MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2019

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Muhammad Tariq Moti 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, 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.

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.

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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) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

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Naveed Zafar Zafar Ashfaq Jaffery & Co
Chartered Accountants

Dated : 05 OCT 2019
Karachi :

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	**4,247,919**	4,735,367
Intangible asset	7	**2,500,000**	2,500,000
Long term investment	8	**14,055,522**	21,353,582
Long term deposits	9	**600,000**	600,000
		21,403,441	**29,188,949**
Current assets			
Trade debts	10	**9,087,184**	8,645,017
Other receivables	11	**69,682**	69,660
Advance tax-net of provision		**6,153,954**	4,443,151
Short term investment	12	**39,421,954**	57,608,120
Bank balances	13	**7,678,044**	6,858,041
		62,410,818	**77,623,989**
Total assets		**83,814,259**	**106,812,938**
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
5,500,000 (2018: 5,500,000) ordinary shares of Rs. 10 each		**55,000,000**	**55,000,000**
Issued, subscribed and paid up capital	14	**55,000,000**	55,000,000
Advance against issue of shares		**10,000**	10,000
Unappropriated profit		**8,690,338**	27,581,234
Unrealised gain on remeasurement of available for sale investments		**11,424,760**	18,722,820
Total equity		**75,125,098**	**101,314,054**
Current liabilities			
Trade and other payables	15	**8,689,161**	5,498,884
Total equity and liabilities		**83,814,259**	**106,812,938**
Contingencies and commitments	16	-	-

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

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Mohd Tariq

CHIEF EXECUTIVE

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DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Operating revenue	17	1,975,937	3,300,135
Capital (Loss) / gain on sale of investments		(1,388,944)	620,688
Impairment loss on Trading Right Entitlement Certificate		-	(7,426,170)
Loss on re-measurement of investments carried at fair value through profit or loss		(9,669,500)	(7,279,899)
		(9,082,507)	(10,785,246)
Administrative expenses	18	(7,783,420)	(7,728,082)
Operating loss		(16,865,927)	(18,513,328)
Finance cost	19	(1,017)	(950)
Other income	20	4,050,747	4,126,448
Loss before taxation		(12,816,197)	(14,387,830)
Taxation	21	(24,699)	(883,051)
Loss for the year		(12,840,896)	(15,270,881)
Loss per share - basic and diluted	22	(0.23)	(2.78)

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

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Mohd Tariq

CHIEF EXECUTIVE

DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Loss for the year	**(12,840,896)**	**(15,270,881)**
Unrealised loss on re-measurement of 'available for sale' investments	**(7,298,060)**	(6,411,480)
Total comprehensive loss for the year	**(20,138,956)**	**(21,682,361)**

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

Mohd Tariq

CHIEF EXECUTIVE

DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(12,816,197)**	**(14,387,830)**
Adjustments for:		
Depreciation	505,948	432,323
Loss on investment	11,058,444	6,659,211
Impairment loss on TREC	-	7,426,170
Finance cost	1,017	950
	11,565,409	14,518,654
Operating loss before working capital changes	**(1,250,788)**	**130,824**
Working capital changes		
(Increase) / decrease in current assets		
Trade debts - considered good	(442,167)	(2,660,446)
Other receivables	(22)	26,830,237
	(442,189)	24,169,791
Increase / (decrease) in current liabilities		
Trade and other payables	3,190,277	(6,384,822)
Net cash generated from operations	1,497,300	17,915,793
Financial charges paid	(1,017)	(950)
Taxes paid	(1,735,502)	(2,039,244)
	(1,736,519)	(2,040,194)
Net cash (used in) / generated from operating activities	(239,219)	15,875,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,500)	(4,932,335)
Proceeds from sale / (purchase) of investments - net	7,127,722	(24,326,196)
Net cash generated from / (used in) investing activities	7,109,222	(29,258,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(6,050,000)	(1,249,875)
Net cash used in financing activities	(6,050,000)	(1,249,875)
Net increase / (decrease) in cash and cash equivalents during the year	820,003	(14,632,807)
Cash and cash equivalents at the beginning of the year	6,858,041	21,490,848
Cash and cash equivalents at the end of the year	7,678,044	6,858,041

