

DIRECTORS' REPORT

TO THE SHAREHOLDERS

By the grace of Allah Almighty, the Directors of Aba Ali Habib Securities Private Limited ("Company") are pleased to present the Annual Audited Accounts along with the Auditor's Report for the year ended June 30, 2025.

FINANCIAL PERFORMANCE

In the year 2025, Pakistan's economy faced a complex mix of headwinds and modest stabilization. Real GDP growth in the fiscal year ending June 2025 is estimated at around 2.7 %, up marginally from the previous year, though still well below potential. Inflation, which had been elevated, came under considerable control, contributing to improved financial flows and some recovery in business sentiment. However, the economy continues to contend with structural challenges—high debt burdens, vulnerability to external shocks, and constraints on investment-led growth. Moreover, elevated global commodity prices, high stable exchange-rates, and energy cost inflation continued to squeeze operating margins in many sectors.

Against this backdrop, the Company navigated the environment through effective risk-management and selective cost control, resulting in improved operating revenue of PKR 155.58 million, up from PKR 113.18 million in the prior year. This increase was achieved despite the broader economy's subdued growth. Gross profit for the year declined due to provision of bad debts at PKR 61.98 million (2024: PKR 251.01 million), and profit before tax at PKR 47.67 million (2024: PKR 229.13 million). Profit after tax is PKR 42.78 million (2024: PKR 222.50 million). Accordingly, earnings per share declined to PKR 2.14 (2024: PKR 11.13).

While the revenue gain is commendable, the decline in EPS reflects in part strategic cost-cutting, investment diversification, and the continuing drag from broader macroeconomic constraints. The Directors believe that these actions position the Company well for future resilience and sustainable performance.

FUTURE OUTLOOK

As we look to the year ending June 2026, the Company remains cautiously optimistic about its prospects in the securities brokerage industry in Pakistan. Although the macroeconomic environment continues to carry risks — including currency volatility, inflationary pressures, and external balance sheet constraints — a number of positive trends provide a constructive backdrop for growth and value creation.

Key factors shaping our outlook include:

- 1. Improving equity market conditions.** Analysts project meaningful upside for the domestic equity market with the KSE-100 Index forecast to reach around 180,000 by June 2026, representing a potential >30% return, supported by expectations of lower interest rates, earnings recovery and improved macro stability. This means increased trading volumes, higher investor participation, and stronger demand for value-added brokerage and advisory services.
- 2. Regulatory & process enhancements.** The Securities & Exchange Commission of Pakistan (SECP) is advancing reforms (for example, a move to a T + 1 settlement cycle by February 2026) which will enhance market efficiency, reduce counter-party risk and improve the trading infrastructure. For brokerage houses able to invest in technology and infrastructure, this is a favorable tailwind.
- 3. Growth of Shariah-compliant brokerage & Islamic finance.** As part of the SECP's Strategic Action Plan 2024-26, there is a clear push to expand Islamic finance and ensure that institutional investors route securities trading via Shariah-compliant brokers. This development gives the Company an opportunity to differentiate itself and target niche segments (Islamic funds, retail clients seeking Shariah-compliant execution) and thereby expand market share.
- 4. Fintech and digital brokerage penetration.** The broader fintech market in Pakistan is projected to grow significantly (to US\$7-10 billion by FY26) as digital solutions become more mainstream. For a securities broker, this highlights the importance of enhancing digital platforms, low-cost mobile trading, value-added research tools and online investor education to capture the tech-savvy segment and yield operational efficiencies.

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Q **PSX Offices :** 403 - 404 and 418 - 422, 4th Floor Stock Exchange Building, Stock Exchange Road, Karachi.

5. **Risks and guardrails.** While the outlook is positive, we remain alert to the following risks:

- Sustained policy or interest rate shocks, which could shift investor risk-appetite away from equities toward fixed income.
- Currency volatility or external shocks that could dent foreign investor inflows or lead to renewed volatility in domestic markets.
- The capacity of brokerage firms to invest in infrastructure, compliance and technology — failing which they risk being out-paced by more agile competitors.
- Regulatory changes (for example heightened costs of compliance, margin-trading limits) that could compress margins or raise entry/exit thresholds for clients.

