

**AUDITED FINANCIAL STATEMENTS  
OF  
APEX CAPITAL SECURITIES  
(PRIVATE) LIMITED  
FOR THE YEAR ENDED  
JUNE 30, 2019**

**Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
KARACHI, LAHORE & ISLAMABAD**



## INDEPENDENT AUDITORS' REPORT

To the members of Apex Capital Securities (Private) Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **Apex Capital Securities (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2019**, 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 ('the financial statements'), 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, 2019** and of the loss and other comprehensive loss, 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.

### 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.

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### 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.

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.




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### 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) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the balance sheet was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani**.

  
Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
Karachi

Date: 12 5 SEP 2019

APEX CAPITAL SECURITIES (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019

EQUITY AND LIABILITIES	Note	2019	(Restated) 2018	(Restated) 2017
		Rupees		
<b>Share capital and reserves</b>				
Authorized capital				
Issued, subscribed and paid up capital	4	75,000,000	75,000,000	75,000,000
<b>Revenue reserves</b>				
Unappropriated profit				
Surplus on revaluation of investment at FVTOCI		29,454,654	58,964,151	57,243,530
		-	10,314,591	31,850,062
		29,454,654	69,278,742	89,093,592
<b>Capital reserve</b>				
Capital contribution from the Chief Executive	5	16,609,500	16,609,500	16,609,500
		105,564,154	145,388,242	165,203,092
<b>Non-current liabilities</b>				
Deferred taxation	6	-	573,385	2,777,879
Long term loan from Chief Executive	7	-	35,232,232	32,131,538
		-	35,805,617	34,909,417
<b>Current liabilities</b>				
Trade and other payables	8	12,269,452	19,491,867	28,689,835
<b>Total equity and liabilities</b>		<u>117,833,606</u>	<u>200,685,726</u>	<u>228,802,344</u>
<b>Contingencies and commitments</b>	9	-	-	-
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	10	8,870,016	10,450,486	11,640,608
Intangible asset	11	2,500,000	2,500,000	5,000,000
Long term deposits	12	1,500,000	1,600,000	1,100,000
Long term investment	13	-	21,353,582	41,163,833
		12,870,016	35,904,068	58,904,441
<b>Current assets</b>				
Short term investments	14	39,469,864	55,970,532	63,861,198
Trade debts	15	44,842,433	61,979,647	25,805,820
Advance, deposit and other receivables	16	2,614,490	23,899,200	9,896,688
Taxation - net		8,908,473	7,836,763	7,812,687
Cash and bank balances	17	9,128,329	15,095,516	62,521,510
		104,963,589	164,781,658	169,897,903
<b>Total assets</b>		<u>117,833,606</u>	<u>200,685,726</u>	<u>228,802,344</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

**APEX CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

		2019	(Restated) 2018
	Note	Rupees	
Operating revenue	18	4,067,212	10,121,385
Administrative expenses	19	(15,447,944)	(10,926,548)
Financial charges	20	(9,891,911)	(3,240,474)
		(25,339,855)	(14,167,022)
Other expenses	21	(868,721)	(2,500,000)
(Loss) / gain on re-measurement of investments carried at fair value through profit or loss - net		(20,871,380)	8,151,535
Other income	22	1,686,345	-
<b>(Loss) / profit before taxation</b>		<b>(41,326,399)</b>	<b>1,605,898</b>
Provision for taxation	23	291,412	114,723
<b>(Loss) / profit after taxation</b>		<b>(41,034,987)</b>	<b>1,720,621</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
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**CHIEF EXECUTIVE**

  
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**DIRECTOR**

**APEX CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019	<i>(Restated)</i> 2018
	———— Rupees ————	
(Loss) / profit after taxation	(41,034,987)	1,720,621
<b>Other comprehensive loss</b>		
- Unrealized (loss) / gain on revaluation of investment designated at available for-sale investment	-	(21,535,471)
<b>Total comprehensive loss for the year</b>	<u>(41,034,987)</u>	<u>(19,814,850)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**

  
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**DIRECTOR**

APEX CAPITAL SECURITIES (PRIVATE) LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2019