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

DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, Subscribed and paid up capital	Advance against issue of shares	Unappropriated Profit	Unrealised gain on remeasurement of investments	Total
	--		Rupees	--	
Balance as at July 1, 2017	53,010,000	2,000,000	44,101,990	25,134,300	124,246,290
Issue of shares	1,990,000	(1,990,000)			-
Interim dividend paid during the year			(1,249,875)		(1,249,875)
Total comprehensive loss for the year ended June 30, 2018	-	-	(15,270,881)	(6,411,480)	(21,682,361)
Balance as at June 30, 2018	**55,000,000**	**10,000**	**27,581,234**	**18,722,820**	**101,314,054**
Interim dividend paid during the year	-	-	**(6,050,000)**	-	**(6,050,000)**
Total comprehensive loss for the year ended June 30, 2019	-	-	**(12,840,896)**	**(7,298,060)**	**(20,138,956)**
Balance as at June 30, 2019	**55,000,000**	**10,000**	**8,690,338**	**11,424,760**	**75,125,098**

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

CHIEF EXECUTIVE

DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

Muhammad Tariq Moti Securities (Private) Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) on April 9, 2013 as a private limited company. The Company is a corporate TREC holder of Pakistan Stock Exchange Limited. The registered office of the Company is located at Room # 36, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company include trading and brokerage for equities, underwriting of public issues etc.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except, for certain property and equipment and intangible assets, which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

2.4 Use Of Estimates And Judgements

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

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

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- Property and equipment and depreciation (refer note 5.1)
- Intangible assets and amortization (refer note 5.2)
- Trade debts (refer note 5.8)
- Taxation (refer note 5.9
- Provisions (refer note 5.12)

3 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

3.1 New and amended standards and interpretations

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)

- IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any affect on the financial statements.

Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

3.2 Standards or interpretations		Effective Date (Annual period beginning on or after)
IFRS 9 -	Payment Features with Negative Compensation (Amendments)	January 1, 2019
IFRS 16 -	Leases	January 1, 2019
IFRS 3 -	Business Combinations	January 1, 2020
IAS 19 -	Plan Amendment, Curtailment or Settlement (Amendments)	January 1, 2019
IAS 28 -	Long term Interest in Associate and Joint Ventures (Amendments)	January 1, 2019
IAS 1 -	Presentation of Financial Statements	January 1, 2020
IAS 8 -	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
IFRIC 23 -	Uncertainty over income tax treatments	January 1, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures.

Further following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards, Interpretations and Amendments not yet effective

IFRS 1 - First Time adoption of International Financial Reporting Standards
IFRS 14 - Regulatory deferral accounts
IFRS 17 - Insurance contracts

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f) 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 Arrangement - 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 an entity 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.

4 INITIAL APPLICATION OF IFRS 9 AND IFRS 15

With effect from July 01, 2018, the Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'. Following is the analysis as to whether and, if so, how the adoption of these new standards has an impact on the financial statements.

4.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. The method requires the recognition of the cumulative effect(without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and /or financial performance of the Company. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

4.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available-for-sale. IFRS 9 classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The accounting policies that apply to financial instruments are stated below.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the the Company's financial assets as at July 01, 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
As at June 30, 2019			-------- Rupees --------	
Investments	Held for Trading	*At FVTPL	39,421,954	39,421,954
Long term deposits	Loans and receivables	At amortized cost	600,000	600,000
Trade debts	Loans and receivables	At amortized cost	9,087,184	9,087,184
Other receivables	Loans and receivables	At amortized cost	69,682	69,682
Cash and bank balances	Loans and receivables	At amortized cost	7,678,044	7,678,044
Total financial assets			56,856,864	56,856,864

* At fair value through profit and loss

Though upon initial application of IFRS 9, the classification of financial assets changed as aforesaid, the said change had no impact on the carrying amount of those financial assets as on July 01, 2018 (i.e. the date of initial application of IFRS 9).

Further, in accordance with the irrevocable election available under IFRS 9, the Company elected to present, in other comprehensive income, subsequent changes in the fair value of all its investments in ordinary shares of listed companies (which, previously, were classified as 'available-for-sale' under !AS 39) since these investments were not considered as held for the purpose of frequent trading. However, in accordance with an option available under the transitional provisions of IFRS 9, the said change in classification of investments was only accounted for as at July 01, 2018 (and not retrospectively) and, hence, the comparative figures reported in the balance sheet, profit and loss account, statement of comprehensive income and the cash flow statement have not been restated.