In view of the above, our strategic priorities for 2026 will include:

- Strengthening our digital infrastructure (mobile/app-based trading, analytics dashboard, client onboarding automation).
- Building a dedicated Shariah-compliant brokerage offering (execution, research, advisory) to capitalize on growing demand.
- Expanding our product portfolio (including derivative trading, commodity futures, Islamic securities) in line with regulatory changes and market appetite.
- Enhancing client segmentation and service model (retail, high-net-worth, institutional) to deepen client relationships and drive fee-based income streams.
- Maintaining rigorous risk management, cost discipline and compliance oversight to ensure resilience in a demanding environment.

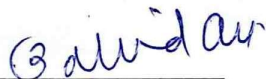
DIRECTORS' REPORT, PREPARED UNDER SECTION 226 OF THE COMPANIES ACT

- 1) The financial statements, prepared by the management of the Company, present fairly the state of affairs of the Company, the result of its operations, its cash flows and changes in equity;
- 2) Proper books of accounts of the company have been maintained;
- 3) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- 4) International Financial Reporting Standards, as adopted in Pakistan, have been followed in the preparation of the financial statements and any departures therefrom have been adequately disclosed and explained;
- 5) The system of internal control is sound in design and has been effectively implemented and monitored;
- 6) The Company is not in default, nor is it likely to be in default, against its borrowings or other liabilities;
- 7) The Company adheres to the Corporate Governance Code for Securities Brokers under Regulation 16(1)(f) of the Securities Brokers (Licensing and Operations) Regulations, 2016.

Auditor

The auditors of the Company, M/s Naveed Zafar Jaffery & Co., Chartered Accountants, retire at the conclusion of the forthcoming AGM and offer themselves for re-appointment as auditors for the next year.


**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS.**




Muhammad Zahid Ali
Chief Executive Officer


Place: Karachi

Dated: 07 October, 2025

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Abid Ali Habib
Director

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

UNDER CLAUSE 9 (A) (III) OF SECURITIES-BROKERS-LICENSING-AND-OPERATIONS-REGULATIONS-2016

There are no transactions entered into by **Aba Ali Habib Securities Private Limited** during the year ended 30 June, 2025 which are fraudulent, illegal or in violation of any securities market laws.



Muhammad Zahid Ali Habib
Chief Executive Officer

Dated: 07-10-2025

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STATEMENT OF COMPLIANCE


WITH CORPORATE GOVERNANCE CODE FOR SECURITIES BROKERS UNDER ANNEXURE D OF SECURITIES-
BROKERS-LICENSING-AND-OPERATIONS-REGULATIONS-2016

Aba Ali Habib Securities Private Limited is in compliance with the corporate governance code for securities brokers under annexure d of securities-brokers-licensing-and-operations-regulations-2016 during the year ended 30 June, 2025.




Muhammad Zahid Ali Habib
Chief Executive Officer

Dated: 07-10-2025

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ABA ALI HABIB SECURITIES (PRIVATE) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Aba Ali Habib Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2025, 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 material accounting policies information 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, 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, 2025 and of the profit, 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 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 directors' 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. We have nothing to report in this regard.

[Signature]

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 scepticism 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.

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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.
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and section 62 of the Futures Act, 2016 and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the financial position was prepared
- f) the Company was in compliance with the relevant requirements of Futures Brokers (Licensing and Operations Regulations), 2018 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Azeem H. Siddiqui – FCA.**


Chartered Accountants

Karachi

Dated : October 07, 2025

UDIN : AR202510232MmGSDUteC

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Notes	2025 ----- (Rupees) -----	2024
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Share Capital			
20,000,000 ordinary shares of Rs. 10/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	5	<u>200,000,000</u>	<u>200,000,000</u>
Unappropriated profit		<u>1,118,368,726</u>	<u>1,075,590,655</u>
		1,318,368,726	1,275,590,655
Non current liability			
Deferred taxation	6	69,722	184,575
Current liabilities			
Trade and other payables	7	259,987,817	122,809,227
Short term borrowings	8	278,475,022	506,796,838
Accrued markup		2,597,629	6,884,651
		<u>541,060,468</u>	<u>636,490,715</u>
TOTAL EQUITY AND LIABILITIES		<u>1,859,498,916</u>	<u>1,912,265,945</u>
Contingencies and commitments	9	-	-
ASSETS			
Non-Current Assets			
Property and equipment	10	26,245,489	29,532,774
Intangible assets	11	2,500,000	2,500,000
Long term deposits	12	2,185,000	2,185,000
Long term investment	13	8,439,750	8,439,750
		39,370,239	42,657,524
Current Assets			
Trade debts - considered good	14	124,345,771	40,897,967
Receivable against margin financing	15	122,778,729	24,236,613
Receivable against margin trading	16	247,779,617	654,284,841
Short term investments	17	1,008,142,809	897,536,524
Short term deposits	18	40,347,289	13,796,316
Advances and other receivables	19	5,844,367	2,301,717
Advance tax - net of provision		136,120,803	132,482,832
Cash and bank balances	20	134,769,295	104,071,612
		1,820,128,677	1,869,608,421
TOTAL ASSETS		<u>1,859,498,916</u>	<u>1,912,265,945</u>