	Revenue reserve		Capital reserve	Total reserve	Total equity	
	Unappropriated profit	Surplus on revaluation of investment at FVTOCI	Capital contribution from the Chief Executive			
Balance as at July 01, 2016 (as previously reported)	59,500,000	4,061,593	-	16,609,500	20,671,093	80,171,093
<i>Total comprehensive income for the year ended June 30, 2017</i>						
- Profit after taxation	-	53,181,937	-	-	53,181,937	53,181,937
- Other comprehensive income	-	-	31,850,062	-	31,850,062	31,850,062
	-	53,181,937	31,850,062	-	85,031,999	85,031,999
<b>Balance as at June 30, 2017</b>	<b>59,500,000</b>	<b>57,243,530</b>	<b>31,850,062</b>	<b>16,609,500</b>	<b>105,703,092</b>	<b>165,203,092</b>
Balance as at July 01, 2017	59,500,000	57,243,530	31,850,062	16,609,500	105,703,092	165,203,092
<i>Total comprehensive income for the year ended June 30, 2018</i>						
- Profit after taxation (restated)	-	1,720,621	-	-	1,720,621	1,720,621
- Other comprehensive loss (restated)	-	-	(21,535,471)	-	(21,535,471)	(21,535,471)
	-	1,720,621	(21,535,471)	-	(19,814,850)	(19,814,850)
<b>Balance as at June 30, 2018</b>	<b>59,500,000</b>	<b>58,964,151</b>	<b>10,314,591</b>	<b>16,609,500</b>	<b>85,888,242</b>	<b>145,388,242</b>
Balance as at July 01, 2018 (as Previously reported)	59,500,000	58,964,151	10,314,591	16,609,500	85,888,242	145,388,242
Effect of adoption of new accounting standards (Note 4)	-	1,210,899	-	-	1,210,899	1,210,899
Balance as at July 1, 2018 (restated)	59,500,000	60,175,050	10,314,591	16,609,500	87,099,141	146,599,141
<i>Total comprehensive income for the year ended June 30, 2019</i>						
- Loss after taxation	-	(41,034,987)	-	-	(41,034,987)	(41,034,987)
- Other comprehensive income	-	-	-	-	-	-
	-	(41,034,987)	-	-	(41,034,987)	(41,034,987)
Reclassification of surplus upon reclassification of long term investment to short term investment	-	10,314,591	(10,314,591)	-	-	-
<b>Balance as at June 30, 2019</b>	<b>59,500,000</b>	<b>29,454,654</b>	<b>-</b>	<b>16,609,500</b>	<b>46,064,154</b>	<b>105,564,154</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

**APEX CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

(Restated)  
2018

2019

Rupees

**CASH FLOWS FROM OPERATING ACTIVITIES**

(Loss) / profit before taxation

(41,326,399)

1,605,898

**Adjustments for non-cash and other items:**

Depreciation

1,609,548

1,802,134

Impairment of TRE Certificate

-

2,500,000

(Loss) / gain on re-measurement of investments carried at fair value through profit or loss - net

20,871,380

(9,920,006)

Capital loss / (gain) realized on disposal of investments

5,927,479

(384,322)

Financial charges

9,891,911

3,240,474

38,300,318

(2,761,720)

(3,026,081)

(1,155,822)

**Changes in working capital:**

*Decrease / (increase) in current assets*

Trade debts

18,348,113

(36,173,827)

Advance, deposit, prepayment and other receivables

21,284,710

(14,002,512)

*(Decrease) / increase in current liabilities*

Trade and other payables

(7,222,415)

(9,197,968)

Cash generated from / (used in) operations

32,410,408

(59,374,307)

29,384,327

(60,530,129)

Financial charges paid

(124,143)

(139,780)

Income tax paid

(1,353,683)

(2,113,847)

Long term deposit - net

100,000

(500,000)

**Net cash generated from / (used in) operating activities**

28,006,501

(63,283,756)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Capital expenditure

(29,078)

(612,012)

Purchase and sale of investments - net

11,055,391

16,469,774

**Net cash generated from investing activities**

11,026,313

15,857,762

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payment of long term loan

(45,000,000)

-

**Net cash generated from / (used in) Financing activities**

(45,000,000)

-

**Net decrease in cash and cash equivalents**

(5,967,186)

(47,425,994)

Cash and cash equivalents at beginning of the year

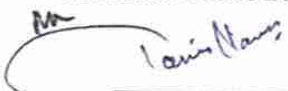
15,095,516

62,521,510

9,128,329

15,095,516

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

**APEX CAPITAL SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**1. STATUS AND NATURE OF BUSINESS**

Apex Capital Securities (Private) Limited ('the Company') was incorporated in Pakistan on February 24, 2004 as a private limited company under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act').

