



Integrated Equities Limited

October 2022

Directors Report

Licenses & Certifications



Licensed Stockbroker

204 in Pakistan
53 in Lahore



TREC Holder at PSX

279 in Pakistan
85 in Lahore¹



Member PSX Stock Brokers
Association

145 in Pakistan
28 in Lahore



Research Entity

68 in Pakistan
9 in Lahore²



Securities & Futures Adviser

56 in Pakistan
12 in Lahore³



Consultant to the Issue

16 in Pakistan
1 in Lahore⁴



Corporate Intermediaries*

75 in Pakistan
19 in Lahore⁴

* BOD members to provide
affidavit on format

¹Source: <https://www.psx.com.pk/psx/resources-and-tools/TREC-Holders>

²<https://www.secp.gov.pk/document/list-of-research-entities-september-14-2021/>

³<https://www.secp.gov.pk/licensing/capital-markets/securities-advisors-and-futures-advisors/>

⁴<https://www.secp.gov.pk/document/consultant-to-the-issue-licensed-by-secp-under-the-public-offering-regulated-securities-activities-licensing-regulations-2017-as-of-october-7-2020/>

Company Information

Board of Directors

Mr. Tariq Mahmood, Chairman & Director
Mr. Sheikh Muhammad Iqbal, Director
Mr. Sardar Ali Wattoo, Director & CEO
Mrs. Sadia Ali, Director
Syed Kashan Hussain Kazmi, Director & COO

Audit & Risk Committee

Mr. Sheikh Muhammad Iqbal, Chairman
Syed Kashan Hussain Kazmi, Member
Mrs. Said Ali

Registered Office

First Floor, 202 Y Commercial, DHA Phase 3
Lahore Cantt, Pakistan

Statutory Auditors

Messrs. RSM Avas Hyder Liaquat Nauman
Chartered Accountants
H#136-B, Street 43,
F-10/4, Islamabad

Management

Mr. Sardar Ali Wattoo, CEO
Mr. Kashan Hussain Kazmi, COO
Mrs. Sadia Ali, Executive Director
Mr. Umair Ali Zafar, Head of Corporate Finance
Mr. Muhammad Bilal Hanif, CFO
Mr. Muhammad Iqbal Hussain, Compliance Officer
Mr. Muhammad Rafay Dar, Head of Internal Audit
Mr. Hassan Rasheed, Head of Research
Mr. Faisal Khan, Head of Settlements

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
JS Bank Limited
Samba Bank Limited
Sindh Bank Limited
Summit Bank Limited

Associated Companies

Pakistan Credit Rating Agency Limited
Aequitas Information Services Limited
Dhadar Hydro Power (Pvt.) Limited
Aequitas Manufacturing (Pvt.) Limited
Knowledge Intelligent Networks (Pvt) Ltd.

Legal Advisors

Imran Anjum Alvi Associates
Advocate Supreme Court
Lahore

Major Shareholders

Mr. Sardar Ali Wattoo (92.64%)
Mrs. Sadia Ali (7.35%)
Other Directors (0.01%)

Memberships & Associations

Member, PSX Stockbrokers Association
Licensed by SECP (BRL-159)
TREC Holder, PSX (293)

Who We Are?

Established in 2008, IEL is among Pakistan's leading Corporate Finance Boutiques and offers its clients a range of bespoke financial advisory and management consulting services, business development, stock brokerage, and capital markets research. The company is also engaged in innovative project development and incubation.

IEL is part of the Aequitas group of prestigious service providers and is directly associated with PACRA, Aequitas, Tasdeeq, and Media Monitors Pakistan.

Our team of multi-domain experts focuses on corporate finance advisory services including mergers and acquisitions, strategic asset/trade sales, corporate restructuring, IPOs, project development, and fund-raising alternatives in both domestic and international capital markets.

Our Mission

As a group deeply dedicated to the long-term prosperity of our clients, we are tireless in our drive to tap into our expertise to create value for stakeholders and to use teamwork to foster financial market growth.

Integrated Equities aims to be the best strategy, financial, and brokerage services provider in the region, with an emphasis on excellent client service.

Our Strengths

EXPERTISE: Seasoned investment bankers, finance professionals, and financial analysts with extensive experience and strong track records spanning multiple sectors.

NETWORK: Access to a wide network of associates and institutional relationships globally and locally, allowing specific project teams to maximize delivery across territories.

PERSONALISATION: We prefer to focus on a small clientele at a time, providing each client with the maximum attention, the best resources, and the fully custom-tailored services they deserve. **FRONT-LINE INFORMATION:** Strong relationships and professional experience with top companies, banks, and mediating services equip us with unmatched, diverse business insights.

CONFIDENTIALITY: Compliant with all regulatory stipulations, and fully trusted by market-leading firms and individual clients alike. Your confidentiality is our priority.

INTEGRATED EQUITIES LIMITED

DIRECTORS' REPORT

On behalf of the Board of Directors of Integrated Equities Limited ("IEL" or the "Company"), the Annual Report of the Company for the year ended 30 June 2022 (FY22), is presented together with the audited financial statements following the requirements of applicable accounting, regulatory and legal standards. The principal activity of the Company is to undertake stock brokerage, research, and consultancy activities.

ECONOMIC OVERVIEW

The financial year under review witnessed gigantic challenges on domestic as well as international levels due to political turmoil, inflationary pressures generated by sky-high oil and commodity prices & shipping costs, pressure on foreign exchange reserves, and slowing economic growth further exacerbated by the Russia-Ukraine war. To counter the troubling factors, the government and central bank resorted to control techniques of higher interest rates, currency devaluation, fixing quota for the import of goods & services, and variation in taxation rates & types among many other tools with limited success so far.

Dealing with the dwindling foreign exchange reserves and unprecedented PKR depreciation requires political stability and consistent economic policies which can give confidence to non-resident Pakistanis and global investors. The political storm is expected not to be over before the end of FY23. Pak built ports, motorways, RLNG/Coal-fired power, metro bus/train, and other infrastructure projects financed by China while their plans for their optimal utilization are waiting for a conducive investment environment in the country. Pak fared well during COVID-19 but suffered consequences of over USD 20bn from Oil prices induced commodities' inflation in imports in the post-Covid and Russia-Ukraine War. Pakistan has a soaring foreign debt beyond USD130bn which will pile up further by the amount of bailout package received from bilateral IMF, ADB, and other multilateral institutions. SBP has gradually increased the Policy Rate to 15.0% from 7% since September 2021 to fight against inflation and depleting foreign exchange reserves. Pakistan continued to experience a rising current account deficit (CAD) till the end of FY22 as FY22 on the back record hike in imports clocked in around USD 84.2bn (FY21: USD 62.7bn). Pakistan experienced soaring international bonds and Sukuk yields with rising CDS spread ranking as one of the worst in the world. Pakistan is experiencing hyperinflation with FY22 ending with a YoY CPI of 25.92% whereas CPI is expected to clock in at 26.6% in October 2022. Pakistan has suffered downgrades on the Country's Ratings by Moody's: Downgraded to CCC+ on 21 October 2022.

