

Independent Auditor's Report to the members of BACKERS & PARTNERS (PVT.) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **BACKERS & PARTNERS (PVT.) LIMITED**, which comprise the statement of financial position as at June 30, 2021, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 29.1 to the financial statements where it has been described that the company has written off balances pertaining to related parties amounting Rs. 21.39 million. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another auditors' firm of chartered accountants who had expressed an unmodified opinion on those financial statements in their report dated October 7, 2020.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

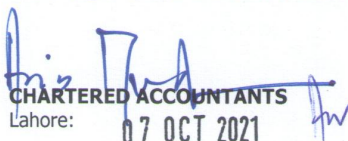
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

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

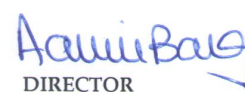

CHARTERED ACCOUNTANTS
Lahore: 07 OCT 2021

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|----------------|----------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property and equipment | 5 | 2,178,833 | 2,581,163 |
| Intangible assets | 6 | 2,500,000 | 4,100,000 |
| Long term investment | 7 | 18,111,704 | 7,842,216 |
| Long term deposits | 8 | 1,300,000 | 1,530,000 |
| | | 24,090,537 | 16,053,379 |
| CURRENT ASSETS | | | |
| Trade debts | 9 | 63,843,915 | 97,229,582 |
| Receivable against margin financing | 10 | 78,703,759 | 33,797,000 |
| Loan and advances | 11 | 2,392,666 | 1,752,571 |
| Loan to related party | 12 | - | 2,600,000 |
| Accrued interest | 13 | 1,832,477 | 1,313,903 |
| Investment at fair value through profit or loss | 14 | 361,890 | 136,815 |
| Trade deposits, short term prepayments and current account balances with statutory authorities | 15 | 110,446,868 | 26,947,234 |
| Cash and bank balances | 16 | 41,511,955 | 33,720,851 |
| | | 299,093,530 | 197,497,956 |
| | | 323,184,067 | 213,551,335 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 17 | 51,000,000 | 51,000,000 |
| Revenue reserve | | | |
| Un-appropriated profit | | 4,566,269 | 1,997,273 |
| Capital reserve | | | |
| Fair value adjustment reserve | 18 | 14,195,660 | 3,926,172 |
| | | 69,761,929 | 56,923,445 |
| Long term loans from related parties | 20 | 139,000,000 | 99,000,000 |
| | | 208,761,929 | 155,923,445 |
| NON-CURRENT LIABILITIES | | | |
| Deferred liabilities | 19 | - | - |
| CURRENT LIABILITIES | | | |
| Deposits, accrued liabilities and advances | 21 | 5,288,326 | 1,763,022 |
| Trade and other payables | 22 | 30,745,429 | 23,353,569 |
| Provident fund payable | 23 | 3,388,383 | 2,511,299 |
| Loan from related parties | 24 | 75,000,000 | 30,000,000 |
| Provision for taxation | | - | - |
| | | 114,422,138 | 57,627,890 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 25 | - | - |
| | | 323,184,067 | 213,551,335 |

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


CHIEF EXECUTIVE


DIRECTOR


BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|---------------------|---------------------|
| Brokerage and commission | 26 | 91,422,076 | 25,536,334 |
| Direct cost | 27 | <u>(47,345,495)</u> | <u>(11,996,295)</u> |
| | | 44,076,581 | 13,540,039 |
| Operating expenses | 28 | <u>(43,582,374)</u> | <u>(24,695,253)</u> |
| Other operating expenses | 29 | <u>(23,855,442)</u> | <u>(70,097)</u> |
| Other income | 30 | <u>28,685,664</u> | <u>18,163,565</u> |
| | | <u>(38,752,152)</u> | <u>(6,601,785)</u> |
| Profit before operations | | 5,324,429 | 6,938,254 |
| Finance cost | 31 | <u>(59,835)</u> | <u>(2,002,141)</u> |
| Profit before taxation | | 5,264,594 | 4,936,113 |
| Taxation | 32 | <u>(2,695,598)</u> | <u>(154,533)</u> |
| Profit for the year | | <u>2,568,996</u> | <u>4,781,580</u> |
| Earnings per share-basic and diluted | 33 | <u>0.50</u> | <u>0.94</u> |

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




CHIEF EXECUTIVE


DIRECTOR

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2021

| | 2021 Rupees | 2020 Rupees |
|--|-------------------|------------------|
| Profit for the year | 2,568,996 | 4,781,580 |
| Items that may be reclassified subsequently to statement of profit or loss | | |
| Gain on available for sale investment | 10,269,488 | 178,923 |
| Items that will not be reclassified subsequently to statement of profit or loss | - | - |
| Other comprehensive income for the year | 10,269,488 | 178,923 |
| Total comprehensive income for the year | <u>12,838,484</u> | <u>4,960,503</u> |

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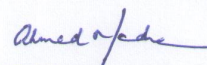

