



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

AKY Securities (Private) Limited

Audited Financial Statements
For the year ended June 30, 2018



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400 PAKISTAN.
Tel No. (021) 34549345-9
E-Mail: info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITORS' REPORT

To the members of AKY Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **AKY Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and Management Accountants (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.

Cont'd... P/2

A member of

Russell Bedford International

A global network of independent accountancy firms,
business consultants and specialist legal advisers.



- : 2 : -

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.

Cont'd... P/3



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400 PAKISTAN.
Tel No. (021) 34549345-9
E-Mail: info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

- : 3: -

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: 27 SEP 2018

A member of

Russell Bedford International


A global network of independent accountancy firms,
business consultants and specialist legal advisers.

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

AS AT JUNE 30, 2018		(Restated)	
		2018	2017
	Note	Rupees	
NON CURRENT ASSETS			
Property and equipment	5	2,916,072	3,166,688
Intangible assets	6	2,728,142	5,358,154
Long term Investment - Available for Sale	7	21,353,581	41,163,833
Long term deposits	8	1,500,000	504,810
		28,497,795	50,193,485
CURRENT ASSETS			
Short term investment	9	81,520,626	28,992,832
Trade debts	10	4,667,636	1,793,788
Loan, deposits and other Receivables	11	797,700	42,529,743
Taxation-net		415,329	146,383
Cash and bank balances	12	35,025,123	42,396,449
		122,426,414	115,859,195
		150,924,209	166,052,680
CAPITAL AND LIABILITIES			
Authorized capital			
1,500,000 (2017: 1,500,000) ordinary shares of Rs. 100/ each		150,000,000	150,000,000
Issued, subscribed and paid up capital	13	118,900,000	118,900,000
Unappropriated profit		29,540,289	27,916,025
Surplus on remeasurement of Investments	7	701,258	12,758,329
		149,141,547	159,574,354
CURRENT LIABILITIES			
Loan from director		-	3,200,002
Trade and other payables	14	1,782,662	3,278,324
		1,782,662	6,478,326
Contingencies and commitments	15		-
		150,924,209	166,052,680

The annexed notes from 1 to 26 form an integral part of these financial statements


CHIEF EXECUTIVE



DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

		2018	(Restated) 2017
	Note	Rupees	
Operating revenue	16	5,396,099	2,745,857
Capital Gain		-	32,530,024
Unrealize gain / (loss) on remeasurement of investments held for trading	9.1	511,816	(4,089,185)
		<u>5,907,915</u>	<u>31,186,696</u>
Operating expenses			
Administrative expenses	17	(2,958,675)	(3,554,441)
Financial charges	18	(14,996)	(52,474)
		<u>(2,973,671)</u>	<u>(3,606,915)</u>
Other income	19	1,876,606	746,379
Other expenses	20	(2,500,000)	(17,386,240)
Profit before taxation		<u>2,310,850</u>	<u>10,939,920</u>
Taxation	21	(686,586)	(253,462)
Profit after taxation		<u><u>1,624,264</u></u>	<u><u>10,686,458</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements

Am


CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	(Restated) 2017
	Rupees	
Profit after taxation	1,624,264	10,686,458
<i>Other comprehensive income</i>		
Unrealise (loss) / gain on remeasurement of available for sales investments	(12,057,071)	12,758,329
Total comprehensive income for the year	<u>(10,432,807)</u>	<u>23,444,787</u>

The annexed notes from 1 to 26 form an integral part of these financial statements