There is a raging debate amongst economists that Pakistan may go the Sri Lankan route. Some would point out the interesting contrast in both countries' circumstances as Sri Lanka's economic problems led to political turmoil (started since bombings in 2019, Covid 2020-21, and finally commodity prices hike before & upon Russia-Ukraine War in 2022 whereas Pakistan's political turmoil in 2022 and commodity prices hike before & upon Russia-Ukraine War in 2022 worsened Pakistan's economic problems. However, we believe that the fears of Pakistan going the Sri Lankan route are exacerbated due to news flow from Sri Lanka amplified by the political narrative. Due to the following key strengths, Pakistan will manage the crisis successfully. Pakistan has a well-defined debt and government finances-related matrix, and Pakistan has a well-demonstrated institutional strength in the financial sector & regulators SBP and SECP are much more developed & independent. Pakistan also has a diverse Forex inflow from exports of goods, IT & other services as well as NRP workers' remittances. Pakistan's extent of import dependence is somewhat more controllable except for the import of petroleum & edible oil products, freight & travel, and luxury

goods which can be cut down through strong measures to avoid a default. The size of Pakistan's domestic economy is quite larger than Sri Lanka the numbers for FY2022 tell us. Pakistan has a population of over 220mn people; its GDP is over USD 326.8bn (GDP Growth 6.1%), whereas its CAD hovers around USD 16.5bn (3.3% of GDP), reached a record tax revenue PKR 6,100bn in FY22 (29.1% growth over FY21) and relatively manageable fiscal deficit 6.1%.

SBP and GOP have taken certain actions to lower-down imports through curbs on imports of Luxury items resulting in some relief in CAD during 1st quarter of FY23. Pakistan's forex reserves have stabilized at around USD ~13.2bn including SBP's USD 7,4bn on 27 October 2022 with an interbank USD exchange rate of PKR 221.50.

SBP's tight monetary policy is yielding results that may bring down CAD, fiscal deficit, and hyperinflation may come down in FY23 although it may be achieved through the sacrifice of growth rate. Dealing with this challenge requires political stability and consistent economic policies that can give domestic and global investors' confidence. The political storm is expected to pass before CY23 is over unless earlier elections are called, and all political parties somewhat agree on the results & fairness of such elections.

PAKISTAN STOCK MARKET

PSX started FY22 on a rather positive note with KSE100 closed at 47,800 levels on July 1st, 2021, however, this positivity soon started eroding and Q1FY22 closed at 44,366 with volumes over 208 million. The market regained a high level of 47,295 on November 5, 2021, on the back of news that the deadlock on an important appointment among GOP institutions has been resolved amicably. However, soon this euphoria subsided and volumes in the market kept shrinking till the installation of the new government after a vote of no confidence when the market momentarily touched 46,601. In the end, FY22 closed at over 41,540 points on June 30, 2022, marking a reduction of over 13% from its opening position. The biggest hit in FY22 was taken by volumes which meant a huge reduction in overall available business opportunity for all the PSX stockbrokers to share hence despite all the marketing efforts the revenues from brokerage commission remained low while capital gains on investment portfolio in FY21 converted into capital losses in FY22.

KSE-100 Index is currently offering an incredibly low price-to-earning (P/E) ratio when compared to PSX's history in the last 15 years and the entire region. Blue-chip stocks in the KSE100 Index are trading at exceptionally low Price to book value multiples. One of the highest dividend yields in the recent history of PSX and the entire region. As soon as there a solution for political and foreign exchange rate & reserve stability is on the horizon, high earnings growth is anticipated on investments in stocks on PSX.

COMPANY'S PERFORMANCE

Given below is the financial summary of your Company for the year ended June 30, 2022:

	2022	2021
Brokerage	43,976,601	68,168,013
Advisory Income	28,798,668	1,900,000
Capital Gain/(Loss) Net	(3,206,614)	11,923,153
Unrealized gain/ (loss) on re-measurement of investments	5,334,836	(237,057)
Dividends & Other Income	13,752,492	3,568,715
Profit after tax	35,873,900	29,718,626
Earnings Per Share	2.76	2.29

The Company reported a profit of PKR 35.874 mln FY22 as compared to PKR 29.719 mln in the last financial year. There was a reduction in Brokerage commission income of 35.5% in FY22 when compared to FY21 and likewise capital gain of PKR 11.923 mln in FY21 converted to a capital loss of PKR 3.206 mln in FY22. However, there has been a significant increase in the consultancy income, dividends & other income, and Unrealized gain/ (loss) on re-measurement of long-term unlisted investments which are also available for sale. Overall, profit after tax has registered an increase of 26% YoY which is commendable despite the difficult political and economic scenario that prevailed in the country during FY22.

The management of the Company is seeking to divest in the shares of Pace Barka Properties Limited for which negotiations are underway. Due to the current political and economic scenario, the deal of PBPL sponsors' sale of shares to one of the foreign investors has gone slower than originally anticipated. However, the management expects to off-load this investment one way or the other as it has not been generating any returns since its inception and future generation of returns is also not clear at the moment. The funds realized from the investment will be partly utilized to complete Company's office building finishing.

Construction of the Company's real estate project's building at Cricketers Colony adjacent to NETSOL Building, next to Ring Road Interchange is progressing and the grey structure has been fully completed. The Company intends to complete the finishing of the building during the financial year 2023.

The Company has acquired a state-of-the-art online shares trading system together with complete hardware and related infrastructure during the year under review. The Company's management expects this to go online upon completion of the testing phase by the end of CY22.

EMPLOYEES BENEFITS & CSR

The Company has successfully implemented and completed the first year of hospitalization insurance coverage from Adamjee Insurance for its employees and their families to share their healthcare burden.

Our company has also implemented a contributory provident scheme for all its regular employees effective July 1st, 2021, and with the year-end, its first-year stands completed. The employees' provident fund trust is in the process of approval from taxation authorities and soon we expect it to be fully operational. In the meantime, the contributions of employees and the Company are being identified and maintained separately.

Our Company continued its contribution to the society and business community as a socially responsible organization through several philanthropic activities. IEL is committed to the fulfillment of its Corporate Social Responsibility and continues its involvement in gratis or discounted fee structures in projects focusing on healthcare, education, the environment, and community welfare. We aim to continue our involvement and contribution to such noble causes in the future as well.

RISK MANAGEMENT

The Board of Directors has implemented a risk management system, which is reviewed and updated from time to time. The risk management governing board plays an integral role in reviewing and approving any policy changes. One of the main focuses is to reduce its regulatory and operational risks. Both the Internal audit and risk management departments play an important role to mitigate such risks. A regular periodic review is done at the Management level to update risks and devise methodologies to reduce/mitigate risks.

RATING BY VIS CREDIT RATING & INTERNAL FINANCIAL CONTROL

VIS Credit Rating has issued and maintained ratings of your company at BMR 2+ and BFR 3++ which were the 5th highest, and 9th highest broker ratings issued by both rating agencies VIS and PACRA combined. These ratings are instrumental in winning your Company's listings with financial institutions and Alhamdulillah, some of the largest asset management companies e.g., Al Meezan Asset Management and HBL Asset Management, and the like.

The Company has an adequate internal financial controls system in place and operating effectively. The Board has established an Audit Committee which meets periodically to overview the internal control framework and the effectiveness of such controls through the Internal Audit department of the Company.

CODE OF CORPORATE GOVERNANCE

The Board endeavors all its efforts to ensure the requirements of the Code of Corporate Governance to the extent applicable. The Board understands its responsibilities toward the shareholders and other stakeholders and aims to enhance the accuracy and transparency of transactions conducted by the Company. The Directors are pleased to report that:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows, and changes in equity
- Proper books of account of the Company have been maintained
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored
- There are no significant doubts about the Company's ability to continue as a going concern
- There has been no material departure from the best practices of corporate governance to the extent required

CHANGES IN THE BOARD

During the year under review, the size of the board of directors of the Company was enhanced from 3 to 5 directors and board committees have been restructured to introduce the next level of segregation of the Company's management and its governance.

Mr. Tariq Mahmood and Mr. Sheikh Muhammad Iqbal have joined the Board as independent directors. Mr. Syed Kashan Hussain Kazmi has recently replaced Mr. Ahmad Bilal Zulfiqar as an executive member of the Company's Board. . All the new directors are famous names in the national financial markets and bring the rich professional experience of serving on the boards and management as CEOs of large institutions in financial, service, and industrial sectors.