The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are investments, share brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services. Company's registered office is situated at Room No. 439-440, 4th Floor, Stock Exchange Building, Pakistan Stock Exchange Road, Karachi.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for investments classified as 'fair value through other comprehensive income ("FVTOCI")' and 'fair value through profit and loss ("FVTPL")' which are carried at fair value.

**2.3 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these financial statements.

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these financial statements.

	<u>Note</u>
- Useful lives and residual values of property and equipment.	3.2
- Useful lives and residual values of intangible assets.	3.3
- Provision for doubtful debts	3.7
- Provision for taxation	3.11

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## 2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 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 Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

*Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:*

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' - the amendment aims to clarify the accounting treatment when an entity increases its interest in a joint operation that meets the definition of a business. An entity remeasures its previously held interest in a joint operation when it obtains control of the business. An entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Prior period adjustment

According to the International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement' (now supersede by IFRS 9 'Financial Instruments'), a financial asset was classified as 'held for trading' when either: (i) it was acquired principally for the purpose of selling it in the near time; (ii) on initial recognition it was part of a portfolio of identified financial instruments that were managed together and for which there was evidence of a recent actual pattern of short-term profit-taking; or (iii) it was a derivative.

The Company has been holding investments in listed equity securities (i.e. ordinary shares of listed companies). Since these investments were acquired principally for the purpose of selling them in near future, these should have been carried as 'held for trading' investments with their corresponding fair value changes (i.e. the unrealized gain / loss arising from re-measurement of such investments to fair value at each previous reporting date) recognized in profit or loss. However, contrary to this, the investments had been carried as 'available-for-sale' investments and the related fair value changes had regularly been credited to other comprehensive income and accumulated in equity under the head 'surplus on remeasurement of investments'.

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In these financial statements, the above error has been adjusted retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the corresponding figures have been restated. Due to these restatements, the statement of financial position as at the beginning of the earliest period presented (i.e. as of June 30, 2018) has also been presented in these financial statements.

The above adjustment has its effects on the corresponding figures presented in these financial statements as follows:

**Effects on the statement of financial position**

	Accumulated (loss) / profit	Surplus on re- measurement of investments
	Rupees	
Balance as at June 30, 2018 (as previously reported)	51,989,471	17,289,271
<i>Effect of restatement as on June 30, 2018</i>		
Reclassification of unrealized loss on re-measurement of short term investments to fair value	(6,974,680)	(6,974,680)
Effect of impairment as per IFRS 9		-
<b>Balance as at June 30, 2018 (as restated)</b>	<b><u>45,014,791</u></b>	<b><u>10,314,591</u></b>

**Effects on comprehensive income for the year ended June 30, 2018**

*Effects on profit or loss*

	Rupees
Increase in gain on re-measurement of investments carried at fair value through profit or loss - net	6,974,680
Decrease in profit before and after taxation	<u>6,974,680</u>

*Effects on other comprehensive income*

Derecognition of unrealized gain on re-measurement of investments carried at fair value through profit or loss - net	(6,974,680)
Derecognition of other comprehensive loss	<u>(6,974,680)</u>
<b>Net effect on total comprehensive income</b>	<b><u>-</u></b>

### 3.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss account during the year in which they are incurred.

Depreciation is charged to statement of profit or loss account applying the reducing balance method at the rates specified in note 10. Depreciation is charged when the asset is available for use till the asset is disposed off.

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

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The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2019 did not require any adjustment.

### 3.3 Intangible asset - Trading Rights Entitlement Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

### 3.4 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

### 3.5 Financial instruments

#### a) Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

#### b) i) Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; 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.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are subsequently measured at FVTPL.

