PROGRESSIVE INVESTMENT MANAGEMENT (PRIVATE) LIMITED

Financial Statements

For Half Year Ended 31 December 2020

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

Income Statement

For the year ended December 31, 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
Operating revenue	18	6,457,830	4,007,824
Gain/(loss) on sale of short term investments		727,220	1,161,967
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		(74,245)	(730,258)
		7,110,805	4,439,533
Operating and administrative expenses	19	(2,575,988)	(6,008,102)
Operating loss		**4,534,817**	**(1,568,570)**
Financial charges	20	(3,000)	(11,416)
Other income and losses	21	9,264	518,242
Loss before taxation		4,541,081	(1,061,744)
Taxation	22	-	(207,302)
Loss for the year		**4,541,081**	**(1,269,046)**
Loss per share - basic	23		

The annexed notes from 1 to 35 form an integral part of these financial statements.

PROGRESSIVE INVESTMENT MANAGEMENT (PVT) LTD TREC 020 PAKISTAN STOCK EXCHANGE LTD

Chief Executive Officer

Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

Statement of Financial Position

As at 31 Dec 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
ASSETS			
Non-current assets			
Property and equipment	4	155,446	155,446
Intangible assets	5	2,515,000	2,515,000
Long term investments	6	43,850,013	43,850,013
Long term deposits	7	1,500,000	1,500,000
		48,020,459	**48,020,459**
Current assets			
Trade debts - net	8	6,879,518	1,352,283
Deposits, prepayments and other receivables	9	8,117,974	2,770,301
Income tax refundable	10	983,842	747,135
Short term investments	11	5,668,315	3,346,989
Cash and bank balances	12	20,029,530	8,127,141
		41,679,179	**16,343,849**
		89,699,638	**64,364,308**
EQUITY & LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	13	46,092,320	46,092,320
Accumulated loss		244,947	(4,296,134)
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		13,503,983	13,503,983
Total equity		**59,841,250**	**55,300,169**
Subordinate Loan from director		4,000,000	
Deferred Liabilities	14	-	-
Current liabilities			
Trade and other payables	15	25,710,899	8,883,848
Provision for taxation	16	147,489	180,290
		25,858,388	**9,064,138**
Contingencies and commitments	17	-	-
		89,699,638	**64,364,308**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Surriya Shaeef

Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

Statement of Comprehensive Income

For the year ended December 31, 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
Loss for the year		4,541,081	(3,027,797)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Investments at fair value through other comprehensive income			
Fair value Gain/(Loss) arised during the period		-	**(1,269,046)**
			-
Total comprehensive loss for the year		**4,541,081**	**(4,296,843)**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED

Statement of Cash Flows

For the year ended December 31, 2020

	Note	Dec-20 Rupees	Jun-20 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		**4,541,081**	**(1,061,744)**
Adjustments:			
Depreciation and impairment		-	73,951
Dividend income		(1,575,019)	(832,919)
Provision for / (reversal of provision for) doubtful debts		-	1,624,901
Realized loss / (gain) on sale of investments		(727,220)	(1,161,967)
Unrealized loss / (gain) on short-term investments		74,245	730,258
		(2,227,994)	**434,224**
Operating profit before working capital changes		**2,313,087**	**(627,520)**
(Increase)/decrease in current assets			
Trade debts - net		(5,527,235)	(1,231,572)
Deposits, prepayments and other receivables		(5,347,673)	1,560,696
Increase/(decrease) in current liabilities			
Trade and other payables		16,827,051	4,578,967
		5,952,143	**4,908,091**
Cash generated from / (used in) operations		**8,265,230**	**4,280,571**
Proceeds from net sales of / (acquisition of) short-term investments		(1,668,352)	433,235
Dividend received		1,575,019	832,919
Taxes paid		(269,508)	(134,966)
		(362,841)	**1,131,188**
Net cash from operating activities		**7,902,389**	**5,411,759**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment/Software		-	
Decrease / (increase) in long-term deposits		-	(300,000)
Net cash generated from / (used in) investing activities		-	(300,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinate loan from Directors		**4,000,000**	
Proceeds from issue of shares		-	-
Net cash generated from / (used in) financing activities		**4,000,000**	-
Net (decrease)/increase in cash and cash equivalents		**11,902,389**	**5,111,759**
Cash and cash equivalents at the beginning of the year		**8,127,141**	**3,015,383**
Cash and cash equivalents at the end of the year	13	**20,029,530**	**8,127,141**