mu


CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	(Restated) 2017
	Rupees	
Profit before taxation	2,310,850	10,939,920
CASH FLOWS FROM OPERATING ACTIVITIES :		
<i>Adjustment for:</i>		
Depreciation and amortisation	419,328	1,923,236
Finance cost	14,996	52,474
Unrealise gain / (loss) on remeasurement of investments held for trading	(511,816)	4,089,185
Impairment on TREC	2,500,000	17,386,240
	2,422,508	23,451,135
Operating profit before working capital changes	4,733,358	34,391,055
(Increase)/Decrease in Current Assets		
Trade debts	(2,873,848)	(1,793,788)
Loan, deposits and other Receivables	41,732,043	(42,529,743)
Increase/(Decrease) in Current Liabilities		
Loan from director	(3,200,002)	(600,000)
Trade and other payable	(1,495,662)	3,178,325
	34,162,531	(41,745,206)
Financial cost paid	(14,996)	(52,474)
Taxes paid	(955,532)	(399,845)
Net cash generated from operating activities	37,925,361	(7,806,471)
CASH FLOWS FROM INVESTING ACTIVITIES :		
Short term investments -net	(44,262,797)	(12,907,209)
Long term deposits	(995,190)	-
Disposal of long term investment		60,244,305
Capital expenditure	(38,700)	(858,059)
Net cash (used in) / generated from investing activities	(45,296,687)	46,479,037
Increase in cash and cash equivalent during the year	(7,371,326)	38,672,566
Cash and cash equivalent at the beginning of the year	42,396,449	3,723,883
Cash and cash equivalent at the end of the year	35,025,123	42,396,449

The annexed notes from 1 to 26 form an integral part of these financial statements




CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Unappropriated Profit	Surplus on remeasurement of Available for sale	Total
	Rupees			
Balance as at July 01, 2016	118,900,000	17,229,567	-	136,129,567
Profit for the year ended June 30, 2017 (restated) - note 4.1	-	10,686,458	-	10,686,458
Other comprehensive income for the year June 30, 2017	-	-	12,758,329	12,758,329
Balance as at June 30, 2017 (restated)	<u>118,900,000</u>	<u>27,916,025</u>	<u>12,758,329</u>	<u>159,574,354</u>
Balance as at July 01, 2017 (restated)	118,900,000	27,916,025	12,758,329	159,574,354
Profit for the year ended June 30, 2018	-	1,624,264	-	1,624,264
Other comprehensive income for the year June 30, 2018	-	-	(12,057,071)	(12,057,071)
Balance as at June 30, 2018	<u>118,900,000</u>	<u>29,540,289</u>	<u>701,258</u>	<u>149,141,547</u>

The annexed notes from 1 to 26 form an integral part of these financial statements

M


CHIEF EXECUTIVE


DIRECTOR

AKY SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

AKY Securities (Private) Limited is incorporated under the repealed Companies Ordinance, 1984 on November 01, 2005 as a private limited company. The company is a corporate member of Karachi stock exchange Limited. The registered office of the company is located at room No. 48, Karachi Stock Exchange Building, Karachi Stock Exchange road, Karachi. The Company is principally engaged in the business of securities brokerage and IPO.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements particularly in note 3.5.2 and note 4.1.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments in equity instruments which are stated at fair value.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of 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 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 and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

M

3.5 Amendments / interpretation to existing standard and forthcoming requirements

3.5.1 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 2018:

	<i>Effective date (annual reporting periods beginning on or after)</i>
- IAS 19 Employee benefits (Amendments)	January 01, 2019
- IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
- IAS 40 Investment property (Amendments)	January 01, 2018
- IFRS 2 Share-based Payment (Amendments)	January 01, 2018
- IFRS 4 Insurance contracts (Amendments)	January 01, 2018
- IFRS 9 Financial Instruments	July 01, 2018
- IFRS 15 Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 Leases	January 01, 2019
- IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
- IFRIC 23 Uncertainty Over Income Tax	January 01, 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. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts
- The following interpretations issued by the IASB have been waived of by SECP:
 - IFRIC 4 Determining whether an arrangement contains lease
 - IFRIC 12 Service concession arrangements

3.5.2 Further, in addition to above, the fifth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes include change in nomenclature of primary financial statements, and additional disclosure requirements that has been incorporated accordingly.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal 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 except as stated below:



4.1 Correction of prior period error

During the year ended June 30, 2017, receivable from Pakistan Stock Exchange from of disposal of 20% PSX shares through IPO was erroneously un-recorded and the corresponding effect was included in unrealise loss on investments which requires correction accordingly.

The correction of the above errors has been accounted for retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and corresponding figures have been restated. Since the above error solely relate to prior period and there is no impact on the amounts reported at the beginning of the earliest period presented (i.e. as of July 01, 2017), accordingly, additional balance sheet as the beginning of the comparative year in accordance with the requirements of 'International Accounting Standard (IAS) 1 'Presentation of Financial Statements' has not presented.