The Board and management of the Company welcome the new directors and sincerely believe that the presence of incoming directors will enhance the Company's journey toward becoming an institution benefiting all the stakeholders of the Company.

Mr. Ahmad Bilal Zulfiqar has resigned from the Company as an associate consultant advisor as well as from the Board of the Company. He immensely contributed towards the initiation of the

Company and later in its growth over the last decade and his departure has created a void that will take time to be bridged. We appreciate his sincere contributions and hard work and wish him the best of luck and great success in his future endeavors.

AUDITORS

The previous Auditors of the Company, Messrs. Ilyas Saeed & Co, Chartered Accountants, had resigned before the completion of the audit of the financial statements for the year ended 30 June 2022. Their resignation was a result of certain disputes among the heirs of the audit firm's founder/managing partner Mr. Ilyas Saeed who suddenly passed away in October 2021. The dispute has taken an ugly shape between Mr. Imran Ilyas, partner of the firm in Islamabad Territory, and Mr. Irfan Ilyas who was working with the previous Managing Partner Mr. Ilyas Saeed in Lahore Territory. The Board and management of the Company did their level best to convince the outgoing auditors to continue at least till the AGM for FY22 and complete the audit, however, these efforts in good faith didn't bear fruit.

The Board of Directors of the Company, in its meeting on 28 September 2022, has appointed Messrs. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, to fill the casual vacancy created by the outgoing auditors. Messrs. RSM Avais Hyder Liaquat Nauman, the incoming auditors, have completed the audit of the Company's financial statements for the year ended June 30, 2022.

The Board of the Company endorses the recommendation of the Audit Committee for the reappointment of Messrs. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, as the Auditors of the Company for the financial year ending June 30, 2023.

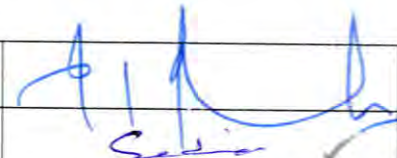
PATTERN OF SHAREHOLDINGS

The detailed pattern of the shareholding and categories of shareholders of the Company as of 30 June 2022, as required, have been appended to the Annual Report.

ACKNOWLEDGEMENT

We are grateful to the shareholders of the Company to continue showing their confidence in the Board of Directors of the Company. We also appreciate the necessary support provided by the Regulatory authorities for support and guidance.


For and on behalf of the Board of Directors

Sardar Ali Wattoo	Chief Executive Officer	
Sadia Ali	Director	

STATEMENT UNDER CLAUSE 9(iii) OF THE CORPORATE GOVERNANCE CODE FOR BROKERS

There are no transactions entered into by the Company during the year, which are fraudulent, illegal, or in violation of any securities market laws.

For and on behalf of
Integrated Equities Limited


Chief Executive Officer

RSM Avas Hyder Liaquat Nauman
Chartered Accountants

House # 136-B, Street # 43,
Sector F-10/4,
Islamabad - Pakistan.

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W: www.rsm-pakistan.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED EQUITIES LIMITED

Opinion

We have audited the annexed financial statements of **INTEGRATED EQUITIES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2022, and 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 purpose 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, 2022, and of the profit and 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 the 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. However, 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 the 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 misstatements, whether due to fraud or error.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Other Offices at:
Lahore: 92 (42) 3587 2731-4
Karachi: 92 (21) 3560 0979
Faisalabad: 92 (41) 354 1601
Peshawar: 92 (91) 347 142 05
Quetta: 92 (91) 354 3806
Kabul: 92 (700) 24 00 00

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.

The 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 misstatements, 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 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 risk 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 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 controls 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 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 the 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.

Report on other legal and Regulatory Requirements

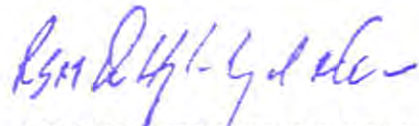
Based on our audit, we further report that in our opinion:

- 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; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- 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.

Other Matter

The financial statements of the Company for the year ended June 30, 2021, were audited by Ilyas Saeed & Co. Chartered Accountants who expressed unmodified opinion on those statements on October 27, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Nauman Mahmood, FCA.



RSM AWAIZ HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

PLACE: ISLAMABAD

DATE: 28-10-2022

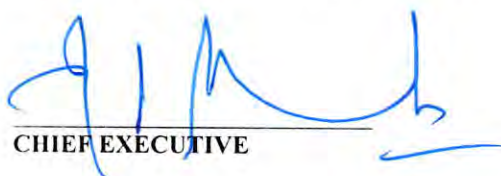
UDIN: AR202210379qyRSDdHG6

INTEGRATED EQUITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

		2022	2021
	Note	RUPEES	RUPEES
ASSETS			
NON CURRENT ASSETS			
Property & Equipment's	5	10,552,466	11,046,676
Intangible Assets	6	2,500,000	2,500,000
Long Term Investments	7	69,237,245	65,408,038
Long Term Deposits	8	1,719,000	2,119,000
Investment Property	9	71,788,500	43,722,326
		155,797,211	124,796,040
CURRENT ASSETS			
Trade Debtors	10	14,456,355	32,694,427
Short Term Investments	11	8,312,544	4,517,857
Advances, Deposits, Prepayments & Other Receivables	12	28,505,204	158,201,894
Cash and Bank Balances	13	65,999,848	49,386,020
		117,273,951	244,800,198
TOTAL ASSETS		273,071,162	369,596,238
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	14	130,000,000	130,000,000
Retained Earnings		63,972,129	52,798,230
TOTAL EQUITY		193,972,129	182,798,230
LIABILITIES			
NON CURRENT LIABILITIES			
Long term - Subordinated loan	15	6,200,000	6,200,000
Lease liability		-	2,559,750
Deferred liabilities	16	-	1,714,607
		6,200,000	10,474,357
CURRENT LIABILITIES			
Trade And Other Payables	17	70,725,871	164,542,358
Advance from directors	18	-	9,126,088
Taxation- net	19	2,173,163	1,296,497
Current portion of lease liability		-	1,358,708
		72,899,034	176,323,651
CONTINGENCIES AND COMMITMENTS	20	-	-
TOTAL EQUITY AND LIABILITIES		273,071,162	369,596,238

BSM

The annexed notes from 1 to 36 form an integral part of these Financial Statements.


CHIEF EXECUTIVE


DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30,2022

		2022	2021
	Note	RUPEES	RUPEES
Incomes			
-Operating revenue	21	72,775,269	70,068,013
-Capital gain - net		-	11,923,153
-Unrealized (loss) / gain on remeasurement of investments	22	5,334,836	(237,057)
-Unrealized (loss) / gain on remeasurement of investment Property		8,679,274	8,740,000
-Dividend income		1,841,481	590,783
		88,630,860	91,084,892
Expenditure			
-Operating and administrative expenses	23	54,583,594	58,307,916
-Capital loss - net		3,206,614	-
-Other operating expenses	24	844,788	525,399
-Financial charges	25	1,600,041	1,326,739
		60,235,037	60,160,054
Operating Income		28,395,823	30,924,838
Other Income	26	11,911,011	3,568,715
Profit Before Tax		40,306,833	34,493,552
Taxation	27	4,432,933	4,774,927
Profit After Tax		35,873,900	29,718,626
Other comprehensive income for the year		-	-
Total comprehensive income for the year		35,873,900	29,718,626
Earnings per share - basic and diluted	28	2.76	2.29

The annexed notes from 1 to 36 form an integral part of these Financial Statements.


