



INDEPENDENT AUDITORS REPORT ON STATEMENT OF LIQUID CAPITAL

To the Chief Executive Officer of AAA SECURITIES (PRIVATE) LIMITED

Opinion

We have audited the Statement of Liquid Capital of AAA SECURITIES (Private) Limited and notes to the Statement of Liquid Capital as at 31 December, 2021 (together with 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at 31 December 2021 is prepared, in all material respects, in accordance with the requirements of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) issued by the Securities & Exchange Commission of Pakistan (SECP).

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 statement* section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the statement

Management is responsible for the preparation of the statement in accordance with the Regulations, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance is responsible for overseeing the Securities Broker's financial reporting process.

Auditor's Responsibilities for the Audit of the statement

Our objectives are to obtain reasonable assurance about whether the statement is 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

Lahore Office:

3rd Floor, Pace Tower, Plot No. 27, Block "H", Gulberg 2 Lahore
Tel: 042-35754821-22, Fax: 042-36317513, Email: nasirgulzar@njmi.net

Karachi Office:

Office No. 807, 8th Floor, Q.M. House, Plot No. 11/2, Ellander Road,
Opposite to Shaheen Complex, Off. I.I Chundrigar Road.
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515, Email: khi@njmi.net



is not a guarantee that an audit conducted in accordance with ISAs 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 this statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

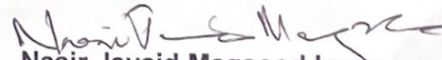
- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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 Securities Broker's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance 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.

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

Dated: 09 March, 2022

Place: Islamabad


Nasir Javaid Maqsood Imran

Chartered Accountants

AAA SECURITIES (PRIVATE) LIMITED

NET LIQUID CAPITAL

As at Dec 31, 2021

1. Assets

1.1	Property & Equipment	2,007,480	100%	-
1.2	Intangible Assets	2,517,252	100%	-
1.3	Investment in Govt. Securities (150,000*99)			
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		5%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		8%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		10%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		13%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		15%	-
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	1,508,094	Note 4.1	1,281,880
	ii. If unlisted, 100% of carrying value.	47,097,039	100%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)			
1.6	Investment in subsidiaries			
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.	-	100%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	500,000	100%	-
1.9	Margin deposits with exchange and clearing house.			
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments		100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)		100%	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		-	
1.13	Dividends receivables.		100%	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)		-	
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months PLUS		-	
	ii. Advance tax to the extent it is netted with provision of taxation.			
	iii. Receivables other than trade receivables			
	Receivables from clearing house or securities exchange(s)			

1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		100%	
	claims on account of entitlements against trading of securities in all markets including MtM gains.		100%	-
	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>		100%	
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>		5%	
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>			
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	2,429,065	Note 4.2	2,071,296
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>		100%	
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	17,572,135		17,572,135
	ii. Bank balance-customer accounts	3,026,663		3,026,663
	iii. Cash in hand	19,316		19,316
1.19	Total Assets	76,677,044		23,971,290
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	841,489	-	841,489
	Current Liabilities			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	1,177,425	-	1,177,425
	iii. Short-term borrowings			
	iv. Current portion of subordinated loans			
2.2	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for bad debts			
	viii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements			
	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits			

2.3	<p>iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:</p> <p>a. The existing authorized share capital allows the proposed enhanced share capital</p> <p>b. Board of Directors of the company has approved the increase in capital</p> <p>c. Relevant Regulatory approvals have been obtained</p> <p>d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.</p> <p>e. Auditor is satisfied that such advance is against the increase of capital.</p>			
	iv. Other liabilities as per accounting principles and included in the financial statements			
2.4	<p>Subordinated Loans</p> <p>i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:</p> <p>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period</p> <p>b. No haircut will be allowed against short term portion which is repayable within next 12 months.</p> <p>c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.</p> <p>ii. Subordinated loans which do not fulfill the conditions specified by SECP</p>			
2.5	Total Liabilities	2,018,914		2,018,914
3. Ranking Liabilities Relating to :				
3.1	<p>Concentration in Margin Financing</p> <p>The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.</p>			
3.2	<p>Concentration in securities lending and borrowing</p> <p>The amount by which the aggregate of:</p> <p>(i) Amount deposited by the borrower with NCCPL</p> <p>(ii) Cash margins paid and</p> <p>(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed</p>			
3.3	<p>Net underwriting Commitments</p> <p>(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of:</p> <p>(i) the 50% of Haircut multiplied by the underwriting commitments and</p> <p>(ii) the value by which the underwriting commitments exceeds the market price of the securities.</p> <p>In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting</p> <p>(b) in any other case : 12.5% of the net underwriting commitments</p>			
3.4	<p>Negative equity of subsidiary</p> <p>The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary</p>			
3.5	<p>Foreign exchange agreements and foreign currency positions</p> <p>5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency</p>			

3.6	Amount Payable under REPO			
	Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
	Concentrated proprietary positions			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security		41,351	41,351
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts			
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
	Short selll positions			
3.10	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	Total Ranking Liabilities	-	41351	41,351
	Grand Total	<u>74,658,130</u>	<u>21,952,376</u>	

Calculations Summary of Liquid Capital

- (i) Adjusted value of Assets (serial number 1.19)
- (ii) Less: Adjusted value of liabilities (serial number 2.5)
- (iii) Less: Total ranking liabilities (series number 3.11)

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.