The retrospective correction of errors has the effects on these financial statements as follows:

Effects on statement of financial position	June 30, 2017
(a) Unappropriated profit - as previously reported	5,916,925
Impact of correction of prior period error - reversal of unrealise loss on investments	21,999,100
Unappropriated profit - as restated	<u>27,916,025</u>
(b) Loan, deposits and other Receivables - as previously reported	20,530,643
Recording of receivable from PSX	21,999,100
Loan, deposits and other Receivables - as restated	<u>42,529,743</u>
Effects on statement of profit or loss	
(a) Unrealize gain / (loss) on remeasurement of investments - as previously reported	(26,088,285)
Reversal of unrealise loss on investments	21,999,100
Unrealize gain / (loss) on remeasurement of investments - as restated	<u>(4,089,185)</u>

4.2 Property and equipment

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property and equipment.

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

Disposal of an item of property and equipment is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life at rates given in note 7. Depreciation on additions is charged from day from which asset is available for use and on disposals upto the day of disposal.

hr

4.3 Intangible Assets

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

-Trading Rights Entitlement (TRE) Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet 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.

-Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognised as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognised as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized over a period of four years using the straight line method.

Amortization is charged from the date when the related asset is available for use till the date such asset is disposed off.

4.4 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed at each balance sheet 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 sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.5 Financial assets

4.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'trade deposits and other receivables' and 'cash and cash equivalents' in the balance sheet.

mm

b) **Held to maturity financial assets**

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

c) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets as the management intends to dispose off the same within 12 months.

d) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

4.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the settlement date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income / expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of operating income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

4.5.3 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 3.6.

mn

4.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

4.7 Trade debts and other receivables

Trade debts and other receivables are recognised at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.8 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

4.9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.10 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.11 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 12 months after the balance sheet date.

4.12 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

4.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

mu

-Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

-Deferred

Deferred tax is recognised using balance sheet liability method to the extent that it is probable that future taxable profits will be available, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the tax rates that are expected to be applied based on the laws that have been enacted or substantively enacted by the reporting date.

4.14 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.

4.15 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognizing of the financial assets and liabilities is taken to profit and loss account currently.

4.16 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

4.17 Revenue recognition

Revenue is recognised 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, net of any direct expenses. Revenue is recognised on the following basis:

Brokerage, consultancy and advisory fee, commission etc. are recognised as and when such services are provided.

Income from bank deposits is recognised at effective yield on time proportion basis.

Dividend income is recorded when the right to receive the dividend is established.

Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

am

PROPERTY AND EQUIPMENT

	Furniture & fixture	Office Equipments	Computer	Offices at PSX	Total
As at June 30, 2016					
Cost	830,900	220,865	1,559,379	-	2,611,144
Accumulated depreciation	(567,780)	(150,499)	(1,502,846)	-	(2,221,125)
Net book value	263,120	70,366	56,533	-	390,019
Year ended June 30, 2017					
Opening net book value	263,120	70,366	56,533	-	390,019
Additions / transfers during the year (refer note 3.1)	34,300	-	425,050	4,200,000	4,659,350
Depreciation for the year	(27,962)	(7,036)	(70,658)	(1,777,025)	(1,882,681)
Closing net book value	269,458	63,330	410,925	2,422,975	3,166,688
As at June 30, 2017					
Cost	865,200	220,865	1,984,429	4,200,000	7,270,494
Accumulated depreciation	(595,742)	(157,535)	(1,573,504)	(1,777,025)	(4,103,806)
Net book value	269,458	63,330	410,925	2,422,975	3,166,688
Year ended June 30, 2018					
Opening net book value	269,458	63,330	410,925	2,422,975	3,166,688
Additions / transfers during the year (refer note 3.1)			38,700		38,700
Depreciation for the year	(26,946)	(6,333)	(134,888)	(121,149)	(289,316)
Closing net book value	242,512	56,997	314,737	2,301,826	2,916,072
As at June 30, 2018					
Cost	865,200	220,865	2,023,129	4,200,000	7,309,194
Accumulated depreciation	(622,688)	(163,868)	(1,708,392)	(1,898,174)	(4,393,122)
Net book value	242,512	56,997	314,737	2,301,826	2,916,072
Depreciation rates	10%	10%	30%	5%	