CHIEF EXECUTIVE


DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,2022

	Note	2022 RUPEES	2021 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit from Operations		40,306,833	34,493,552
Adjustment for Non-cash items			
Depreciation		2,416,467	1,471,627
Amortization		-	3,500
Unrealized gain (loss) on remeasurement of short term investment through profit or loss		(5,334,836)	237,057
Loss / (Gain) on Investment		3,206,614	(11,923,153)
(Reversal) / Provision For Deferred liabilities		(1,714,607)	1,304,607
Provision For Deferred WWF		844,788	525,399
(Gain) / loss on disposal of Vehicle		(1,544,691)	-
Gain on revaluation of investment property		(8,679,274)	(8,740,000)
Write Offs / Bad Debts		823,635	583,281
Provision For Bad Debts		(18,557,961)	7,467,939
Finance Cost		1,600,041	-
Net Profit before Working Capital Changes		13,367,008	25,423,808
Changes in Working Capital			
(Increase) / Decrease in Current Assets			
Trade Debtors		36,796,034	(25,989,565)
Investments		(5,495,670)	7,787,538
Advances, Deposits and Other Receivables		129,696,690	(118,039,441)
Increase / (Decrease) in Current Liabilities			
Trade Creditors and Accrued Expenses		(97,222,385)	74,379,083
Cash Used in Operations		77,141,676	(36,438,577)
Tax paid		(2,894,495)	(2,616,520)
Finance cost paid		(524,341)	-
Net Cash Used/Generated from Operating Activities		73,722,840	(39,055,096)
CASH FLOW FROM INVESTING ACTIVITIES			
Security Deposit		400,000	(400,000)
Acquisition of PPE		(2,062,566)	(6,930,410)
Proceed From Disposal of PPE		1,685,000	-
Disposal/Purchase of investment property		(19,386,900)	(367,326)
Net Cash flow from Investing Activities		(19,364,466)	(7,697,736)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease Liability		(3,918,458)	2,559,750
Dividend payment during the year		(24,700,000)	-
Acquisition/(repayment) of long term loan from director		(9,126,088)	2,500,000
Net Cash Flow from Financing Activities		(37,744,546)	5,059,750
Net Increase in Cash and Cash Equivalents		16,613,828	(41,693,082)
Cash and Cash Equivalents at the beginning of the Year		49,386,020	91,079,102
Cash and Cash Equivalents at the end of the Year		65,999,848	49,386,020

The annexed notes from 1 to 36 form an integral part of these Financial Statements.


CHIEF EXECUTIVE


DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30,2022

Particulars	Issued, subscribed and paid-up capital	Retained earnings	Total
Balance as at July 01,2020	130,000,000	23,079,604	153,079,604
Profit for the year after taxation		29,718,626	29,718,626
Balance as at June 30,2021	130,000,000	52,798,230	182,798,230
Dividend payment during the year @ Rs.1.90 per share	-	(24,700,000)	(24,700,000)
Profit for the year after taxation	-	35,873,900	35,873,900
Balance as at June 30,2022	130,000,000	63,972,129	193,972,129

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The annexed notes from 1 to 36 form an integral part of these Financial Statements.


 CHIEF EXECUTIVE


 DIRECTOR

INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. STATUS AND NATURE OF BUSINESS

Integrated Equities Limited ("the Company") was incorporated in Pakistan on July 01, 2008 as a private limited company, under the Companies Ordinance, 1984. Status of the Company was changed from private limited to public limited on December 30, 2016. The Principal Activities of the company include shares brokerage and investment in shares, stocks, fixed income securities, bonds etc. and also provide consultancy services.

The Registered office of the company is located at 202 Y First Floor Commercial Area Defense Housing Authority Lahore.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved Accounting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017. Approved Accounting Standards comprise of such International financial reporting standards as notified under the provisions of the Companies Act, 2017. Whenever the requirements of the Companies Act, 2017 or directives of the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the Standards, the requirements of the Companies Act, 2017 or the requirements of the said directives take precedence.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment property and certain financial assets that are stated at fair value.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. There was no significant adjustment required for the estimates and judgments as compared to previous year.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are;

- a) Useful life and residual values of property equipment
- b) Impairment
- c) Classification and valuation of investment
- d) Provision for taxation

3. INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS OR AMENDMENTS TO EXISTING STANDARDS

3.1 The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2020 other than those disclosed in note 3.2. These are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

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INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Impact of amendment in effective IFRS

The adoption of the new standards, amendments, improvements to accounting standards and interpretations effective for the year did not have any effect on the financial statements.

3.2 Standards, amendments to approved accounting standards that are not yet effective

Standards or Interpretation	Effective date (annual periods beginning on or after)
✓ Amendment in IAS - 1 - Presentation of financial statements	January 1, 2023
"Classification of Liabilities as Current or Non-Current"	
"Taxation in fair value measurement"	
✓ Amendment in IFRS - 10 & IAS - 28	Deferred
"Sale or contribution of assets between an investor and its associates or joint venture"	
✓ Amendment in IAS - 8 - Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2023
Definition of Accounting Estimates	
✓ Amendment in IAS - 12 - Taxes	January 1, 2023
"Deferred tax related to assets and liabilities arising from single transaction"	
✓ Amendment to IAS - 1 and IFRS Practice Statement 2	January 1, 2023
"Disclosure of Accounting Policies"	

The above mentioned standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, IFRS 17 'Insurance contracts' is yet to be adopted by the Securities and Exchange Commission of Pakistan (SECP).

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

IFRS 9- The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

The above amendments are not likely to affect the financial statements of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairments, if any. Depreciation is charged on reducing balance basis at the rates specified in *Note 5* to the financial statements, which are considered appropriate to write off the cost of assets over their useful economic lives.

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals depreciation is charged up to the month preceding the disposal of the asset. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

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INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

Maintenance and repairs are charged to profit or loss as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Residual value and the useful life of an asset are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimates of residual value of property and equipment at June 30, 2022 did not require any adjustment.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A - Leases other than short-term leases and leases of low-value assets

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

B - Short-term leases and leases of low-value assets

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INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

4.2 Capital Work in Progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during the erection and construction period are carried under Capital Work in Progress. Capital work in progress is transferred to operating fixed assets when assets are available for intended use. All expenses including borrowing cost, if any, are capitalized at the time of commencement of commercial operations of relevant assets of the company.

4.3 Intangible Assets

Trading Right Entitlement Certificate (TREC)

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each statement of financial position date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets have an indefinite useful life so no amortization has been charged.

Computer software

These are stated at cost less accumulated amortization, if any. The carrying amount is reviewed at each statement of financial position date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets are amortized at 20% p.a.

4.4 Staff retirement benefits

The company is required to maintain unfunded gratuity as retirement benefit plan for its employees, eligible for gratuity under The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, Schedule of standing Orders, who have completed the qualifying period as defined under the standing order.

The amount of liability of each employee is computed by number of years completed multiplied by the last drawn monthly gross salary. The difference between the current and previous liability is charged to profit and loss amount as expense for the year under the head salaries and benefits.

No other funded / unfunded scheme is in operation.

4.5 Impairment

- Non financial assets

The carrying amount of the Company's assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the profit or loss. Individually significant financial assets are tested for impairment on individual basis.

Impairment losses are reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

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INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs."

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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 expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.6 Investments

Investments intended to be held for less than twelve months from statement of financial position date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investment in securities is recognized on a trade-date basis and is initially recognized at cost.

Investments are classified as follows:

Held to maturity

These are the securities with fixed and determinable payments and fixed maturity where the Company has the positive intent and ability to hold to maturity. These are measured at amortized cost less any impairment loss recognized to reflect irrecoverable amounts.

Available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which these are reclassified to statement of profit or loss.

Fair value through profit or loss

Investments which are principally for the purpose of selling in near term or the investments that are part of the portfolio of financial instruments exhibiting short term profit taking are classified at investment at fair value through profit or loss. These are stated at fair values with any resulting gains or losses recognized

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INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

directly in the statements of profit or loss. The fair values of such investments representing listed equity securities are determined on the basis of prevailing market prices.