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


Chief Executive


Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 ----- (Rupees) -----	2024 -----
Operating revenue	21	155,581,818	113,183,721
Capital gain on sale of investments		89,721,211	50,327,578
Net change in unrealized Gain of investments		32,351,796	174,411,921
		<u>277,654,825</u>	<u>337,923,220</u>
Administrative expenses	22	(215,678,081)	(86,909,955)
Operating profit		<u>61,976,744</u>	251,013,265
Other income	23	3,883,703	4,239,132
		<u>65,860,447</u>	255,252,397
Finance costs	24	(18,192,361)	(26,120,948)
Profit before levies and taxes		<u>47,668,086</u>	229,131,449
Final taxes	25.1	(3,517,892)	(3,417,171)
Minimum tax	25.2	(939,835)	(859,858)
Profit before income tax		<u>43,210,359</u>	224,854,420
Taxation	26	(432,288)	(2,348,272)
Profit after taxation		<u><u>42,778,071</u></u>	<u><u>222,506,148</u></u>
Earnings per share - basic and diluted	27	<u><u>2.14</u></u>	<u><u>11.13</u></u>

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

Handwritten mark

Signature of Chief Executive
Chief Executive

Signature of Director
Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- (Rupees) -----	
Profit after taxation	42,778,071	222,506,148
Other comprehensive income	-	-
Total comprehensive income for the year	<u>42,778,071</u>	<u>222,506,148</u>

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

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Chief Executive



Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
Balance as at June 30, 2023	200,000,000	853,084,507	1,053,084,507
Profit after taxation	-	222,506,148	222,506,148
Other comprehensive income	-	-	-
Total Comprehensive income for the year ended June 30, 2024	-	222,506,148	222,506,148
Balance as at 30 June, 2024	200,000,000	1,075,590,655	1,275,590,655
Profit after taxation	-	42,778,071	42,778,071
Other comprehensive income	-	-	-
Total Comprehensive income for the year ended June 30, 2025	-	42,778,071	42,778,071
Balance as at 30 June, 2025	<u>200,000,000</u>	<u>1,118,368,726</u>	<u>1,318,368,726</u>

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


Chief Executive


Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before levies and taxes	47,668,086	229,131,449
Adjustments for :		
Depreciation	2,813,929	1,826,479
Capital gain on sale of investment	(89,721,211)	(50,327,578)
Net change in unrealize loss on investment	(32,351,796)	(174,411,921)
Dividend income	(25,941,612)	(23,025,137)
Finance income	(1,788,381)	(1,682,979)
Finance cost	17,517,271	25,028,645
	<u>(129,471,801)</u>	<u>(222,592,490)</u>
Cash generated from operating activities before working capital changes	(81,803,716)	6,538,959
Decrease / (Increase) in current assets:		
Trade debts - considered good	(83,447,804)	142,311,519
Receivable against margin financing	(98,542,117)	(9,962,110)
Receivable against margin trading	406,505,224	(598,362,843)
Advances and other receivables	(3,542,649)	5,947,678
Short term deposits	(26,550,972)	(8,057,201)
Increase / (decrease) in current liabilities:		
Trade and other payables	137,178,590	64,849,643
	<u>331,600,273</u>	<u>(403,273,313)</u>
Finance cost paid	(21,804,291)	(21,577,817)
Taxes paid	(8,642,841)	(11,435,156)
Net cash generated from/(used in) operating activities	219,349,426	(429,747,327)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term investment - net	11,466,723	111,865,890
Addition in fixed assets	473,356	(24,247,480)
Dividend income	25,941,612	23,025,137
Finance income	1,788,381	1,682,979
Net cash generated from investing activities	39,670,073	112,326,525
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	(228,321,814)	375,287,690
Net cash (used in) generated from financing activities	(228,321,814)	375,287,690
Net increase in cash and cash equivalents during the year	30,697,683	57,866,889
Cash and cash equivalents at the beginning of the year	104,071,612	46,204,723
Cash and cash equivalents at the end of the year	134,769,295	104,071,612

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


Chief Executive



Director