CHIEF EXECUTIVE OFFICER


DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED

NOTES TO LIQUID CAPITAL

As at Nov 30, 2021

Note-4.1 Investment in Equity Securities

Symbol	No. of Security	Rate	Value	%	VaR value	Net Rate	Net Value	Concentrated	Concentrated
AHCL	2,220	35.83	79,543	15%	12.50%	30.46	67,611	5.27%	-
BOP	28,375	8.47	240,336	15%	11.50%	7.20	204,286	15.94%	-
BWCL	575	154.46	88,815	15%	14.00%	131.29	75,492	5.89%	-
EFERT	278	76.09	21,153	15%	10.00%	64.68	17,980	1.40%	-
FATIMA	137	35.99	4,931	15%	10.00%	30.59	4,191	0.33%	-
JOVC	9,900	-	-	15%	60.00%	-	-	0.00%	-
NBP	11,526	34.52	397,878	15%	10.50%	29.34	338,196	26.38%	19,894
NML	750	79.58	59,685	15%	10.00%	67.64	50,732	3.96%	-
POL	1,200	357.62	429,144	15%	10.00%	303.98	364,772	28.46%	21,457
PPL	2,310	79.04	182,582	15%	10.00%	67.18	155,195	12.11%	-
PTC	400	8.70	3,480	15%	10.00%	7.40	2,958	0.23%	-
SMBL	222	2.47	548	15%	15.00%	2.10	466	0.04%	-
	<u>57,893</u>		<u>1,508,094</u>				<u>1,281,880</u>		<u>41,351</u>

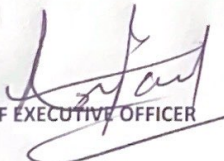
Note-4.2 other trade receivables are overdue, or 5 days or more

Lower of A or B

A					
As per market value of securities held					
Symbol	No. of Security	Rate	Value	VaR Based Hair Cut	Net Value
AICL	5,658	48.73	275,714	17.50%	227,464
AHCL	9,075	34.64	314,358	17.50%	259,345
ASLPS	825	19.71	16,261	60.00%	6,504
BOP	15,000	12.07	181,050	15.00%	153,893
BWCL	17,680	130.99	2,315,903	17.50%	1,910,620
EFERT	1,843	74.91	138,059	15.00%	117,350
ENGRO	5,038	313.86	1,581,227	15.00%	1,344,043
FFBL	1,000	38.60	38,600	15.00%	32,810
FFC	4,200	98.89	415,338	15.00%	353,037
FTSM	1,500	7.99	11,985	60.00%	4,794
FCCL	2,500	22.85	57,125	15.00%	48,556
JOVC	25,300	1.90	48,070	60.00%	19,228
JSCL	267,614	18.19	4,867,899	15.00%	4,137,714
KEL	5,000	5.68	28,400	15.00%	24,140
LOADS	1,095	31.18	34,142	15.00%	29,021
MCB	85	197.77	16,810	15.00%	14,289
NBP	25,577	47.37	1,211,582	15.00%	1,029,845
NCPL	1,000	28.14	28,140	15.00%	23,919
ODGC	500	155.62	77,810	15.00%	66,139
PACE	10,000	3.39	33,900	22.50%	26,273
Total			<u>11,692,374</u>		<u>9,828,984</u>

B
 Client Code Client Name Ledger
 Balance
 Receivable 5th Day
 Receivable Balance overdue for
 more than 5 Balance less Holding
 days than 5 days Value VaR Value Net Adjusted Value
 (26-DEC-21)

	MUHAMMAD 1 SAEED USMANI	167,359.3 1	167,359.3 1	167,35 9.3 1	-	5,562,562.20	4,941,673	167,359	VaR
					0.00 12,352,490.2 1				
	MR. ASIF SAEED 3 MALIK	871,107.6 5	871,107.6 5	871,10 7.6 5	7	10,828,063.2	871,107.65		VaR
	MR. ISLAM UL 23 HAQ	56,135.7 8	28,040.4 5	28,040. 4 5	28,095.33	8,148,467.12	7,220,289	28,040	VaR
	MR. SYED KASHIF 28 ALI SHAH	0.43	0	0.43	-	0	-	-	VaR
	MR. FAHAD 35 FAROOQ	35,644.2 1	35,644.2 1	35,644. 2 1	-	1,114,696.00	868,031	35,644	VaR
	MRS. ZUNAIRA 39 HASSAN	750,332.2 9	736,202.7 4	736,20 2.7 4	14,129.55	491,252.00	422,608	422,608	VaR
	MRS. ZEERISH 44 KASHIF	200.00	200	200	-	150,390.00	135,351	200	VaR
	MR. HASSAN 45 EJAZ CHAUDHRY	0.07	0	0.07	-	0	-	-	VaR
	MR. 46 MUHAMMAD IQBAL	151.95	152	151.95	-	-	-	-	VaR
	MRS. NILOFAR 47 ISLAM	24,548.4 9	50,699.8 9	24,548. 4 9	-	4,945,633.32	4,347,022	24,548	VaR
	58 AWAIS RASOOL	68.20	68	68.2	-	-	-	-	VaR
	ASHFAQ AHMAD 63 KHAN	262,324.3 2	262,324.3 2	262,32 4.3 2	-	969,830.00	826,808	262,324	VaR
	64 SEEMIN ASHFAQ	261,192.6 4	259,462.8 3	259,46 2.8 3	1,729.81	1,084,342.00	918,534	259,463	VaR
					43,954.69 34,819,662.8 5				
Grand Total:	13	4	2,411,262.05	10.65	9	2,071,295.71			


 CHIEF EXECUTIVE OFFICER


 DIRECTOR