The annexed notes from 1 to 35 form an integral part of these financial statements.

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LTD. TREC HOLDER OF PAKISTAN STOCK EXCHANGE LTD. TREC 420

Chief Executive Officer

Director

PROGRESSIVE INVESTMENT MANAGEMENT (PVT.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Progressive Investment Mangement (Private) Limited (the "Company") was incorporated in Pakistan on June, 1994 as a private limited company, limited by shares, under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company's registered office is situated at Islamabad Stock Exchange towers. The Company is a holder of Trading Rights Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

1.1 Impact of COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government announced a temporary lock down as a measure to reduce the spread of the COVID-19. The company's operations were not affected as it fell under the exemption provided by the Government to some sectors. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment; there is no significant financial impact of the effects of COVID-19 on these financial statements.The Management believes that the going concern assumption of the Company remains valid.

2 ACCOUNTING CONVENTION AND BASIS FOR PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS" or "IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017, provisions of or directives issued under the Companies Act, 2017, and relevant provisions of the Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations"). In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except:
- Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through other comprehensive income;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year begining on or after July 01, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

- IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease 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 has no impact of this IFRS on its financial statements.

- Amendment to IAS 12, 'Income taxes', as part of the annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020, but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements, except for the following:

- An amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labor and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required.

- Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendment not expected to have material impact on the Company's financial statements.

- An amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

- There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated and are based on historical experience as well as expectations of future events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements, are as follows:

(i) Estimates of useful lives and residual values of items of property, plant and equipment;
(ii) Estimates of useful lives of intangible assets;
(iii) Allowance for credit losses;
(iv) Fair values of unquoted equity investments;
(v) Classification, recognition, measurement / valuation of financial instruments; and
(vi) Provision for taxation

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented;

3.1 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensiveincome or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.2 **Impairment**

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates 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 or amortization, if no impairment loss had been recognized.

3.3 **Property and equipment**

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

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. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair and maintenance expenditures are charged to profit or loss during the year in which they are incurred.

Depreciation on all items of property and equipment is calculated using the reducing balance method, in accordance with the rates specified in note 5 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on asset derecognition (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

3.4 Intangible assets

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit and loss account during the year in which the assets are disposed of.

3.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both (but not for sale in the ordinary course of business), used in the supply of services or for administrative purposes is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property. Changes in fair values are recognized in the profit and loss account.

3.6 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset (and the net amount is reported in the financial statements) when the Company has a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis or to realize the assets and settle the liabilities simultaneously. When financial assets and financial liabilities are offset in the statement of financial position, the related income and expense items are also offset in the statement of income, unless specifically prohibited by an applicable accounting standard.

3.7 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the associate's post-acquisition profits or losses in income, and its share of the post-acquisition movement in reserves is recognized in other comprehensive income.

3.8 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using 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 balance sheet date. In this regard the effects on deferred taxation on the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release-27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity. There is a minor difference between carrying values and tax base so deferred tax is not booked in current year.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

3.10 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, 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. The amount recognized represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.12 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

3.13 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

3.14 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

3.15 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage and commission income is recognized when brokerage services are rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from marking to market financial assets are included in profit and loss (for assets measured at FVTPL) or OCI (for assets measured at FVOCI) during the period in which they arise.