4.7 Financial instruments

i) Initial measurement of financial asset

The Company classifies its financial assets in to following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

ii) Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

iii) Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and include trade debts, advances, other receivables and cash and cash equivalent.

The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

iv) Financial Liabilities

Financial liabilities are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss is initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

v) Offsetting of financial assets and financial liabilities

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INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

4.8 Trade debts, advances and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

4.10 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognized at cost, being the fair value of the consideration given, subsequent to initial recognition these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognized in the statement of profit or loss. Rental income from investment property is charged to profit or loss on accrual basis.

When an item of property and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

4.11 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

Contingent liabilities

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

4.12 Revenue recognition

Revenue from trading activities - brokerage commission

Commission revenue arising from sales / purchase of securities on clients' behalf is recognized on the date of trading of the transaction by the clearing house.

Revenue from advisory and consultancy services

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

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INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

Mark up / interest income

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.13 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.14 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and other short term highly liquid investments (if any) that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4.16 Related party transactions

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

All transactions involving related parties arising in the normal course of business are conducted at arm's length, at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible, except in extremely rare circumstances where, subject to approval of Board of Directors, it is in the interest of the Company to do so.

4.17 Fair value

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

5 PROPERTY AND EQUIPMENTS

	Owned				Leased Assets		Total
	Computers & Accessories	Furniture & Fixtures	Office Equipment's	Vehicle	Vehicle		
RUPEES							
Cost							
Balance as at 1 July 2020	1,944,798	1,483,701	1,005,546	8,216,810			12,650,855
Additions during the year	675,965	556,845	212,600	-		5,485,000	6,930,410
Disposals during the year							-
Balance as at 30 June 2021	2,620,763	2,040,546	1,218,146	8,216,810		5,485,000	19,581,265
Balance as at 1 July 2021	2,620,763	2,040,546	1,218,146	8,216,810		5,485,000	19,581,265
Additions/ Transfer during the year	1,154,468	123,583	133,515	6,136,000		651,000	8,198,566
Disposals/ Transfer during the year				(2,173,110)		(6,136,000)	(8,309,110)
Balance as at 30 June 2022	3,775,231	2,164,129	1,351,661	12,179,700		-	19,470,721
DEPRECIATION							
Balance as at 1 July 2020	1,628,239	927,124	439,540	4,068,060		-	7,062,963
Charge for the year	183,236	120,132	64,258	829,750		274,250	1,471,626
Disposals during the year							-
Balance as at 30 June 2021	1,811,476	1,047,256	503,798	4,897,810		274,250	8,534,589
Balance as at 1 July 2021	1,811,476	1,047,256	503,798	4,897,810		274,250	8,534,589
Charge/transfer for the year	411,215	152,271	79,123	1,773,857		-	2,416,467
Disposals/transfer during the year				(1,758,551)		(274,250)	(2,032,801)
Balance as at 30 June 2022	2,222,691	1,199,527	582,921	4,913,116		-	8,918,255
Book value as at 30 June 2021	809,288	993,290	714,348	3,319,000		5,210,750	11,046,676
Book value as at 30 June 2022	1,552,540	964,602	768,740	7,266,584		-	10,552,466
Annual depreciation rate %	30%	15%	10%	20%		20%	

5.1 Particulars of disposal of property and equipment are as follows:

Particulars	Cost	WDV at Disposal	Accumulated Depreciation	Sale Proceed	Gain on Disposal	Mode of Disposal
Vehicle	2,173,110	140,309	2,032,801	1,685,000	1,544,691	Sale
						₹ 5.00

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 RUPEES	2021 RUPEES
6 INTANGIBLE ASSETS			
Computer Software	6.1	-	-
Trading Right Entitlement Certificate (TREC)	6.2	2,500,000	2,500,000
		<u>2,500,000</u>	<u>2,500,000</u>
6.1 COMPUTER SOFTWARE			
Gross carrying value basis			
Opening carrying amount			3,500
Amortization charge		-	(3,500)
Closing carrying amount		<u>-</u>	<u>-</u>
Gross carrying value basis			
Cost		-	209,500
Accumulated Depreciation		-	(209,500)
Carrying amount		<u>-</u>	<u>-</u>
6.2 TRADING RIGHT ENTITLEMENT CERTIFICATES			
Cost	6.2.1	2,500,000	2,500,000
Impairment		-	-
		<u>2,500,000</u>	<u>2,500,000</u>
6.2.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX). This have been carried at cost less accumulated impairment losses. PSX vide notice no. PSX/N - 225 dated February 16, 2021 have notified the notional fees of a Trading Right Entitlement Certificate which amounts to Rs. 2.5 million.			
6.2.2 This TREC of the Company is pledged against the Base Minimum Capital (BMC) requirement with PSX.			
6.2.3 The Company has no internally generated intangible assets			
7 LONG TERM INVESTMENTS- Fair value through profit or loss			
7.1 Investments in related parties			
Media Info Systems (Pvt.) Limited	7.1.1	4,871,481	3,440,420
7.2 Other Investments			
Pace Barka Properties Limited	7.2.1	47,958,442	41,492,935
LSE Financial Services Limited (formerly Lahore Stock Exchange Limited-LSEL)	7.2.2	16,407,321	20,474,683
		<u>64,365,763</u>	<u>61,967,619</u>
		<u>69,237,245</u>	<u>65,408,038</u>
7.1.1 Movement of Investment in related parties			
Media Info Systems (Pvt.) Limited			
Opening balance on July 01, 2021		3,440,420	2,817,864
450,000 (2021: 450,000) Ordinary Shares of Rs. 10 each Equity Held 10.1637% (2021: 10.1637%)			
Gain/(Loss) on remeasurement of investment charged to P&L		<u>1,431,061</u>	<u>622,556</u>
Closing balance on June 30, 2022		<u>4,871,481</u>	<u>3,440,420</u>
7.2.1 Movement of other Investments			
Pace Barka Properties Limited			
Opening balance on July 01, 2021		41,492,935	43,599,867
2,721,238 (2021: 2,721,238) Ordinary shares of Rs. 10 each Equity Held 0.89% (2021: 0.89%)			
Gain/(Loss) on remeasurement of investment charged to P&L		<u>6,465,507</u>	<u>(2,106,932)</u>
Closing balance on June 30, 2022		<u>47,958,442</u>	<u>41,492,935</u>
7.2.2 LSE Financial Services Limited (formerly Lahore Stock Exchange Limited-LSEL)			
Opening balance on July 01, 2021		20,474,684	19,608,250
843,975 (2021: 843,975) Ordinary shares of Rs. 10 each Equity Held 0.66% (2021: 0.66%)			
Gain/(Loss) on remeasurement of investment charged to P&L		<u>(4,067,363)</u>	<u>866,434</u>
Closing balance on June 30, 2022	7.2.4	<u>16,407,321</u>	<u>20,474,684</u>
7.2.3 During the year there is no transfers between Level 1,2 and 3 of the fair value hierarchy			
7.2.4 LSE Financial Services Limited shares held by the entity has been pledged against Base Minimum Capital (BMC)			

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 RUPEES	2021 RUPEES
8 LONG TERM DEPOSITS AND PREPAYMENTS			
Pakistan Stock Exchange Limited		200,000	200,000
Central Depository Company of Pakistan Limited		100,000	100,000
National Clearing Company of Pakistan Limited		1,200,000	1,200,000
Other Deposits		219,000	619,000
		1,719,000	2,119,000

9 INVESTMENT PROPERTY			
Balance as on July 01,		43,722,326	34,615,000
Capital Work in Progress		19,386,900	367,326
		63,109,226	34,982,326
Increase in fair value		8,679,274	8,740,000
		71,788,500	43,722,326

9.1 Investment Property comprise of Commercial Plot No. 30, Located At Service Lane Ring Road, Near Netsol, Cricketers' Colony, Hadbast Mouza Ghova, Tehsil Cantt, District Lahore.