INTANGIBLE ASSETS

	Note	2018 Rupees	2017 Rupees
Computer software	6.1	228,142	358,154
<i>Trading Rights Entitlement (TRE) Certificate</i>			
Cost		22,386,240	26,586,240
Reclassified to operating fixed assets		-	(4,200,000)
Impairment		(19,886,240)	(17,386,240)
	6.2	2,500,000	5,000,000
		2,728,142	5,358,154
6.1 Computer software			
<i>Net carrying amount</i>			
Opening net book value		358,154	-
Additions during the year			398,709
Amortisation charge		(130,012)	(40,555)
Closing net book value		228,142	358,154
<i>Gross carrying amount</i>			
Cost		398,709	398,709
Accumulated amortisation		(170,567)	(40,555)
Net book value		228,142	358,154
<i>Amortisation rate</i>		20%	20%

- 6.2 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012 (ACT), the Company has received a Trading Right Entitlement Certificate (TRECs) in lieu of its membership card of PSX. These have been carried at cost less impairment.

During the year the Company has recorded impairment on TREC based on the minimum value provided by the Pakistan Stock Exchange Limited vide notice no. PSX/N-7178, dated november 10, 2017.

	Note	2018	2017
		Rupees	
7 LONG TERM INVESTMENT			
<i>Available for sale</i>			
<i>Investment in shares of Pakistan Stock Exchange Limited</i>			
Opening book value		41,163,833	28,405,504
Investment made during the year		8,476,560	-
	7.1	49,640,393	28,405,504
Unrealized loss / gain during the year	7.2	(12,057,071)	12,758,329
Transferred to short term investment		(16,229,740)	-
		<u>21,353,581</u>	<u>41,163,833</u>

- 7.1 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 in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

In March 2017, the Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last

Given the above, the investment to the extent of 25% has been classified as long term investment while the remaining investment in PSX has been classified under short term investment.

	2018	2017
	Rupees	
7.2 Movement of Unrealize gain on remeasurement		
Opening book value	41,163,833	28,405,504
Addition during the year	8,476,560	-
	49,640,393	28,405,504
Market value as at June 30 th	37,583,322	41,163,833
Unrealize (loss) / gain for the year -OCI	(12,057,071)	12,758,329

8 LONG TERM DEPOSITS

Pakistan Stock Exchange	200,000	204,810
National Clearing Company of Pakistan	1,200,000	200,000
Central Depository Company	100,000	100,000
	<u>1,500,000</u>	<u>504,810</u>

9	SHORT TERM INVESTMENTS	Note	2018	2017
			Rupees	
	Available for sale			
	Investment in PSX shares	7	16,229,740	-
	Held For Trading			
	Investment in quoted equity securities		65,290,886	27,699,009
	Investment in open-end funds		-	1,293,823
			<u>81,520,626</u>	<u>28,992,832</u>
9.1	Unrealized gain on remeasurement of investments - held for trading			
	Cost		44,996,721	9,210,483
	Less : Market Value as at June 30 th		(65,290,886)	(28,992,832)
	Unrealized gain as at June 30 th		<u>(20,294,165)</u>	<u>(19,782,349)</u>
9.2	Fair value of shares pledged with PSX as at June 30, 2018 amounted to Rs. 16.17 million (2017: Rs. 12.38 million). The pledged securities belong to brokerage house.			
10	TRADE DEBTS	Note	2018	2017
			Rupees	
	Considered good -Secured	10.1	<u>4,667,636</u>	<u>1,793,788</u>
10.1	The aging analysis of trade debts is as follows:			
	Upto five days		1,068,380	599,002
	More than five days		3,599,256	1,194,786
			<u>4,667,636</u>	<u>1,793,788</u>
10.2	This includes Rs. 4.40 million (2017: Rs. 1.21 million) due from related parties. The Company holds capital securities having fair value of Rs. 19.06 million (2017: Rs. 18.65 million) owned by its clients, as collaterals against trade debts.			
11	LOAN, DEPOSITS AND OTHER RECEIVABLES	Note	2018	(Restated) 2017
			Rupees	
	Exposure deposit with PSX		750,000	16,000,000
	Receivables from PSX	4.1	-	26,487,368
	Loan to Staff		47,700	42,375
			<u>797,700</u>	<u>42,529,743</u>
12	CASH AND BANK			
	Cash at bank - Current accounts		1,428,800	2,927,543
	Cash at bank - Deposit accounts	12.1	33,596,323	39,468,906
			<u>35,025,123</u>	<u>42,396,449</u>
12.1	The return on these balances is 4% to 5% (2017: 3.75%) per annum on daily product basis.			
12.2	Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 1.43 million (2017: Rs. 2.92 million).			