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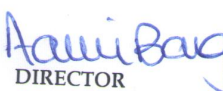

DIRECTOR

BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2021

| | Note | 2021 Rupees | 2020 Rupees |
|--|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 5,264,594 | 4,936,113 |
| Adjustments for non cash items: | | | |
| Depreciation | 5 | 472,830 | 563,614 |
| Mark-up on long term financing | 31 | - | 1,953,824 |
| Unrealised (gain) / loss on re-measurement of investments at fair value through statement of profit or loss | | (225,075) | (17,615) |
| Interest income | | (18,869) | (521,425) |
| Impairment of Trading right entitlement certificate (TREC) | | 1,600,000 | - |
| Dividend income | | (590,783) | (270,072) |
| Provision for doubtful debts | | 185,873 | - |
| Balances written off | | 21,964,277 | - |
| | | 23,388,253 | 1,708,326 |
| Operating cash Flows Before Working capital changes | | 28,652,847 | 6,644,439 |
| (Increase) / Decrease in Working Capital | | | |
| (Increase) / decrease in current assets | | | |
| Trade debts | | 11,235,517 | (66,717,600) |
| Loans and advances | | (640,095) | (348,986) |
| Loan to related party | | 2,600,000 | - |
| Long term investment | | 10,269,488 | - |
| Receivable against margin financing | | (44,906,759) | - |
| Trade deposits and short term prepayments | | (83,807,216) | (6,235,708) |
| Increase / (decrease) in current liabilities | | | |
| Deposits, accrued liabilities and advances | | 3,525,304 | 1,040,777 |
| Provident fund payable | | 877,084 | - |
| Loan from related parties | | 45,000,000 | 16,666,666 |
| Trade and other payables | | 7,391,860 | 5,552,939 |
| | | (48,454,817) | (50,041,912) |
| Cash Generated From Operations | | (19,801,970) | (43,397,473) |
| Taxes paid | | (2,388,016) | (872,115) |
| | | (2,388,016) | (872,115) |
| Net Cash Flows From Operating Activities | | (22,189,986) | (44,269,588) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (70,500) | (93,705) |
| Interest received | | (499,705) | - |
| Long term investment | | (10,269,488) | - |
| Dividend received | | 590,783 | 270,072 |
| Long term deposits | | 230,000 | 120,000 |
| | | (10,018,910) | 296,367 |
| Net Cash Flows From Investing Activities | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loan from related parties | | 40,000,000 | 69,000,000 |
| Long term financing | | - | (13,333,332) |
| Finance cost paid | | - | (2,771,577) |
| | | 40,000,000 | 52,895,091 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 7,791,104 | 8,921,870 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 33,720,851 | 24,798,981 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | A | 41,511,955 | 33,720,851 |
| A Cash and Cash Equivalents | | | |
| Cash and bank balances | 16 | 41,511,955 | 33,720,851 |
| | | 41,511,955 | 33,720,851 |

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


CHIEF EXECUTIVE


DIRECTOR

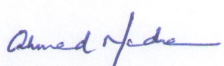
BACKERS & PARTNERS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2021

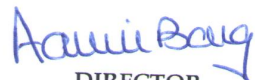
| Issued subscribed and paid up Capital | Un- appropriated profit | Fair value adjustment reserve | Sub Total | Long term loans | Total |
|--|-------------------------------|-------------------------------------|-----------|--------------------|-------|
|--|-------------------------------|-------------------------------------|-----------|--------------------|-------|

----- (R u p e e s) -----

| | | | | | | |
|---|------------|-------------|------------|------------|-------------|-------------|
| Balance as at June 30, 2019 | 51,000,000 | (2,784,307) | 3,747,249 | 51,962,942 | 30,000,000 | 81,962,942 |
| Long term loan received | - | - | - | - | 69,000,000 | 69,000,000 |
| Profit after taxation | - | 4,781,580 | - | 4,781,580 | - | 4,781,580 |
| Other comprehensive loss | - | - | 178,923 | 178,923 | - | 178,923 |
| Total comprehensive income for the year | - | 4,781,580 | 178,923 | 4,960,503 | - | 4,960,503 |
| Balance as at June 30, 2020 | 51,000,000 | 1,997,273 | 3,926,172 | 56,923,445 | 99,000,000 | 155,923,445 |
| Long term loan received | - | - | - | - | 40,000,000 | 40,000,000 |
| Profit after taxation | - | 2,568,996 | - | 2,568,996 | - | 2,568,996 |
| Other comprehensive income | - | - | 10,269,488 | 10,269,488 | - | 10,269,488 |
| Total comprehensive income for the year | - | 2,568,996 | 10,269,488 | 12,838,484 | - | 12,838,484 |
| Balance as at June 30, 2021 | 51,000,000 | 4,566,269 | 14,195,660 | 69,761,929 | 139,000,000 | 208,761,929 |

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


CHIEF EXECUTIVE


DIRECTOR