9.2 The management intend to construct the commercial building on this property

9.3 The fair value of subject investment property is based on valuation that was carried out by M/s. Zafar Iqbal & Company, independent valuer (approved valuator on the panel of Pakistan Banking Association) as on June 30, 2022. The valuer determined the fair value of Rs.71,788,500/- (2021:43,722,326/-), the effect of which has been incorporated in the financial statements

9.4 Recurring fair value measurements

Fair value measurements at 30 June 2022 using Significant other observable inputs (Level 2)
Rupees

Investment properties 71,788,500

Fair value measurements at 30 June 2021 using Significant other observable inputs (Level 2)
Rupees

Investment properties 43,722,326

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2021. It is not applicable for the year 2022.

Valuation techniques used to derive level 2 fair values:

Level 2 fair value of investment properties has been derived using the sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property. The most significant input into this valuation approach is price per square foot.

9.5 Particulars of the investment properties are as follows:

Location	Forced sale value		Forced Sale Value	
	Area Sq. Ft	June 2022 Rupees	Area Sq. Ft	June 2021 Rupees
Plot No. 30, Located At Service Lane Ring Road, Near Netsol, Cricketers' Colony, Hadbast Mouza Ghova, Tehsil Cantt, District Lahore	2225	61,020,225	2225	36,851,750

10 TRADE DEBTORS

Trade debts against purchase of shares:

Considered good - unsecured 13,721,128 30,896,491

Trade debts other than purchase of shares:

Considered good - unsecured 735,227 1,797,936

Considered doubtful - unsecured 1,276,413 19,834,375

Provision for doubtful debt 10.2 2,011,640 21,632,310

(1,276,413) (19,834,375)

14,456,355 32,694,427

10.1 Age analysis of trade debts is provided in Note 29.1.2

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2022

	Note	2022	2021		
		RUPEES	RUPEES		
10.2	Provision for impairment of trade debts				
Opening Provision		19,834,374	12,366,436		
(Written Off / Reversal) / Charge during the year		(18,557,961)	7,467,938		
Closing balance		1,276,413	19,834,374		
11	INVESTMENTS				
At fair value through profit or loss,					
Quoted Equity securities	11.1	8,312,544	4,517,857		
11.1	Financial assets at fair value through profit or loss				
Quoted equity securities					
		No. of Shares	Carrying amount	Fair Value	
		2022	2021	2022	2021
Quoted Securities					
TPL Properties Ltd		-	150,000	-	4,516,500
First Capital Equities Limited		-	143	-	1,357
SAMBA Bank Ltd.		142,000	-	1,712,520	1,397,280
Hum Network Ltd		70,000	-	525,000	498,400
Engro Fertilizers Ltd		100	-	9,393	8,864
Dost Steels Ltd		1,200,000	-	4,560,000	6,408,000
Total Investment		1,412,100	150,143	6,806,913	4,136,972
Profit/(Loss) on remeasurment				1,505,631	380,885
Total Investment as at Jun 30				8,312,544	4,517,857
12	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES				
Advances - Unsecured - Considered good	12.1	382,500	24,547,500		
Short Term Deposits	12.2	26,054,236	132,128,236		
Other Receivables	12.3	2,068,468	1,526,158		
		28,505,204	158,201,894		
12.1	Advances - Unsecured - Considered good				
- To Employees		382,500	122,500		
- For Propoerty	12.1.1	-	24,425,000		
		382,500	24,547,500		
12.1.1	This was advance against purchase of property at APCO Islamabad				
12.2	Short Term Deposits				
Exposure with NCCPL		20,646,000	130,800,000		
Base Minimum Capital		4,328,236	1,328,236		
Margin deposited with Bank		1,080,000	-		
Inter Office Balance		0	-		
		26,054,236	132,128,236		
12.3	Other Receivables				
Other Receivables - Considered Good		2,068,468	1,526,158		
Other Receivables - Considered Doubtful		85,700	85,700		
Less: Provision for Doubtful Other Receivables		(85,700)	(85,700)		
		2,068,468	1,526,158		
13	CASH AND BANK BALANCES				
Cash in hand		5,863	13,355		
Cash at Bank					
Saving Accounts	13.1	5,417,251	21,121,164		
Current Accounts	13.2	44,700,543	28,251,501		
Customers Security Deposit under Escrow Agreement	13.3	50,117,794	49,372,665		
		15,876,191	-		
		65,999,848	49,386,020		

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2022

	Note	2022	2021	
		RUPEES	RUPEES	
13.1	These carry profit at rates ranging 3% to 5% per annum (2021: 2% to 3% per annum)			
13.2	Bank balances include customers' bank balances held in designated bank accounts amounting to Rs/- 44,560,919 (2021: Rs. 28,056,976/-)			
13.3	Received Security Deposit as Manager to Offer of Automotive Plastics (Pvt) Limited for the public tender offer base acquisition of AEL Textiles Ltd			
14	SHARE CAPITAL			
	Authorized Share Capital			
	16,000,000 (2021: 16,000,000) Ordinary Shares Of Rs. 10/- Each	160,000,000	160,000,000	
	Paid up Share Capital			
	13,000,000 (2021: 13,000,000) Ordinary Shares Of Rs. 10/- Each, Fully Paid in Cash	130,000,000	130,000,000	
15	LONG TERM - SUBORDINATED LOAN			
	Subordinated Loan from Sponsor	15.1	6,200,000	6,200,000
			6,200,000	6,200,000
15.1	Subordinated loan represents unsecured loan from Director to increase net worth / liquid capital of the Company. The loan carries mark up rate of six (06) months KIBOR plus premium of two (02) percent. The mark up rate shall not be greater than the ceiling rate specified by the SECP from time to time. Movement of balances are disclosed in related party transaction note no.28			
16	DEFERRED LIABILITIES			
	Opening balance		1,714,607	410,000
	(Reversal) / Provision for the year		-	1,304,607
	Reversal of Provision		(1,714,607)	-
	Provision for staff retirement benefit		-	1,714,607
16.1	The staff retirement benefit plan has been converted into Employees Provident Fund during the year.			
17	TRADE AND OTHER PAYABLES			
	Payable against sale of shares - un secured	17.1	38,353,975	106,413,582
	Accrued Liabilities	17.2	24,485,534	40,803,494
	Other Liabilities		6,195,071	16,478,779
	Workers' Welfare Fund		1,691,291	846,503
			32,371,896	58,128,776
			70,725,871	164,542,358
17.1	This includes balance payable to directors amounting Rs 1,090,845/- on account of sale of shares (2021: Rs.32,555/-).			
17.2	It includes Security Deposit as Manager to Offer of Automotive Plastics (Pvt) Limited for the public tender offer base acquisition of AEL Textiles Ltd			
18	ADVANCE FROM DIRECTOR - SHORT TERM			
	Advances from directors	18.1	-	9,126,088
			-	9,126,088
18.1	This represents unsecured running balance of advances injected by the directors of the company at NIL mark up basis on time to time for meeting working capital requirements of the company and is repayable upon the financial ease of the Company. The advance does not carry any mark up. Movement of balances are disclosed in related party transaction note no.28			
19	TAXATION-NET			
	Opening Provision		1,296,497	-
	Prior Year Adjustment		(661,772)	32,606
	Provision for the year		4,432,933	4,742,321
	Deferred		-	-
			5,067,658	4,774,927
	Opening Refundable		-	861,909
	Advance Taxes		2,894,495	2,616,521
			2,894,495	3,478,430
			2,173,163	1,296,497
20	CONTINGENCIES AND COMMITMENTS			
	Contingencies			
20.1	The company was received assessment notice U/S 122/1 of income tax ordinance 2001 for the tax year 2016. The company file an appeal against this order. The proceeding are still under process.			