Handwritten signature

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018 (Number of shares)	2017		2018 Rupees	2017
1,112,000	1,112,000	Ordinary shares of Rs.100/- each fully paid other than cash	111,200,000	111,200,000
77,000	77,000	Ordinary shares of Rs.100/- each fully paid in cash	7,700,000	7,700,000
<u>1,189,000</u>	<u>1,189,000</u>		<u>118,900,000</u>	<u>118,900,000</u>

13.1 Pattern of shareholding

Categories of shareholders	2018		2017	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
Abdul kadir Yousuf	1,187,000	99.83%	1,187,000	99.83%
Amin Yousuf	1,000	0.08%	1,000	0.08%
Yousuf	1,000	0.08%	1,000	0.08%
	<u>1,189,000</u>	<u>100.00%</u>	<u>1,189,000</u>	<u>100.00%</u>

14	TRADE AND OTHER PAYABLES	2018 Rupees	2017
	Trade Payable	1,428,800	2,927,543
	SST Payable	34,083	23,981
	Accured expenses	319,779	326,800
		<u>1,782,662</u>	<u>3,278,324</u>

15 CONTINGENCIES AND COMMITMENTS

There are no material contingencies and commitments to report as at balance sheet date.

16	OPERATING REVENUE	Note	2018 Rupees	2017
	Brokerage Commission Income		2,013,873	809,411
	Dividend income		3,382,226	1,936,446
			<u>5,396,099</u>	<u>2,745,857</u>

17 ADMINISTRATIVE EXPENSES

Salaries And Benefits		1,452,923	650,000
Staff Bonus		145,000	68,000
PSX service charges		95,172	99,534
NCCPL charges		29,631	6,382
CDC charges		73,197	83,356
Fees and subscription		510,200	64,900
Auditors Remuneration		200,000	175,000
Repair & Maintenance		33,224	154,783
Depreciation	5	289,316	1,882,681
Amortization'	6.1	130,012	40,555
General expenses		-	329,250
		<u>2,958,675</u>	<u>3,554,441</u>

mu

			2018	2017
		Note	Rupees	
18	FINANCIAL CHARGES			
	Bank Documents Charges		-	41,000
	Bank charges		14,996	11,474
			<u>14,996</u>	<u>52,474</u>
19	OTHER INCOME			
	Profit on bank deposit		1,644,288	746,379
	Other		232,318	-
			<u>1,876,606</u>	<u>746,379</u>
20	OTHER EXPENSES			
	Impairment on TREC	6.2	<u>2,500,000</u>	<u>17,386,240</u>
21	TAXATION			
	Current tax		<u>686,586</u>	<u>253,462</u>

- 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. Further, comparison of last three years of income tax provision with tax assessed is presented below:

Accounting year	Tax year	Provision for taxation	Tax assessed
		Rupees	
June 30, 2017	2017	253,462	260,926
June 30, 2016	2016	434,604	416,220
June 30, 2015	2015	280,453	268,448

- 21.3 The management has not recorded deferred tax asset as at June 30, 2018 amounting to Rs. 457,119 (2017: 1,685,626) due to uncertainty over its adjustment against future taxable profits.

22 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel and directors and their close family members, major shareholders of the Company. Transaction with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

mm

Name of the related party and relationship with company	June 30, 2018	June 30, 2017
	Rupees	
Key Management Personnel		
Brokerage commission earned during the year on sale and purchase of securities	250,530	-
Loan received during the year	-	(600,000)
Balance payable at year end	-	3,200,002

22 FINANCIAL INSTRUMENTS

22.1 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. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) 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 financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness.