3.16 and translation

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

3.17 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

3.18 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

3.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

5 INTANGIBLE ASSETS

	Note	Dec-20 Rupees	Jun-20 Rupees
Trading Rights Entitlement Certificate ("TREC")	5.1	2,500,000	2,500,000
Back office software		15,000	15,000
		2,515,000	2,515,000
Impairment		-	-
		2,515,000	2,515,000

5.1 exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC to PKR 2.5 million. As a result, the Company recognized an impairment loss on the TREC in the amount of PKR 1.5 million in fiscal year 2018. Since then there is no change in the notional value of the TRE Certificate till 30 June 2020.

6 LONG-TERM INVESTMENTS

Investments at fair value through OCI	Note	Dec-20 Rupees	Jun-20 Rupees
ISE REIT Management Company Limited (unquoted) - at fair value	6.1	42,757,556	42,757,556
Adjustment for remeasurement to fair value		1,092,457	1,092,457
		43,850,013	**43,850,013**

6.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 6.1, the Company received 3,034,603 shares at Rs.10 each share, of ISE Towers REIT Management Limited. Of these, 60% (1,820,762 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 1,213,841 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up value of Rs. 14.45 according to audited financial statements of ISE REIT Management Company Limited for the year ended June 30, 2020 (2019: Rs. 14.09 as per Audited Financial Statement of 2018) or net asset value per share of these shares notified by ISE Towers REIT Management Limited.

7 LONG-TERM DEPOSITS

	Note	Dec-20 Rupees	Jun-20 Rupees
Central Depository Company Limited		100,000	100,000
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
		1,500,000	**1,500,000**

	Note	Dec-20 Rupees	Jun-20 Rupees
8 TRADE DEBTS			
Considered good	8.1	5,448,397	1,352,283
Considered doubtful		1,431,121	1,840,440
		6,879,518	**3,192,723**
Less: Allowance for ECL on trade debts	8.2	-	1,840,440
		6,879,518	**1,352,283**
9 TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES			
Margin deposits-Ready Market		**1,555,000**	695,000
Other deposits-ISE REIT Management Co. Ltd		**120,960**	120,960
Advance Muhammad Shakeel		**105,000**	
Advance Abdul khaliq		**130,000**	
Advance Munawar Zaman		**30,000**	
Margin Deposit- NCSS futures and other receivables		**6,177,014**	1,954,341
		8,117,974	**2,770,301**
10 INCOME TAX REFUNDABLE			
Opening balance (as at July 1)		**747,135**	713,333
Add: Current year additions		**236,707**	134,966
		983,842	848,299
Less: Adjustment against provision for taxation			101,164
Balance at the end of the year		**983,842**	**747,135**

11 SHORT TERM INVESTMENTS

	Note	Dec-20 Rupees	Jun-20 Rupees
Investments at fair value through profit or loss			
Investments in listed securities			
Cost		5,742,560	4,077,246
Fair value adjustment		(74,245)	(730,257)
		5,668,315	**3,346,989**

12 CASH AND BANK BALANCES

	Note	Dec-20 Rupees	Jun-20 Rupees
Cash in hand		**706,138**	639,223
Cash at bank			
Current accounts	12.1	**19,323,391**	**7,487,918**
		20,029,530	**8,127,141**

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	Dec-20 Rupees	Jun-20 Rupees
13.1 Authorized capital			
5,000,000 (2019: 5,000,000) ordinary shares of PKR 10 each.		**50,000,000**	**50,000,000**
13.2 Issued, subscribed and paid-up share capital			
4,609,232 (2019: 4,609,232) ordinary shares of PKR 10/- each, issued for cash		**46,092,320**	46,092,320
		46,092,320	**46,092,320**

13.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2020	2019	**2020**	2019
Mr. Muhammad Sharif	2,193,232	2,193,232	*48%*	*48%*
Mrs. Suraiya Sharif	844,000	844,000	*18%*	*18%*
Mr. Ahmed Sharif	844,000	844,000	*18%*	*18%*
Ms. Sara Sharif	364,000	364,000	*8%*	*8%*
Mrs. Sadia Sharif	364,000	364,000	*8%*	*8%*