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 RUPEES	2021 RUPEES
20.2	<u>Commitments</u>		
Financial guarantees given by commercial banks on behalf of the Company		9,000,000	9,000,000
The company has secured financial guarantee from Bank Al Habib Limited in favor of National Clearing Company of Pakistan Limited (NCCPL) to fulfil the exposure requirement. Guarantee commission charges during the year has been recorded in finance cost.			
21	REVENUE		
Brokerage		43,976,601	68,168,013
Advisory and consultancy fee		28,798,668	1,900,000
		<u>72,775,269</u>	<u>70,068,013</u>
22	UNREALISED LOSS ON RE-MEASUREMENT OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Gain/(Loss) on remeasurement of short term investments		1,505,631	380,885
(Loss)/Gain on remeasurement of long term investments		3,829,205	(617,942)
		<u>5,334,836</u>	<u>(237,057)</u>
23	OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages & Benefits	23.1	31,097,455	33,123,407
Rent, Rates and Taxes		2,183,225	1,941,200
Fee & Subscription		6,844,060	2,373,897
Utilities		963,988	991,919
Travelling & Conveyance		629,039	514,330
Internet & Mobile Charges		1,093,031	497,690
Insurance		908,383	408,062
Entertainment		1,692,994	1,037,743
Printing and Stationery		146,715	188,375
Courier Charges		92,650	28,564
Auditor's remuneration	23.2	740,750	690,750
Depreciation & Amortization		2,416,467	1,475,127
Repair & Maintenance Office		412,501	504,425
Running and Maintenance Vehicles		237,864	321,717
CDC Charges		495,253	665,633
Write Offs / Bad Debts		823,635	583,281
Provision for doubtful debt		-	7,467,939
NCCPL Charges		3,123,666	4,797,979
Other Office Expenses		681,919	695,880
		<u>54,583,594</u>	<u>58,307,916</u>
23.1	These includes staff retirement benefit expense amounting to Rs 670,324/- (2021: 1,304,607)		
23.2	Auditor's remuneration		
Statutory audit		250,000	200,000
Certifications and others		473,250	473,250
Out of pocket expenses		17,500	17,500
		<u>740,750</u>	<u>690,750</u>
24	OTHER OPERATING EXPENSES		
Workers' Welfare Fund		844,788	525,399
		<u>844,788</u>	<u>525,399</u>
25	FINANCE COST		
Markup on subordinated loan		1,075,700	648,423
Markup on running finance		-	294,521
Bank charges		211,240	173,226
Finance cost on lease liability		313,101	210,569
		<u>1,600,041</u>	<u>1,326,739</u>

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 RUPEES	2021 RUPEES
26 OTHER INCOME			
Income from financial assets			
Profit on Bank Balances		987,169	483,485
Profit on NCS Exposure		3,576,101	2,482,501
Income from assets other than financial assets			
Gain on disposal of vehicle		1,544,691	-
Provisions written back		1,714,607	-
Miscellaneous income		4,088,443	602,729
		<u>11,911,011</u>	<u>3,568,715</u>
27 TAXATION			
Current year		4,432,933	4,742,321
Prior periods			32,606
		<u>4,432,933</u>	<u>4,774,927</u>
27.1 Numerical reconciliation between accounting profit and tax expense			
Accounting Profit for the year		40,306,833	34,493,552
Applicable tax rate as per Income tax ordinance, 2001		29%	29%
Tax on accounting profit		11,688,982	10,003,130
- Effect of income chargeable to tax at different rates		(257,807)	(1,751,951)
- Effect of items not adjustable for tax purposes		(11,239,927)	(3,508,858)
- Effect of minimum alternate corporate TAX		4,241,685	-
- Effect of change in prior year		-	32,606
		<u>(7,256,049)</u>	<u>(5,228,204)</u>
		<u>4,432,933</u>	<u>4,774,927</u>
27.2	The Provision for current taxation represent tax under the normal tax regime at the rate of 29% of taxable income and final tax paid under final tax regime under income tax ordinance 2001. however, the company is paying minimum alternate tax for the year being higher tax provision.		
28 EARNINGS PER SHARE - BASIC AND DILUTED			
28.1 Basic earnings per share			
Profit after taxation		<u>35,873,900</u>	<u>29,718,626</u>
		<u>Number of shares</u>	<u>Number of shares</u>
Weighted average number of ordinary shares outstanding during the year		<u>13,000,000</u>	<u>13,000,000</u>
Earnings per share - basic		<u>2.76</u>	<u>2.29</u>
28.2 Earnings per share - Diluted			
There is no dilutive effect on the basic earnings per share, since there were no potential ordinary shares in issue as at June 30, 2021 and June 30, 2022			

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

29 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of entities over which the Directors are able to exercise significant influence. Related parties include entities with common Directors, major shareholders, subsidiary undertakings, associated companies, Directors and key management personnel. Details of transactions with related parties are as follows:

Nature of Transactions	Relationship	Description	Transaction during the year	
			2022	2021
			Rupees	
Key Management Personnel				
Mrs. Sadia Ali	Director	Subordinated Loan	-	2,500,000
Mrs. Sadia Ali	Director	Advances	(3,861,926)	4,000,000
Mrs. Sadia Ali	Director	Markup on Sub Loan	(1,075,700)	(648,423)
Mr. Sardar Ali	Director/CEO	Advances	(6,402,235)	(3,050,000)
			2022	2021
		Chief Executive	Directors	Executives
		1	2	1
Managerial remuneration		3,301,692	8,230,124	4,925,832
Commission or bonus		1,000,000	-	1,720,719
Director's Meeting Fee		-	-	56,000
		4,301,692	8,230,124	6,702,551
			2021	2021
		Chief Executive	Directors	Executives
		1	2	1
Managerial remuneration		3,000,000	6,550,000	3,860,000
Commission or bonus		1,000,000	400,000	1,000,000
Director's Meeting Fee		-	-	-
		4,000,000	6,950,000	4,860,000

29.1 In addition, Chief Executive, Directors and some Executives have been provided with Company maintained cars.

29.2 Meeting fees were paid to the director for attending the Board meetings (2021: Nil).

30 FINANCIAL INSTRUMENTS

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various source of finance to minimize the risk.

The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

30.1 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. Concentrations of credit risk arise 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 a company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis.
- Deposit of margins before execution of orders for all retail clientele.
- Obtaining adequate securities for all receivables.

30.1.1 Exposure to credit risk

The carrying values of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	Rupees	Rupees
Trade debts - unsecured	14,456,355	32,694,427
Investments	8,312,544	4,517,857
Advances, deposits and other receivables	28,505,204	158,201,894
Cash and bank balance	65,999,848	49,386,020
	117,273,951	244,800,198

The credit quality of financial assets can be assessed by reference to external credit rating or the historical information about counter party defaults.

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30.1.2 The age of trade debts at the reporting date was

	2022 Rupees	2021 Rupees
Not over due	-	30,896,491
Over due for less than 365 days	735,227	1,797,936
More than 1 year Less than 3 year	-	-
More than 3 year Less than 5 year	-	-
More than 5 year	-	-
	<u>735,227</u>	<u>32,694,427</u>

30.1.3 The collateral available against clients balances due for more than fourteen days related to brokerage amounting Rs. 8,080,522 is 99,352,676 (2021: Rs. 14,389,202 against 455,971,325)

30.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

30.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

30.3.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. Foreign currency risk arises mainly where payable/receivable exist due to transactions with foreign clients. The company does not have any financial assets or liabilities in foreign currency at the reporting date.