#### ii) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

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Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

c) *Subsequent measurement*

i) *Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) *Financial assets and liabilities at amortised cost*

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

d) *Impairment of financial assets at amortised cost*

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 4.

e) *Derecognition*

i) *Financial assets*

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) *Financial liabilities*

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

3.6 **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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### 3.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

### 3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand and balances with banks.

### 3.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### 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.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

### 3.11 Taxation

Income tax expense comprises current and deferred tax.

#### *Current*

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

#### *Deferred*

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is charged or credited in the statement of profit or loss account, 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.

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### 3.12 Provisions

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

### 3.13 Revenue recognition

#### *Revenue from trading activities*

Commission revenue from trading of securities is recognized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

#### *Dividend income*

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

#### *Interest income*

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

## 4 CHANGES IN ACCOUNTING POLICY

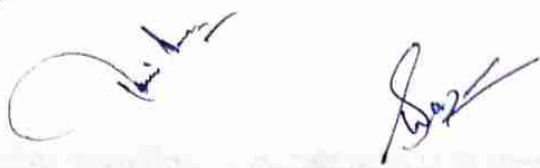
The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from July 01, 2018. Consequently, the following changes in accounting policies have taken place effective from July 01, 2018:

### a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

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The impact of the adoption of IFRS 9 has been in the following areas:

i) **Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at July 01, 2018

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 1, 2018	Effect on July 01, 2018 on Retained Earning
Long term deposits	LR	AC	1,600,000	1,600,000	-
Long term investment	AFS	FVTOCI	21,353,582	21,353,582	-
Short term investments	HFT	FVTPL	55,970,532	55,970,532	-
Trade debts	LR	AC	61,979,647	63,190,546	(1,210,899)
Advance, deposit and other receivables	LR	AC	23,899,200	23,899,200	-
Bank balances	LR	AC	15,076,670	15,076,670	-

- "LR" is loans and receivables

- "AFS" is available for sale

- "HFT" is held for trading

- "FVTPL" is fair value through profit and loss

- "FVTOCI" is fair value through other comprehensive figure

- "AC" is amortised cost

ii) **Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

iii) **Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such as Company's internal factors and economic environment of the customers) on ECLs.

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## Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

## Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at June 30, 2018	Remeasurement	ECL under IFRS 9 as at July 01, 2018
Provision for doubtful debts - Trade debts	5,579,945	(1,210,899)	4,369,046

### b) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Company contracts with customers for the services which generally include a single performance obligation. The management has concluded that commission revenue from trading services be recognised at the point in time when the aforesaid performance obligation is satisfied i.e. when the transaction is settled by the clearing house. Broker's bills are also generated at that point in time. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amount of revenue recognition of the Company.

## 4. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019 —Number of shares—	2018		2019 —Rupees—	2018
<u>7,500,000</u>	<u>7,500,000</u>	<b>Authorized:</b>		
		Ordinary shares of Rs. 10/- each	<u>75,000,000</u>	<u>75,000,000</u>
		<b>Issued, subscribed and paid-up :</b>		
		Ordinary shares of Rs. 10/- each		
<u>5,950,000</u>	<u>5,950,000</u>	issued as fully paid in cash	<u>59,500,000</u>	<u>59,500,000</u>

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4.1 Shareholders holding more than 5% of the shares are as follows:

	2019		2018	
	Number of shares	% shareholding	Number of shares	% shareholding
Sheikh Moiz	952,000	16%	952,000	16%
Khalida Zafar	773,640	13%	773,640	13%
Shahzeen Kaiser	595,000	10%	595,000	10%
Sheikh Kaiser	1,844,500	31%	1,844,500	31%
Naveed Godil	714,000	12%	714,000	12%
Mouhammad Amin	297,500	5%	297,500	5%
Shaikh Umer	773,360	13%	773,360	13%
	<u>5,950,000</u>	<u>100%</u>	<u>5,950,000</u>	<u>100%</u>

4.2 There is no agreement with shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

5. CAPITAL CONTRIBUTION FROM THE CHIEF EXECUTIVE

This represents the difference between the nominal value and present value (at the disbursement date) of long term loan received from the Chief Executive of the Company in March 2016. Since the loan is interest-free and is to be repaid after 5 years from the disbursement date, it has been discounted at the Company's borrowing rate with the effect of discounting credited to equity in accordance with the requirements of Technical Release 32 *Accounting Directors' Loan* issued by the Institute of Chartered Accountants of Pakistan. For further details, refer Note 7.1 to these financial statements.

