

**INDEPENDENT AUDITORS REPORT ON
STATEMENT OF NET CAPITAL BALANCE**

To the Chief Executive Officer of M/s. H.M. Idrees H. Adam (Private) Limited

Opinion

We have audited the Statement of Net Capital Balance of **M/s. H.M. Idrees H. Adam (Private) Limited** and notes to the Statement of Net Capital Balance as at December 31, 2019 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at December 31, 2019 is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the statement* section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the M/s. H.M. Idrees H. Adam (Private) Limited to meet the requirements of the SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the statement may not be suitable for another purpose. Our report is intended solely for M/s. H.M. Idrees H. Adam (Private) Limited, SECP, PSX and NCCPL and should not be distributed to parties other than M/s. H.M. Idrees H. Adam (Private) Limited or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the statement

Management is responsible for the preparation of the statement in accordance with the Regulations and the SEC Rules 1971, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the statement

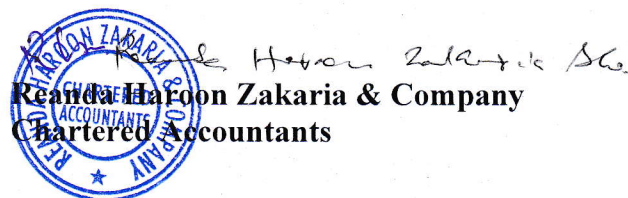
Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted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

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

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Securities Broker's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.



Place: Karachi

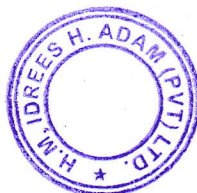
Dated: 12 FEB 2020

H.M IDREES H. ADAM (PRIVATE) LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS ON DECEMBER 31, 2019

	<i>Note</i>	<i>Rupees</i>
<u>CURRENT ASSET</u>		
Cash and cash equivalent		
Cash in hand	2	223,208
Cash at bank		
Bank balance pertaining to clients	2	2,972,365
Bank balance pertaining to brokerage house	2	33,630,189
		36,602,553
Treasury Bills		87,295,770
Margin Deposit		
- Future Cash Margin	3	3,000,000
Trade Receivables		
Book value	4	435,670
Less: Over due for more than 14 days		(435,670)
Balance generated within 14 days and/or not yet due		-
Securities held on behalf of client where payment has not been received in 14 days	6	410,855
Investment in listed securities		
Securities on the exposure list marked to market	6	42,405,834
Less: 15% discount		(6,360,875)
		36,044,959
Total Current Assets		163,577,346
 <u>CURRENT LIABILITIES</u>		
Trade Payable		
Book values		2,934,456
Less: Over due for more than 30 days		(1,151,066)
		1,783,390
Other liabilities	8	2,986,912
Total Current Liabilities		4,770,302
NET CAPITAL BALANCE	A minus B	158,807,044



[Signature]
 Chief Executive Officer



[Signature]
 Chief Executive Officer

H.M IDREES H. ADAM (PRIVATE) LIMITED
EXPLANATORY NOTES TO THE STATEMENT OF NET CAPITAL
AS ON DECEMBER 31, 2019

1 BASIS OF ACCOUNTING

This net capital have been prepared under the historical cost convention except for investments that are valued at market value. Further, accrual basis of accounting is followed.

	<i>Rupees</i>
2 CASH AND BANK BALANCE	
<i>Cash in hand</i>	223,208
<i>Bank balance pertaining to brokerage house</i>	
Current Accounts	1,589,215
Saving Accounts	32,040,973
	33,630,189
<i>Bank balance pertaining to clients</i>	
Current Accounts	2,931,855
Saving Accounts	40,510
	2,972,365
3 DEPOSIT AGAINST EXPOSURE	
Future cash margin exposure	3,000,000

4 TRADE RECEIVABLE

This amount is based on 14 days Net capital aging of trade receivables.

5 SECURITIES HELD ON BEHALF OF CLIENT WHERE PAYMENT HAS NOT BEEN RECEIVED IN 14 DAYS

The amount represents lower of securities held and receivable above 14 days from clients.

6 INVESTMENT IN LISTED SECURITIES

<i>Symbol</i>	<i>Security Name</i>	<i>Qty of shares</i>	<i>Rate</i>	<i>Amount</i>
AICL	Adamjee Insurance Co. Limited	4,800	42.09	202,032
ABL	Allied Bank Limited	35,000	95.60	3,346,000
AKBL	Askari Bank Limited	38,800	18.54	719,352
BAFL	Bank Al-Falah Limited	18,480	45.70	844,536
BIPL	Bank Islami Pakistan	29,118	11.09	322,919
BOK	Bank Of Khyber	15,000	13.56	203,400
CSAP	Crescent Steel & Allied Products	24,500	55.42	1,357,790
DFML	Dewan Farooque Motors Limited	100,000	7.24	724,000
EPQL	Engro Powergen Qadirpur Limited	1,000	26.19	26,190
FCCL	Fauji Cement Company Limited	30,000	15.56	466,800
FFL	Fauji Foods Limited	210,000	14.47	3,038,700
	C/f	506,698		11,251,719



<i>Symbol</i>	<i>Security Name</i>	<i>Qty of shares</i>	<i>Rate</i>	<i>Amount</i>
	B/f	506,698		11,251,719
FLYNG	Flying Cement Limited	10,000	13.94	139,400
HUBC	Hub Power Company Limited	25,000	93.35	2,333,750
JSBL	JS Bank Limited	3,000	5.40	16,200
JSCL	Jahangir Siddiqui & Co. Limited	10,000	11.44	114,400
MLCF	Maple Leaf Cement Factory Limited	32,937	23.14	762,162
MDTL	Media Times Limited	100,000	1.06	106,000
MCB	MCB Bank	11,871	204.94	2,432,843
NBP	National Bank of Pakistan	76,500	43.30	3,312,450
NETSOL	Netsol Technologies	10,000	65.86	658,600
PASL	Pervez Ahmed Sec.Limited	25,000	0.85	21,250
PIAA	Pakistan International Airlines Corp.	525,000	6.67	3,501,750
PIBTL	Pakistan International Bulk Terminal Limited	7,211	10.81	77,951
PAEL	Pak Elektron Limited	10,000	27.07	270,700
PSO	Pakistan State Oil Company Limited	20,000	191.64	3,832,800
SMBL	Summit Bank Limited	115,000	1.16	133,400
SPEL	Synthetic Products Enterprises Limited	303,500	34.90	10,592,150
TELE	Telecard Limited	149,000	1.64	244,360
TRG	TRG	27,000	24.55	662,850
UBL	United Bank Limited	11,800	164.50	1,941,100
		<u>1,979,517</u>		<u>42,405,834</u>

7 TRADE PAYABLE

This amount is based on 30 days Net capital aging of trade payables.

Rupees

8 OTHER LIABILITIES

Trade liabilities over 30 days	1,151,066
Accrued expenses	1,689,377
Other payable	146,468
	<u>2,986,912</u>



Chief Executive Officer




Chief Financial Officer