The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	Rupees	
Long term deposits	1,500,000	504,810
Trade debts	4,667,636	1,793,788
Other receivables	797,700	42,529,743
Bank balances	35,025,123	42,396,449
	<u>41,990,459</u>	<u>87,224,790</u>

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for already provided. None of the other financial assets are either past due or impaired. The aging of trade debts at the reporting date is disclosed in note 10.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and the Company could be required to pay its liabilities earlier than expected or face difficulty in raising funds to meet commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying Value	Contractual Cash flows		
		Total	Up to one year	More than one year
-----Rupees-----				
Loan from Director	-	-	-	-
Trade and other payables	1,782,662	1,782,662	1,782,662	-
June 30, 2018	<u>1,782,662</u>	<u>1,782,662</u>	<u>1,782,662</u>	<u>-</u>
Loan from Director	3,200,002	3,200,002	3,200,002	-
Trade and other payables	3,278,324	3,278,324	3,278,324	-
June 30, 2017	<u>6,478,326</u>	<u>6,478,326</u>	<u>6,478,326</u>	<u>-</u>

(iii) 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 price 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. Market risk comprises of currency risk, interest rate risk and price risk.

(a) Currency risk

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

(b) 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. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date, the Company does not hold any significant interest bearing financial instruments.

(c) Price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in levels of Pakistan Stock Exchange-Index and the value of individual shares.

The table below summarises the Company's equity price risk as at June 30, 2018 and shows the effect of a hypothetical 5% increase or decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenario.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
June 30, 2018	102,874,207	5% increase	108,017,917	5,143,710
June 30, 2017	68,862,842	5% increase	72,305,984	3,443,142

22.2 Financial instruments by category

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	2018			
	At fair value 'through profit or loss'	Loans and receivables	Available for sale	Other financial liabilities
June 30, 2018	Rupees			
<i>Financial assets</i>				
Long term Investment	-	-	21,353,581	-
Long term deposits	-	1,500,000	-	-
Short term investment	65,290,886	-	16,229,740	-
Trade debts	-	4,667,636	-	-
Loan, deposits and other Receivables	-	-	-	-
Cash and bank balances	-	35,025,123	-	-
	<u>65,290,886</u>	<u>41,192,759</u>	<u>37,583,321</u>	<u>-</u>
<i>Financial liabilities</i>				
Loan from directors	-	-	-	-
Trade and other payables	-	-	-	1,782,662
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,782,662</u>
	2017			
	At fair value 'through profit or loss'	Loans and receivables	Available for sale	Other financial liabilities
June 30, 2017	Rupees			
<i>Financial assets</i>				
Long term Investment	-	-	41,163,833	-
Long term deposits	-	504,810	-	-
Short term investment	28,992,832	-	-	-
Trade debts	-	1,793,788	-	-
Loan, deposits and other Receivables	-	42,529,743	-	-
Cash and bank balances	-	42,396,449	-	-
	<u>28,992,832</u>	<u>87,224,790</u>	<u>41,163,833</u>	<u>-</u>
<i>Financial liabilities</i>				
Loan from directors	-	-	-	3,200,002
Trade and other payables	-	-	-	3,278,324
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,478,326</u>

22.3 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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:

	Level 1	Level 2	Level 3	Total
June 30, 2018	Rupees			
Financial assets	102,874,207	-	-	102,874,207
June 30, 2017	Rupees			
Financial assets	68,862,842	1,293,823	-	70,156,665

23 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 and Liquid 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.

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

	2018	2017
	Rupees	
Total assets	150,924,209	166,052,680
Total liabilities	1,782,662	6,478,326
Capital adequacy level	149,141,547	159,574,354

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.

24 NUMBER OF EMPLOYEES


Number of persons employed by the Company as on the year end are 05 (2017: 04) and average number of employees during the year are 05 (2017: 04).

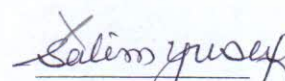
25 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on 27 SEP 2018.

26 GENERAL

Figures have been rounded off to the nearest rupee and corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.


CHIEF EXECUTIVE


DIRECTOR