6. DEFERRED TAXATION

Deferred tax has been recognised only on temporary differences arised due to remeasurement of investments. During the period, no deferred tax recognised because there was a unrealised loss of Rs. 9.3 million on investment, thus creating a deferred tax asset as at the year end.

7. LONG TERM LOAN FROM THE CHIEF EXECUTIVE - *Unsecured*

	2019	2018
	Rupees	
Amortized cost as at the beginning of the year	35,232,232	32,131,538
Effect of unwinding of the loan during the year	9,767,768	3,100,694
	<u>45,000,000</u>	<u>35,232,232</u>
Less: Paid During the Year	45,000,000	-
Amortized cost as at the end of the year	<u>-</u>	<u>35,232,232</u>

7.1 In March 2016, the Company received an interest-free loan of Rs. 45 million from the Chief Executive of the Company for the purpose of working capital financing. Since the loan is to be repaid after 5 years from the disbursement date (i.e. in February 2021), it has been discounted at the Company's borrowing rate of KIBOR + 3% (which comes to 9.65% based on 1-year KIBOR prevailing as on March 01, 2016).

7.2 During the year, Company has done early settlement of the loan from the Chief Executive.

8. TRADE AND OTHER PAYABLES

	2019	2018
	Rupees	
Creditors	10,068,813	12,144,831
Accrued liabilities	2,200,639	2,419,526
Others	-	4,927,510
	<u>12,269,452</u>	<u>19,491,867</u>

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9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

As of the reporting date, no contingencies were known to exist (2018: None).

9.2 Commitments

-Guarantee given by M/s. Bank Al-Falah Limited in favour of M/s. Pakistan Stock Exchange Limited against exposure and future settlement requirements

5,000,000      5,000,000

-Bank guarantee provided in favour of NCCPL against deliverable futures contracts

-      4,706,079

10. PROPERTY AND EQUIPMENT

	Building	Furniture & fixture	Vehicles	Office equipment	Computers	Total
Rupees						
<b>As at July 01, 2017</b>						
Cost	8,678,010	713,780	2,897,900	727,557	1,873,423	3,166,460
Accumulated depreciation	(433,901)	(487,510)	(204,055)	(527,384)	(1,597,212)	(2,521,724)
<b>Net book value</b>	<u>8,244,109</u>	<u>226,270</u>	<u>2,693,845</u>	<u>200,173</u>	<u>276,211</u>	<u>644,736</u>
<i>Movement during the year ended June 30, 2018</i>						
Opening net book value	8,244,109	226,270	2,693,845	200,173	276,211	11,640,608
Additions during the year	530,850	-	-	-	81,162	612,012
Depreciation for the year	(1,244,413)	(33,941)	(404,077)	(30,026)	(89,677)	(1,906,109)
<b>Closing net book value</b>	<u>7,530,546</u>	<u>192,329</u>	<u>2,289,768</u>	<u>170,147</u>	<u>267,696</u>	<u>10,450,486</u>
<b>As at June 30, 2018</b>						
Cost	9,208,860	713,780	2,897,900	727,557	1,954,585	15,502,682
Accumulated depreciation	(1,678,314)	(521,451)	(608,132)	(557,410)	(1,686,889)	(5,052,196)
<b>Net book value</b>	<u>7,530,546</u>	<u>192,329</u>	<u>2,289,768</u>	<u>170,147</u>	<u>267,696</u>	<u>10,450,486</u>
<i>Movement during the year ended June 30, 2019</i>						
Opening net book value	7,530,546	192,329	2,289,768	170,147	267,696	10,450,486
Additions during the year	-	-	-	22,778	6,300	29,078
Depreciation for the year	(1,129,582)	(28,849)	(343,465)	(26,755)	(80,897)	(1,609,548)
<b>Closing net book value</b>	<u>6,400,964</u>	<u>163,480</u>	<u>1,946,303</u>	<u>166,170</u>	<u>193,099</u>	<u>8,870,016</u>
<b>As at June 30, 2019</b>						
Cost	9,208,860	713,780	2,897,900	750,335	1,960,885	15,531,760
Accumulated depreciation	(2,807,896)	(550,300)	(951,597)	(584,165)	(1,767,786)	(6,661,744)
<b>Net book value</b>	<u>6,400,964</u>	<u>163,480</u>	<u>1,946,303</u>	<u>166,170</u>	<u>193,099</u>	<u>8,870,016</u>
<b>Rate of depreciation</b>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>30%</u>	