	Note	Dec-20 Rupees	Jun-20 Rupees
15 TRADE AND OTHER PAYABLES			
Trade creditors	15.1	**24,985,002**	8,590,130
Accrued expenses and other payables		**242,913**	113,725
Deposit for future		**476,286**	
Auditor's remuneration payable		**-**	125,000
Other payable		**6,698**	54,993
		25,710,899	**8,883,848**

15.1 This includes PKR 9,487 (2019: PKR NIL) due to related parties.

	Note	Dec-20 Rupees	Jun-20 Rupees
18 OPERATING REVENUE			
Brokerage income		**4,882,811**	3,174,905
Dividend income		**1,575,019**	832,919
		6,457,830	4,007,824
19 OPERATING & ADMINISTRATIVE EXPENSES			
Staff salaries, allowances and other benefits		**758,000**	1,531,500
Directors' remuneration		**210,000**	134,000
Communication expense		**140,488**	175,142
Postage and courier charges		**11,566**	23,921
Entertainment		**101,396**	184,179
Printing and stationery		**67,940**	75,921
Rent		**112,309**	1,123,913
CDC trading charges		**70,656**	99,841
NCCPL trading charges		**303,594**	231,695
Provision for / (reversal) of provision for doubtful debts		**-**	1,624,901
PSX trading charges		**640,222**	322,760
Fee and subscription		**60,000**	50,000
Legal and professional charges		**47,130**	94,425
Auditor's remuneration	19.1	**-**	145,000
Accounting Software Maintenance Charges		**52,990**	110,410
Misc. expenses		**(303)**	6,543
Depreciation	4	**-**	43,951
Amortization		**-**	30,000
		2,575,988	**6,008,102**

	Dec-20	Jun-20
19.1. Auditor's remuneration		
Statutory audit		125,000
Certifications and other charges	**20,000**	20,000
	20,000	145,000

	Note	31-Dec-20 Rupees	2020 Rupees
20 FINANCIAL CHARGES			
Bank and other charges		3,000	11,416
		3,000	**11,416**
21 OTHER INCOME / LOSSES			
Profit on NCCPL Deposits		-	60,350
Sundry / miscellaneous income		9,264	457,892
		9,264	518,242
22 TAXATION			
Current tax expense / (income)			
for the year			180,290
prior years			27,012
		-	**207,302**

22.1 Reconciliation of applicable rate and effective rate of tax has not been made due to the application of minimum tax u/s 113 in current year.

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	2020		2019	
	Remuneratio	No. of persons	Remuneration	No. of persons
Chief Executive Officer	-	1	-	1
Directors	210,000	1	134,000	1

No person falls under the defination of executive.

4 PROPERTY AND EQUIPMENT

Particulars	Dec-20									
	Cost				Accumulated Depreciation				Net Book Value as at 31 December 2020	Rate of Depreciation
	As at 1 July 2020	Additions	Disposals	As at 31 December 2020	As at 1 July 2020	Disposals	For the period	As at 31 December 2020		%age
	Rupees									
Office Equipment	164,170	-	-	164,170	140,186	-	-	140,186	23,984	10
Computer Equipment	420,406	-	-	420,406	354,979	-	-	354,979	65,427	30
Furniture and fixtures	354,500	-	-	354,500	315,049	-	-	315,049	39,451	10
Office renovation	758,520	-	-	758,520	731,936	-	-	731,936	26,584	25
	1,697,596	-	-	**1,697,596**	**1,542,150**	-	-	**1,542,150**	**155,446**	