30.3.2 Interest rate risk

Interest rate risk is the risk of decline in earnings due to adverse movement of the interest rate curve. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

30.3.3 Other Price risk

Equity price risk arise from equity securities classified as at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

30.3.4 Sensitivity analysis

All of the Company's listed equity investments are listed on Pakistan Stock exchange. The table below summarizes the Company's equity price risk as of June 30 2022 and 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

		2022			
	Fair value	Estimated fair value after hypothetical change in prices"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in shareholders' equity"	Hypothetical increase /(decrease) in Profit before Tax"
Long term Investments	69,237,245	+10% -10%	76,160,969 (62,313,520)	6,923,724 (6,923,724)	6,923,724 (6,923,724)
Short term investments	8,312,544	+10% -10%	9,143,798 (7,481,290)	831,254 (831,254)	831,254 (831,254)
		2021			
	Fair value	Estimated fair value after hypothetical change in prices"	Estimated fair value after hypothetical change in prices"	Hypothetical increase /(decrease) in shareholders' equity"	Hypothetical increase /(decrease) in Profit before Tax"
Long term Investments	65,408,039	+10% -10%	71,948,843 (58,867,236)	6,540,804 (6,540,804)	6,540,804 (6,540,804)
Short term investments	4,517,857	+10% -10%	4,969,643 (4,066,071)	451,786 (451,786)	451,786 (451,786)

30.3.5 Fair value of financial instruments

- The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
- The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is measured in accordance with Note 4.15.
- The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

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30.3.6 Recurring fair value measurements

Long term investments
Unquoted investments
Investment Property
Short term investments

2022			
Level 1	Level 2	Level 3	Total
Rupees			
-	-	69,237,245	69,237,245
8,312,544	-	-	8,312,544

Long term investments
Unquoted investments
Investment Property
Short term investments

2021			
Level 1	Level 2	Level 3	Total
Rupees			
-	-	65,408,039	65,408,039
4,517,857	-	-	4,517,857

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

As at June 30, 2022, the Company's long term investments in unquoted securities (see note 7), carried at fair value. The fair value of such investments is determined by using level 3 techniques. The fair value of investment in unquoted securities has been determined by using various valuation techniques depending on availability of data.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

30.3.7 Financial instruments by category

Financial Assets

Long term investments
Long term deposits and prepayments
Trade debtors
Short term investments
Advances, deposits, prepayments & other receivables
Cash and bank balances

Financial Liabilities

Trade and other payables

2022		
At Amortized Cost	Assets / Liabilities at fair value through profit or loss	Total
Rupees		
-	69,237,245	69,237,245
1,719,000	-	1,719,000
14,456,355	-	14,456,355
-	8,312,544	8,312,544
28,505,204	-	28,505,204
65,999,848	-	65,999,848
70,725,871	-	70,725,871

Financial Assets

Long term investments
Long term deposits and prepayments
Trade debtors
Short term investments
Advances, deposits, prepayments & other receivables
Cash and bank balances

2021		
At Amortized Cost	Assets / Liabilities at fair value through profit or loss	Total
Rupees		
-	65,408,038	65,408,038
2,119,000	-	2,119,000
32,694,427	-	32,694,427
-	4,517,857	4,517,857
158,201,894	-	158,201,894
49,386,020	-	49,386,020

31 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

During the year the Company has no significant gearing.

There were no changes in the Company's approach to capital management during the year and the company is subject to externally imposed minimum equity requirement of the Securities Brokers (Licensing and Operations) Regulations, 2016 and is required to maintain Rs. 50 million net equity. The Company's equity is above the minimum required threshold limit. Capital comprises of share capital and other reserves net of accumulated losses.

31.1 Capital Adequacy Level

Total Assets
Less: Total Liabilities
Less: Revaluation Reserve (created upon revaluation of fixed assets)

Note	2022 Rupees
31.1.1	273,071,162
	(79,099,034)
	<u>193,972,129</u>

DSM

31.1.1 While determining the value of total assets of the TREC Holder, notional value of the TREC certificate held by the Integrated Equities Limited as at year ended June 30, 2022 as determined by Pakistan Stock Exchange has been considered.

32 LIQUID CAPITAL

As per attached in Annexure "A"

33 NUMBER OF EMPLOYEES

Number of employees at the end of the year
Average number of employees during the year

22	17
20	16

34 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 7, 2022

35 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and disclosed in relevant notes. However, no material reclassification / rearrangements have been made in these financial statements.

36 GENERAL

- Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DSM

DIRECTOR

INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Annexure "A"

32 LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value	Ref
1. Assets					
1.1	Property & Equipment	10,552,466	100.00%	-	
1.2	Intangible Assets	2,500,000	100.00%	-	
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	-	5.00%	-	
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years	-	7.50%	-	
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years	-	10.00%	-	
	If unlisted than:				
	i. 10% of the balance sheet value in the case of tenure upto 1 year	-	10.00%	-	
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years	-	12.50%	-	
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years	-	15.00%	-	
	Investment in Equity Securities				
1.5	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	8,312,544	2,247,595	6,064,949	
	ii. If unlisted, 100% of carrying value	-	-	-	
1.6	Investment in subsidiaries	-	100.00%	-	
	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	-	100.00%	-	
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity	1,500,000	100.00%	-	
1.9	(i) Cash Margin deposits with exchange and clearing house	20,646,000	-	20,646,000	
	(ii) Margin deposit with clearing house in the form of Bank guarantee	-	-	-	
1.10	Deposit with authorized intermediary against borrowed securities under SLB	-	-	-	
1.11	Other deposits and prepayments	4,328,236	100.00%	-	
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc (Nil)	-	-	-	
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-	
1.13	Dividends receivables	-	-	-	
	Amounts receivable against Repo financing	-	-	-	
1.14	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-	
	Receivables other than trade receivables	-	-	-	
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	280,000	0.00%	280,000	
	ii. Receivables other than trade receivables	2,068,469	100.00%	-	
	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	-	-	-	
	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. Lower of net balance sheet value or value determined through adjustments				
	ii. In case receivables are against margin trading, 5% of the net balance sheet value	-	5.00%	-	
	ii. Net amount after deducting haircut				
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract	-	-	-	
	iii. Net amount after deducting haircut				
1.17	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value	3,867,789	-	3,867,789	
	iv. Balance sheet value				
	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	9,853,339	3,008,047	6,845,292	
	v. Lower of net balance sheet value or value determined through adjustments				
	vi. 100% haircut in the case of amount receivable from related parties.	-	100.00%	-	
	Cash and Bank balances				
1.18	i. Bank Balance-proprietary accounts	6,610,229	-	6,610,229	
	ii. Bank balance-customer accounts	44,560,919	-	44,560,919	
	iv. Cash in hand	5,863	-	5,863	
1.19	Total Assets	115,085,854		88,881,041	

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2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	38,353,975	-	38,353,975
	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	8,674,458	-	8,674,458
	iii. Short-term borrowings	-	-	-
2.2	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	2,173,163	-	2,173,163
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Non-Current Liabilities			
2.3	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Total Liabilities	49,201,595		49,201,595
3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	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	-	-	-
	Concentration in securities lending and borrowing			
	The amount by which the aggregate of:			
3.2	(i) Amount deposited by the borrower with NCCPL	-	-	-
	(ii) Cash margins paid and	-	-	-
	(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
	Net underwriting Commitments			
3.3	(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:	-	-	-
	(i) the 50% of Haircut multiplied by the underwriting commitments and	-	-	-
	(ii) the value by which the underwriting commitments exceeds the market price of the securities.	-	-	-
	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	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	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	-	-	-
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 securities.	-	-	-
	In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser	-	-	-
3.8	Concentrated proprietary positions			
	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	-	640,800	640,800
	Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
	Short sell 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	-	640,800	640,800
		65,884,258	Liquid Capital	39,038,645

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