The adoption of IFRS 9 did not have a significant effect on the the Company's accounting policies related to financial liabilities.

ii) *Impairment*

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:

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 Company's internal factors and economic environment of the customers) on ECLs.

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. The Company has determined that the application of IFRS 9's impairment requirements on the reporting date doesn't have a material impact on provision for doubtful debts measured under IAS 39.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any;

Depreciation is charged to profit and loss by applying reducing balance method on the date of purchase and on disposals upto the month immediately preceding the disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;

Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;

The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

5.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably.

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5.3 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchase and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and measurement at the time of purchase.

The Company classifies its investments in the following categories.

Financial assets' at fair vale through profit or loss-held for trading.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as ' financial assets at fair value through profit or loss-held for trading'. Subsequent to initial recognition, these investments are marked-to-market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held to maturity investment

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale' Subsequent to initial measurement, available-for-sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed of or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued, Fair value of Term Finance Certificates, units of open end Mutual Funds and Government Securities are determined on the basis of rates notified by Mutual Fund Association of Pakistan for Term Finance Certificates, relevant redemption prices for the open-end Mutual Fund and quotations obtained from the PKRV sheets for Government Securities respectively. Unquoted securities are valued at cost.

5.4 Revenue recognition

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

- Brokerage income is recognized as and when such services are provided.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise and marked to market gains accumulated in other comprehensive income are transferred to profit and loss account in the year in which investments are disposed off.

5.5 Trade debts

These are stated at net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

5.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid investment that are convertible to known amounts of cash and are subject to insignificant risk of change in value, and short-term running finance under mark-up arrangements.

5.7 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. The company does not provide for deferred taxation as the timing differences are not likely to reverse in the foreseeable future.

5.8 Impairment of non-financial assets

Assets that are subject to depreciation /amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. As impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original costs of the asset.

5.9 Financial instrument

Financial asset and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be party to such contractual provisions of the instruments. Financial instrument mainly comprise investments, trade and other receivables, cash and bank balances, deposit, borrowings, trade and other payable, accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. N2A

6 PROPERTY AND EQUIPMENT

	Office Equipment	Computer Equipment	Office Room	Total
	2019			
COST				
As on July 1, 2018	149,525	219,500	4,874,135	5,243,160
Additions	**18,500**	-	-	18,500
Disposals	-	-		-
As at June 30, 2019	**168,025**	**219,500**	**4,874,135**	**5,261,660**
ACCUMULATED DEPRECIATION				
As at July 1, 2018	47,790	94,443	365,560	**507,793**
For the year	**17,573**	**37,517**	**450,858**	**505,948**
On disposals	-			-
As at June 30, 2019	**65,363**	**131,960**	**816,418**	**1,013,741**
Written down value as at June 30, 2019	**102,662**	**87,540**	**4,057,717**	**4,247,919**
	2018			
COST				
As on July 1, 2017	126,525	184,300	-	310,825
Additions	23,000	35,200	4,874,135	4,932,335
Disposals	-	-	-	
As at June 30, 2018	**149,525**	**219,500**	**4,874,135**	**5,243,160**
ACCUMULATED DEPRECIATION				
As at July 1, 2017	30,851	44,619	-	75,470
For the year	16,939	49,824	365,560	432,323
On disposals	-	-	-	-
As at June 30, 2018	**47,790**	**94,443**	**365,560**	**507,793**
Written down value as at june 30, 2018	**101,735**	**125,057**	**4,508,575**	**4,735,367**
Depreciation rates per annum (%)	**15**	**30**	**10**	

N2M

	Note	2019 Rupees	2018 Rupees
7 INTANGIBLE			
Opening carrying value-TREC	7.1	2,500,000	9,926,170
Impairment loss		-	(7,426,170)
		2,500,000	2,500,000

7.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act).

During the year PSX directed all TRE holders through its letter dated November 10, 2017 to revise the value of its TREC to 2.5 million for the purpose of Base Minimum Capital requirement.