11. INTANGIBLE ASSET

Note      2019      2018  
Rupees

Trading Rights Entitlement (TRE) Certificate  
Cost  
Impairment

12.1	2,500,000	5,000,000
	-	(2,500,000)
	<u>2,500,000</u>	<u>2,500,000</u>

11.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), the Company has received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. The right has been carried at cost less impairment.

	2019	2018
	Rupees	
<b>12. LONG TERM DEPOSITS - <i>considered good</i></b>		
With Central Depository Company of Pakistan Limited in respect of basic deposit	100,000	100,000
With National Clearing Company of Pakistan Limited in respect of basic and other deposits	1,400,000	1,500,000
	<u>1,500,000</u>	<u>1,600,000</u>

**13. LONG TERM INVESTMENT**

*Fair value through other comprehensive income*

	2019	2018		2019	2017
	Number of shares			Rupees	
	-	1,081,194	Ordinary shares of PSX (cost)	-	11,038,991
			Surplus on revaluation	-	10,314,591
				<u>-</u>	<u>21,353,582</u>

**13.1** This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account marked as freeze in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

In August 2019, the above-mentioned ordinary shares were marked as un-frozen by the Central Depository Company of Pakistan Limited (CDC). Since subsequent to their un-freezing, the Company intends to dispose of the shares in due course of time, the investment had been re-classified as a short term investment as of June 30, 2019.

	2019	(Restated) 2018
	Rupees	
<b>14. SHORT TERM INVESTMENT</b>		
<i>Fair value through profit or loss</i>		
Investment in quoted equity securities - cost	37,734,246	44,402,525
Transfer from long term investment - cost	11,038,991	-
	48,773,237	44,402,525
Surplus on revaluation as at June 30	(9,303,373)	11,568,007
	<u>39,469,864</u>	<u>55,970,532</u>

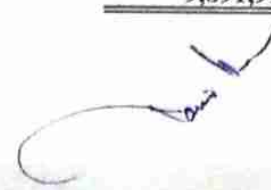

	2019	2018
	Rupees	
<b>15. TRADE DEBTS - <i>Unsecured</i></b>		
Considered good- secured	44,842,433	61,979,647
Considered doubtful- unsecured	2,332,625	5,579,945
	47,175,058	67,559,592
Less: Provision for doubtful debts	(2,332,625)	(5,579,945)
	<u>44,842,433</u>	<u>61,979,647</u>

**15.1 Movement in provision for doubtful debts**

Balance at the beginning of the year (as previously reported)	5,579,945	5,579,945
Add: Effect of application of IFRS 9	(1,210,899)	-
Balance at the beginning of the year (restated)	4,369,046	5,579,945
Add: Charged during the year	90,201	-
Add: write off during the year	(2,126,622)	-
Balance at the end of the year	<u>2,332,625</u>	<u>5,579,945</u>

