information has been presented in Pakistan Rupees, which is the functional currency of the Company. The figures are rounded off to the nearest rupees.

## 2.1 Material accounting policy information

2.1.1 The accounting policies adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company for the year ended June 30, 2024.

2.1.2 Amendments to certain existing standards and new interpretations on approved accounting standards effectives during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company. Therefore, have not been disclosed in these condensed interim financial statements.

### 2.1.3 Prior period error

During the six months period ended 31 December 2024, the Company has restated prior year financial statements in accordance with IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors to account for the transfer of loss on disposed off equity securities carried at Fair value through other comprehensive income. The loss on equity securities carried at FVTOCI has not been transferred in other comprehensive income. The effect of restatement resulted in changes in statements of financial position and statement of changes in equity.

## 2.2 Use of estimates and judgments

2.2.1 The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

2.2.2 The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which from the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the effects both current and future periods.

2.2.3 In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those that applied to the audited financial statements of the Company as at and for the year ended June 30, 2024.

## 3. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2024.

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

14,413,600 shares fully paid-up ordinary shares of Rs. 10 each issued for cash

December 31, 2024	June 30, 2024
----- (Rupees) -----	
(Un-audited)	(Audited)
144,136,000	144,136,000

		December 31, 2024 (Un-audited)	June 30, 2024 (Audited)
		----- (Rupees) -----	
<b>5. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors for purchase of shares		315,918,097	138,377,292
Creditors of PMEX - Client		6,143	6,143
Payable to money market clients		215,222,901	283,876,455
Sindh sales tax on brokerage services		5,836,802	2,055,995
Commission payable to traders		10,978,347	3,078,333
Accrued and other liabilities		5,069,940	16,472,036
		<u>553,032,230</u>	<u>443,866,254</u>
<b>6. SHORT TERM BORROWINGS</b>			
<i>From banking companies - secured</i>			
Bank Makramah Limited (formerly Summit Bank Limited)		221,868,077	194,803,267
Soneri Bank Limited		10,011,793	7,831,433
Silk Bank Limited		587,562,933	689,179,993
Sindh Bank Limited		292,831,766	293,160,571
Askari Bank Limited		130,251,046	70,799,687
		<u>1,242,525,615</u>	<u>1,255,774,951</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
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.			
		December 31, 2024 (Un-audited)	June 30, 2024 (Audited)
<b>8. PROPERTY AND EQUIPMENTS</b>	<i>Note</i>	----- (Rupees) -----	
Opening written down value		38,984,682	40,009,514
Additions during the period / year		4,802,537	6,321,183
Disposals during the period / year		(1,142,799)	(3,670,402)
Depreciation charge during the period / year		(2,621,026)	(3,675,613)
		<u>40,023,394</u>	<u>38,984,682</u>
<b>9. INTANGIBLE ASSETS</b>			
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>
<b>9.1</b>	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.		



**10. DEFERRED TAXATION*****Taxable temporary differences arising on:***

Accelerated depreciation	(1,901,599)	(5,727,054)
Right-of-use asset	(484,602)	(128,056)

***Deductible temporary differences arising on:***

Provision for expected credit losses	4,788,852	4,788,852
Investment held at FVTOCI	15,809,349	23,275,548
Provision for gratuity	13,145,618	12,081,080
Liability against right-of-use assets	515,518	146,600
Investments held at FVTPL	148,650	120,729
	<u>32,021,786</u>	<u>34,557,699</u>

**11. SHORT TERM INVESTMENT*****Financial assets classified as FVTPL***

Shares of listed companies - carrying amount	7,218,686	16,077,287
Less: Unrealized loss on revaluation of fair value through profit or loss	(990,997)	(804,887)
	<u>6,227,689</u>	<u>15,272,400</u>

***Financial assets classified as FVTOCI***

Shares of listed companies - average cost	309,385,655	342,310,919
Add: Unrealized gain on revaluation of fair value through other comprehensive income	(105,395,659)	(155,170,456)
	<u>203,989,996</u>	<u>187,140,463</u>
	<u>210,217,685</u>	<u>202,412,863</u>

**12. TRADE DEBTS*****Receivable from clients against:***

Purchase of shares on behalf of clients	1,486,558,246	1,479,917,208
Money market and forex	1,511,178	7,740,376
	<u>1,488,069,424</u>	<u>1,487,657,584</u>
Considered doubtful	16,513,282	16,513,282
	<u>1,504,582,706</u>	<u>1,504,170,866</u>
Less: Provision against expected credit losses	(16,513,282)	(16,513,282)
	<u>1,488,069,424</u>	<u>1,487,657,584</u>

**13. ADVANCES, DEPOSITS, PREPAYMENTS  
AND OTHER RECEIVABLES**

Advances - considered good	13,310,700	16,288,971
Trade deposit	94,134,970	56,458,684
Prepayments	1,885,669	516,738
Others	13,458,343	8,973,536
	<u>122,789,682</u>	<u>82,237,929</u>



	December 31, 2024 (Un-audited)	June 30, 2024 (Audited)
	----- (Rupees) -----	
<b>14. CASH AND BANK BALANCES</b>		
Cash in hand	4,999,506	2,818,482
At banks:		
- Clients' accounts	322,377,949	153,716,290
- Other accounts	3,663,098	4,691,645
	<u>331,040,553</u>	<u>161,226,417</u>

	For the six months period ended	
	December 31, 2024 (Un-audited)	December 31, 2023 (Un-audited)
	----- (Rupees) -----	
<b>15. OTHER INCOME</b>		

***Income from financial assets***

Return on short term investment	5,090,245	36,399
Return on margin financing & MTS	8,554,450	3,310,127
Dividend income	7,399,321	1,764,143
Return on cash margins with KSE & PMEX	5,926,057	3,128,640
Profit from profit and loss sharing account	89,979	91,669
	<u>27,060,052</u>	<u>8,330,978</u>

***Income from non-financial assets***

Gain on disposal of fixed assets	11,892,203	2,325,821
Expenses recovered from customers	4,282,358	-
Miscellaneous	3,692,855	-
	<u>19,867,416</u>	<u>2,325,821</u>
	<u>46,927,468</u>	<u>10,656,799</u>

**16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties comprise key management personnel. Transactions with related parties are carried out on commercial terms and conditions. All transactions with key management personnel are under the terms of employment.

Details of balance with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	As at	
	December 31, 2024 (Un-audited)	June 30, 2024 Audited
	----- Rupees -----	
<b>Balances with related parties</b>		
Sub-ordinated loan from shareholder	<u>46,000,000</u>	<u>46,000,000</u>

**17. GENERAL**

- The corresponding figures have been rearranged / reclassified wherever necessary for the purpose of better presentation.
- Figures have been rounded off to the nearest Rupee.

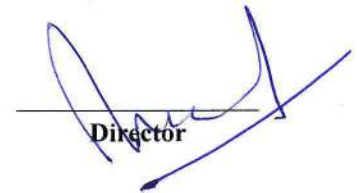
**18. DATE OF AUTHORISATION FOR ISSUE**

**27 FEB 2025**

These condensed interim financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

 JS

**Chief Executive Officer**



**Director**