8 LONG TERM INVESTMENT

Pakistan Stock Exchange Limited

	Note	2019	2018
'Available for sale' investments	8.1	14,055,522	21,353,582

8.1

2019 (No. of shares)	2018 (No. of shares)		2019 Rupees	2018 Rupees
1,602,953	4,007,283	Opening balance	21,353,582	41,163,834
-	(1,602,953)	Sold to strategic investor(40% shares)	-	-
-	-	Unrealized (loss)/gain for the year	(7,298,060)	(6,411,481)
(521,759)	(801,377)	Sold to general public 15% shares (2017:20% shares)	-	(13,398,771)
1,081,194	1,602,953		14,055,522	21,353,582

In 2016, the Securities and Exchange Commission of Pakistan (SECP) accorded its approval to Pakistan Stock Exchange Limited (PSX) for issuing letter of acceptance to a Chinese Consortium for the strategic sale of 40% of shares against a consideration of $85.6 million at an offer price of Rs. 28 per share.

PSX vide their letter dated 29 December 2016 informed the Company that 40% (1,602,953 shares), which were held in blocked form in terms of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, have been sold to Chinese consortium by the Divestment Committee at an offer price of Rs. 28 per share. Subsequently, a formal signing ceremony was held on 20 January 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the equity sale committee of PSX.

During the year, PSX issued notice PSX/N-3707 dated June 13, 2018 whereby 15% of the original holding was unblocked. The Company has sold 521,759 shares of Pakistan Stock Exchange Limited out of long term investments.

N.24

		Note	2019 Rupees	2018 Rupees
9	**LONG TERM DEPOSITS**			
	PSX Ready Trading Deposits		**200,000**	200,000
	Central Depositary Company - Security Deposit		**100,000**	100,000
	National Clearing Company Of Pakistan		**300,000**	300,000
			600,000	**600,000**
10	**TRADE DEBTS**			
	Trade debts - considered good	10.1	**9,087,184**	8,645,017
10.1	**Ageing analysis**			
	Within 5 days		**43,135**	619,806
	Above 5 days		**9,044,049**	8,025,211
			9,087,184	**8,645,017**

This include PKR **3.62 million** (2018: 2.92 million) due from related party.

			2019 Rupees	2018 Rupees
11	**OTHER RECEIVABLES**			
	Other receivables		**67,332**	67,332
	Receivable from NCCPL		**2,350**	2,328
			69,682	**69,660**
12	**SHORT TERM INVESTMENT- at fair value through profit or loss ' Held for trading'**			
	Quoted equity securities		**39,421,954**	**57,608,120**
13	**BANK BALANCES**			
	Cash at bank			
	- Main account		**1,234,339**	2,634,949
	- Client account		**6,443,705**	4,223,092
			7,678,044	**6,858,041**

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of shares 2019	Number of shares 2018		2019 Rupees	2018 Rupees
5,500,000	5,000,000	Ordinary shares of Rs. 10 each fully paid (issued for consideration other than cash)	**55,000,000**	50,000,000
-	500,000	Ordinary shares of Rs. 10 each fully paid (issued for cash)	-	5,000,000
5,500,000	**5,500,000**		**55,000,000**	**55,000,000**

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		Note	2019 Rupees	2018 Rupees
15	**TRADE AND OTHER PAYABLES**			
	Trade payables		**6,443,705**	4,223,091
	Accrued expenses		**1,495,413**	763,562
	Other liabilities		**750,043**	512,231
			8,689,161	**5,498,884**

16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on the balance sheet date.

		Note	2019 Rupees	2018 Rupees
17	**OPERATING REVENUE**			
	Brokerage income		**1,975,937**	3,299,095
	IPO Commission		**-**	1,040
			1,975,937	**3,300,135**
18	**ADMINISTRATIVE EXPENSES**			
	Director's remuneration	23	**3,160,000**	3,220,125
	Staff salaries and allowances		**2,054,000**	2,212,000
	PSX monthly charges		**478,455**	145,224
	Clearing house fee		**110,280**	119,838
	Printing and stationery		**5,170**	71,520
	Utilities expense		**164,320**	159,300
	Legal and professional charges		**-**	99,244
	Professional tax		**110,402**	-
	Travelling and conveyance		**2,890**	9,855
	Entertainment		**102,085**	131,285
	Audit fee	18.1	**120,000**	120,000
	Vehicle running expenses		**288,548**	247,919
	Computer maintenance and papers		**266,425**	238,705
	CDC charges		**343,465**	356,619
	Brokers' association fees		**-**	25,000
	NCCPL charges		**5,000**	117,111
	SECP charges		**66,432**	22,014
	Depreciation		**505,948**	432,323
			7,783,420	**7,728,082**
18.1	**Auditors' Remuneration**			
	Audit fee		**60,000**	60,000
	Certification		**60,000**	60,000
			120,000	**120,000**
19	**FINANCE COST**			
	Bank charges		**1,017**	950
20	**OTHER INCOME**			
	Dividend		**4,008,325**	-
	CDC and NCCPL		**42,422**	
	Dividend - Company		**-**	3,897,553
	Interest income			

	Note	2019 Rupees	2018 Rupees
21 TAXATION			
Current		**24,699**	883,051
		24,699	**883,051**

21.1 The income tax assessments of the Company have been finalised up to and including the tax year 2017.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.