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	Note	2019	2018
		Rupees	
<b>16. ADVANCE, DEPOSIT AND OTHER RECEIVABLES - Considered good</b>			
Advance to employees		40,000	369,000
Exposure deposit with NCCPL against future market		2,574,490	23,530,200
		<u>2,614,490</u>	<u>23,899,200</u>
<b>17. CASH AND BANK BALANCES</b>			
Cash in hand		5,421	18,846
Cash at bank			
-Current account	17.1	9,105,509	15,061,586
-Saving account	17.2	17,399	15,084
		<u>9,122,908</u>	<u>15,076,670</u>
		<u>9,128,329</u>	<u>15,095,516</u>
17.1	This includes a balance of Rs. 8,515,441 (2018: Rs. 11,789,199) held in a separate bank account designated to clients.		
17.2	The return on these balances is 7.5% to 9% (2018: 5% to 6%) per annum on daily product basis.		
<b>18. OPERATING REVENUE</b>	Note	2019	2019
		Rupees	
Brokerage commission income		8,853,686	8,121,429
Capital (loss) / gain realized on disposal of investments		(5,927,479)	384,322
Dividend income		1,141,005	1,615,634
		<u>4,067,212</u>	<u>10,121,385</u>
<b>19. ADMINISTRATIVE EXPENSES</b>			
Salaries, benefits and allowances		2,620,473	1,568,905
Directors' remuneration	24	3,600,000	3,600,000
Rent, rates and taxes		146,767	-
Printing and stationery		37,450	26,987
Communication expenses		159,468	167,367
Auditors' remuneration		450,000	450,000
Legal and professional charges		138,180	343,205
Fees and subscription		500,000	507,000
Electricity charges		285,941	157,338
Travelling and conveyance		-	300
Entertainment expense		89,830	168,211
Repair and maintenance		190,800	561,303
Depreciation	10	1,609,548	1,802,134
Receivable written off		5,217,605	-
Provision for doubtful debt		90,201	-
Others		311,681	1,573,798
		<u>15,447,944</u>	<u>10,926,548</u>
<b>20. FINANCIAL CHARGES</b>			
Unwinding of long term loan from directors	7	9,767,768	3,100,694
Bank markup on short term running finance		756	16,415
Bank charges		123,387	123,365
		<u>9,891,911</u>	<u>3,240,474</u>

21. OTHER EXPENSES	Note	2019	2019
		Rupees	
Parking fee		40,000	-
Kits charges		790,605	-
Impairment of TRE Certificate		-	2,500,000
Others		38,116	-
		<u>868,721</u>	<u>2,500,000</u>
<b>22. OTHER INCOME</b>			
Interest income		1,541,345	-
Reversal of liabilities		145,000	-
		<u>1,686,345</u>	<u>-</u>
<b>23. TAXATION</b>			
Current		281,824	2,089,771
Prior		149	-
Deferred		(573,385)	(2,204,494)
		<u>(291,412)</u>	<u>(114,723)</u>

23.1 The income tax assessments of the Company have been finalised up to and including the tax year 2018. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

23.2 Reconciliation between tax charge based on accounting profit and tax expense

As the income of the Company for the tax years 2019 and 2018 is subject to taxation under minimum and final tax regimes, a reconciliation between the tax charge based on accounting profit and tax expense recognized in the financial statements has not been presented.

24. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in the financial statements for remuneration, including certain benefits, to the Chief Executive and Directors of the Company are as follows:

	Chief Executive		Directors		Total	
	2019	2018	2019	2018	2019	2018
	Rupees					
Managerial remuneration	<u>3,000,000</u>	<u>3,000,000</u>	<u>600,000</u>	<u>600,000</u>	<u>3,600,000</u>	<u>3,600,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>

25. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of directors, key management personnel and their close family members. Remuneration to key management personnel are in accordance with their terms of employment.

Details of transactions and balances at period end with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Balance outstanding at year end	Relationship	2019	2018
		Rupees	
Repayment of long term loan	Chief Executive	<u>45,000,000</u>	-
Receivable from Sheikh Kaiser	Chief Executive	-	<u>6,106,416</u>
Receivable from Sheikh Umer	Close family member	<u>39,350,078</u>	<u>27,636,995</u>
Receivable from Sana Umer	Close family member	<u>2,330,670</u>	<u>15,277,976</u>
Payable to Sheikh Kaiser	Close family member	<u>58,049</u>	-

## 26. FINANCIAL RISK MANAGEMENT

### 26.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

#### a) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

##### i) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no material foreign currency transactions and balances at the reporting date.

##### ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 39.47 million (2018: 77.32 million) and also the Company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sector of the market.

#### Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark PSX 100 Index has decreased by almost 19% (2018: increased by 10%) during the financial year.



The table below summarizes Company's equity price risk as of June 30, 2019 and 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) after tax
June 30, 2019	Rupees	39,469,864	10% increase	43,416,850	3,453,613	3,453,613
			10% decrease	35,522,878	(3,453,613)	(3,453,613)
June 30, 2018	Rupees	77,324,114	10% increase	85,056,525	6,765,860	6,765,860
			10% decrease	69,591,703	(6,765,860)	(6,765,860)

### iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

As at the reporting date, the Company does not bear any significant interest rate risk.