Particulars	2020									
	Cost				Accumulated Depreciation				Net Book Value as at 30 June 2020	Rate of Depreciation
	As at 1 July 2019	Additions	Disposals	As at 30 June 2020	As at 1 July 2019	Disposals	For the year	As at 30 June 2020		%age
	Rupees									
Office Equipment	164,170	-	-	164,170	137,521	-	2,665	140,186	23,984	10
Computer Equipment	420,406	-	-	420,406	326,939	-	28,040	354,979	65,427	30
Furniture and fixtures	354,500	-	-	354,500	310,665	-	4,384	315,049	39,451	10
Office renovation	758,520	-	-	758,520	723,074	-	8,862	731,936	26,584	25
	1,697,596	-	-	**1,697,596**	**1,498,199**	-	**43,951**	**1,542,150**	**155,446**	

26 FINANCIAL RISK MANAGEMENT

26.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

26.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuer of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

26.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

26.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

26.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

26.3 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. Concentration of credit risk arises 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 the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequency holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:
- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	2020	2019
Long term investments	43,850,013	43,850,013
Long term deposits	1,500,000	1,500,000
Trade debts - net	6,879,518	1,352,283
Deposits, prepayments and other receivables	8,117,974	2,770,301
Short term investments	5,668,315	3,346,989
Cash and bank balances	20,029,530	8,127,141
	86,045,350	**60,946,727**

26.3.1 Aging and movement in Impairment losses

The aging of receivables as at the reporting date is as follows:	2020	2019
Not past due		530,389
Past due 0 - 30 days		15,513
Past due 31 - 90 days		419,965
Past due 91 - 1 year		851,911
Past due more than 1 year		143,372
	-	1,961,151
Impairment		(215,539)
	-	1,745,612

The movement in allowance for impairment in respect of receivables during the year is as follows:		
As at beginning of the year	215,539	678,008
Impairment loss recognized	-	-
Impairment loss reversed	-	(462,469)
As at end of the year	215,539	215,539

26.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

The table below classifies the Company's financial liabilities into relevant maturity groupings based on the time to contractual maturity date, as at the balance sheet date. The amounts in the table are contractual undiscounted cash flows.

Financial liabilities	As at June 30, 2020		
	Carrying amount	Within one year	More than one year
Trade and other payables	25,710,899	25,710,899	-
Total	**25,710,899**	**25,710,899**	-

Financial liabilities	As at June 30, 2019		
	Carrying amount	Within one year	More than one year
Trade and other payables	8,883,848	8,883,848	-
Total	**8,883,848**	**8,883,848**	-

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfill its obligations as they come due.

27 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

28 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standads. An explanation of each level follows the table.

Recurring FV Measurement - June 30, 2020	**Level I**	**Level II**	**Level III**	**Total**
Long-term investment - at FVOCI	-	43,850,013	-	**43,850,013**
Short-term investments - at FVTPL	5,668,315	-	-	**5,668,315**
Recurring FV Measurement as at June 30, 2019	**Level I**	**Level II**	**Level III**	**Total**
Long-term investment - available-for-sale	-	43,850,013	-	**43,850,013**
At fair value through profit and loss	3,346,989	-	-	**3,346,989**

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- Level 1: Quoted market price (unadjusted) in an active market
- Level 2: Valuation techniques based on observable inputs
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

There were no transfers into or out of Level 1 measurements.

29 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

30 EVENTS AFTER REPORTING PERIOD

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

31 NUMBER OF EMPLOYEES

Total number of employees at the end of year was 5 (2019: 5). Average number of employees was 5 (2019: 5)

32 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to improve compliance with disclosure requirements.

33 CAPITAL ADEQUACY

	Note	2020 Rupees
Total Assets	*33.1*	89,699,638
Less: Total Liabilities		29,858,388
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		**59,841,250**

33.1 While determining the value of the total assets of the Company, the notional value as at June 30, 2020 of the TREC held by the Progressive Investment Mangement (Private) Limited has been considered.

34 GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

35 AUTHORIZATION

35.1 These financial statements were authorized by the Board of Directors of the Company.

PROGRESSIVE INVESTMENT MANAGEMENT (PVT) LTD. TREC HOLDER OF PAKISTAN STOCK EXCHANGE LTD. TREC 420

Chief Executive

Director