21.2 The numerical reconciliation between the tax expense and accounting profit has not been presented as the total income of the company attracted presumptive tax and minimum tax under Section 113 of the income tax ordinance, 2001. Furhter, comparison of last three years of income tax provision with tax assessed is presented below:

	2018	2017	2016
Income tax provision for the year(as per accounts)	883,051	508,130	194,931
Income tax as per tax return/assessment	5,030,924	817,632	216,044

22 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

		2019	2018
(Loss) / Profit after taxation	*Rupees*	***(12,840,896)***	(15,270,881)
Weighted average number of shares	*Number of shares*	**55,000,000**	5,500,000
(Loss) / earning per share - basic and diluted	*Rupees*	**(0.23)**	**(2.78)**

23 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive Officer		Directors	
	2019	2018	**2019**	2018
	---------- Rupees ----------			
Managerial remuneration	**1,920,000**	1,920,000	**1,080,000**	840,000
Bonus	**160,000**	320,000	**90,000**	140,000
	2,080,000	**2,240,000**	**1,170,000**	**980,000**
Number of persons	**1**	1	**1**	1

24 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and off balance sheet risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

24.1 Market risk

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

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Pakistan Stock Exchange.

24.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all the transactions of the Company are denominated in Pak Rupees.

24.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

24.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company was exposed to listed and quoted securities price risk because of investments held by the Company and classified on the balance sheet as at fair value through profit or loss. To manage its price risk arising from investments the Company mainly invests in mutual funds and listed shares and maintains diversified portfolio.

24.5 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from trade debts, investments and deposits with banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. To manage exposure to credit risk on its investments, the Company manages a portfolio of investments which consists of securities issued by the Government and reputable entities. To secure against the risk of default from debtors, the Company obtains collateral from its customers. The maximum exposure to credit risk is equal to the carrying amounts of financial assets less the amount of collaterals held.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2019 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	Note	2019 Rupees	2018 Rupees
Long term deposits	9	600,000	600,000
Trade debts	10	9,087,184	8,645,017
Other receivables	11	69,682	69,660
Bank balances	13	7,678,044	6,858,041
		17,434,910	16,172,718

24.6 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company's liquidity management involves projecting cash flows and maintaining level of liquid assets necessary to meet these risks.

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

	Note	June 30, 2019				June 30, 2018			
		Total	Upto Three Months	More Than Three months and upto One Year	More Than One Year	Total	Upto Three Months	More Than Three months and upto One Year	More Than One Year
		----------Rupees----------							
Trade and other payables	15	8,689,161	8,689,161	-	-	5,498,884	5,498,884	-	-

24.7 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

25 CAPITAL ADEQUACY LEVEL

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

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

	2019	2018
	Rupees	Rupees
Total assets	83,814,259	106,812,938
Less :Total liabilties	(8,689,161)	(5,498,884)
Less: Revaluation Reserves (Created upon revaluation of fixed assets)	-	-
Capital adequacy level	75,125,098	101,314,054

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 Limited has been considered.

26 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration of the chief executives and directors is disclosed in note 21 to the financial statements. Transactions with related parties during the year, other than those disclosed elswhere in these financial statements, are as follows

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	2019	2018
	---------- (Rupees) ----------	
Transactions with related parties		
Key Management Personnel		
Receivable from director	**710,591**	1,826,266
Balances with related parties		
Receivable from director	**3,627,857**	2,917,266

27 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions in case of money market brokerage. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

28 NUMBER OF EMPLOYEES

The total number of employees at the balance sheet date were 6 (2018:6) and average number of employees during the year were 6 (2018:6).

29 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 05-10-2019 by the Board of Directors of the Company.

30 GENERAL

The figures have been rounded of to the nearest rupee.

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CHIEF EXECUTIVE **DIRECTOR**