### b) 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, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties 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 economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

#### Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed hereunder as follows:

	Note	2019	2018
		Rupees	
Long term deposits		1,500,000	1,600,000
Trade debts	25.1.1	44,842,433	61,979,647
Advance, deposit and other receivables		2,614,490	23,899,200
Bank balances		9,122,908	15,076,670
		<u>58,079,831</u>	<u>102,555,517</u>

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26.1.1 The maximum exposure to credit risk for trade debts is due from local clients.

	2019		2018	
	Gross	Impairment	Gross	Impairment
Not past due	-	-		
Past due 1 day - 30 days	13,536,690	669,337	37,380,018	3,087,325
Past due 31 days - 180 days	27,042,053	1,337,125	16,635,996	1,374,016
Past due 181 days - 1 year	3,308,319	163,584	7,119,695	588,037
More than one year	3,287,996	162,579	6,423,883	530,567
	<u>47,175,058</u>	<u>2,332,625</u>	<u>67,559,592</u>	<u>5,579,945</u>

Due to the company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
<b>Financial liabilities</b>				
Trade and other payables	12,269,452	12,269,452	12,269,452	-
	<u>12,269,452</u>	<u>12,269,452</u>	<u>12,269,452</u>	<u>-</u>

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
<b>Financial liabilities</b>				
Long term loan from Chief Executive	35,232,232	45,000,000	-	45,000,000
Trade and other payables	19,491,867	19,491,867	19,491,867	-
	<u>54,724,099</u>	<u>64,491,867</u>	<u>19,491,867</u>	<u>45,000,000</u>

26.2 **Fair value estimate**

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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.

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The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2019	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
<i>Financial assets measured at fair value</i>				
Equity Securities	39,469,864	-	-	39,469,864
June 30, 2018				
<i>Financial assets measured at fair value</i>				
Equity Securities	77,324,114	-	-	77,324,114

### 26.3 Financial instruments by categories

As at June 30, 2019 Financial assets as per statement of financial position	2019			Total
	Asset at cost	Asset at fair value through profit or loss	Ammortized cost	
	Rupees			
Long term deposits	-	-	1,500,000	1,500,000
Long term investment	-	-	-	-
Short term investments	-	39,469,864	-	39,469,864
Trade debts	-	-	44,842,433	44,842,433
Advance, deposit and other receivables	-	-	2,614,490	2,614,490
Bank balances	-	-	9,122,908	9,122,908
	-	39,469,864	58,079,831	97,549,695

As at June 30, 2019 Financial liabilities as per statement of financial position	Financial liabilities at amortized cost — Rupees —	
Trade and other payables		12,269,452
		12,269,452

As at June 30, 2018 Financial assets as per statement of financial position	2018			Total
	Loans and receivables	Available for sale	At fair value through profit or loss	
	Rupees			
Long term deposits	1,600,000	-	-	1,600,000
Long term investment	-	21,353,582	-	21,353,582
Short term investments	-	14,452,183	41,518,349	55,970,532
Trade debts	61,979,647	-	-	61,979,647
Advance, deposit and other receivables	23,899,200	-	-	23,899,200
Bank balances	15,076,670	-	-	15,076,670
	102,555,517	35,805,765	41,518,349	179,879,631

As at June 30, 2018 Financial liabilities as per statement of financial position	Financial liabilities at amortized cost — Rupees —	
Long term loan from Chief Executive		35,232,232
Trade and other payables		19,491,867
		54,724,099

### 27. CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

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The Capital adequacy level as required by CDC is calculated as follows;

	2019	2018
	Rupees	
Total assets	117,833,606	200,685,726
Less: Total liabilities	12,269,452	55,297,484
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
	<u>105,564,154</u>	<u>145,388,242</u>

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

**28. NUMBER OF EMPLOYEES**

The total number of employees at year end and average number of employees during the year, respectively, are as follows:

	2019	2018
	(Number)	
Total number of employees at year end	<u>7</u>	<u>7</u>
Average number of employees during the year	<u>7</u>	<u>8</u>

**29. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved by the board of directors and authorized for issue on

25 SEP 2019

**30. GENERAL**

Figures have been rounded off to the nearest rupee.

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 \_\_\_\_\_  
 CHIEF EXECUTIVE

  
 \_\_\_\_\_  
 DIRECTOR