Russell Bedford

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 **M/s. AKY Securities (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2019**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Cont'd... P/2

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

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

Russell Bedford

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (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 statement of financial position 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: 3 0 SEP 2019

Russell Bedford

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

September 20, 2019

The Board of Directors
AKY Securities (Private) Limited
Room no. 48, Stock Exchange Building,
Pakistan Stock Exchange Road,
Karachi

Dear Sirs,

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

We have completed our fieldwork for the audit of the captioned annual financial statements of **M/s. AKY Securities (Private) Limited** and are pleased to enclose copies thereof, prepared by management together with our draft audit report thereon initialed by us for identification purposes. We shall be pleased to sign our report, in the present or amended form, after:

a) the captioned financial statements have been approved by the Board of Directors ('the Board') and signed by the Chief Executive Officer and one of the Directors authorized in this behalf;

b) we have seen the Board's specific approval for the following:

Particulars	Rupees
▪ Unrealized loss on remeasurement of investments carried at fair value through profit or loss	29,098,093
▪ Purchase and sale of investments-net	4,341,240
▪ Provision for taxation – current	426,111
▪ Management's assessment of the significant changes required / not required in the accounting policies of the Company upon initial application of the IFRS 9 and IFRS 15 as disclosed in note 3 to the financial statements	
▪ Remuneration of Chief Executive and Directors as disclosed in note 21 to the financial statements	
▪ Related party transactions as disclosed in note 22 to the financial statements	

c) we have received a representation letter signed by the Chief Executive Officer and Chief Financial Officer.

d) we have received a copy of the updated trial balance of the Company as at June 30, 2019 duly stamped and signed by the Chief Financial Officer of the Company.

fu

Cont'd... P/2

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

1. RESPONSIBILITIES OF THE AUDITORS AND THE BOARD IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in a usual examination of financial statements, are explained in the International Standard on Auditing 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing.* While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of financial statements is primarily that of the Company's management. The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of account and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

Finally, we would like to place on record our appreciation for the cooperation and courtesy extended to us by the management and concerned staff during the course of our audit.

Yours truly,

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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

	Note	2019	(Restated) 2018	(Restated) 2017
ASSETS		Rupees		
Non-current assets				
Property and equipment	5	**2,721,915**	2,916,072	3,166,688
Intangible assets	6	**2,682,514**	2,728,142	5,358,154
Long term investment	7	-	21,353,582	41,163,833
Long term deposits	8	**1,500,000**	1,500,000	504,810
		6,904,429	28,497,796	50,193,485
Current assets				
Short term investment	9	**78,117,355**	81,520,626	28,992,832
Trade debts	10	**10,938,156**	4,667,636	1,793,788
Loan, deposits and other receivables	11	**1,511,000**	797,700	42,529,743
Taxation-net		**670,702**	415,329	146,383
Cash and bank balances	12	**25,378,378**	35,025,123	42,396,449
		116,615,591	122,426,414	115,859,195
Total assets		**123,520,020**	150,924,210	166,052,680
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital 1,500,000 (2018: 1,500,000) ordinary shares of Rs. 100/ each		**150,000,000**	150,000,000	150,000,000
Issued, subscribed and paid up capital	13	**118,900,000**	118,900,000	118,900,000
Unappropriated profit		**2,845,187**	10,949,154	14,970,480
Surplus on remeasurement of investments	7	-	19,292,394	25,703,874
		121,745,187	149,141,548	159,574,354
Current liabilities				
Loan from director		-	-	3,200,002
Trade and other payables	14	**1,774,833**	1,782,662	3,278,324
		1,774,833	1,782,662	6,478,326
Contingencies and commitments	15		-	-
Total equity and liabilities		**123,520,020**	150,924,210	166,052,680

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

Salim yusuf
DIRECTOR

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

	Note	2019	(Restated) 2018
		Rupees	
Operating revenue	*16*	**4,801,059**	5,396,099
Capital (loss) / gain on sale of investments - realized		**304,871**	-
		5,105,930	5,396,099
Administrative expenses	*18*	**(5,003,975)**	(2,973,670)
		101,955	2,422,429
Other income	*19*	**2,025,888**	1,876,606
Impairment on TREC	*20*	**-**	(2,500,000)
		2,025,888	(623,394)
		2,127,843	1,799,035
Net unrealized loss on remeasurement of investments to fair value	*17*	**(29,098,093)**	(5,133,775)
Loss before taxation		**(26,970,250)**	(3,334,740)
Taxation	*21*	**(426,111)**	(686,586)
Loss after taxation		**(27,396,361)**	(4,021,326)

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

Salim Yousuf
DIRECTOR

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

	2019	(Restated) 2018
	Rupees	
Loss after taxation	**(27,396,361)**	(4,021,326)
Other comprehensive loss		
Items that will not subsequently be reclassified to profit or loss		
Unrealized loss on remeasurement of long term investment	-	(6,411,480)
Total comprehensive loss for the year	**(27,396,361)**	(10,432,806)

The annexed notes from 1 to 29 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, 2019

	Issued, subscribed and paid up capital	Unappropriated loss	(Deficit) / surplus on revaluation of investments	Total
	Rupees			
Balance as at July 01, 2017 (as originally reported)	118,900,000	27,916,025	12,758,329	159,574,354
Effect of correction of error (see note 28)	-	(12,945,545)	12,945,545	-
Balance as at June 30, 2017 (as restated)	118,900,000	14,970,480	25,703,874	159,574,354
Total comprehensive loss for the year ended June 30, 2018				
- Loss after taxation (restated)	-	(4,021,326)	-	(4,021,326)
- Other comprehensive loss (restated)	-	-	(6,411,480)	(6,411,480)
	-	(4,021,326)	(6,411,480)	(10,432,806)
Balance as at June 30, 2018 (as restated)	**118,900,000**	**10,949,154**	**19,292,394**	**149,141,548**
Effect of adoption of new accounting standards (Note 3)	-	-	-	-
Total comprehensive loss for the year ended June 30, 2019				
- Loss for the year	-	**(27,396,361)**	-	**(27,396,361)**
- Other comprehensive loss	-	-	-	-
	-	**(27,396,361)**	-	**(27,396,361)**
Reclassification of surplus on investment upon reclassification of long term investment to short term investment	-	**19,292,394**	**(19,292,394)**	-
Balance as at June 30, 2019	**118,900,000**	**2,845,187**	-	**121,745,187**

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	2019	(Restated) 2018
	Rupees	
Loss before taxation	**(26,970,250)**	(3,334,740)
CASH FLOWS FROM OPERATING ACTIVITIES :		
Adjustment for:		
Depreciation	**256,197**	289,316
Amortization	**45,628**	130,011
Net unrealized loss on remeasurement of investments	**29,098,093**	5,133,775
Impairment on TREC	**-**	2,500,000
	29,399,918	8,053,102
	2,429,668	4,718,362
(Increase)/Decrease in Current Assets		
Trade debts	**(6,270,520)**	(2,873,848)
Loan, deposits and other receivables	**(713,300)**	41,732,043
Increase/(Decrease) in Current Liabilities		
Loan from director	**-**	(3,200,002)
Trade and other payable	**(7,829)**	(1,495,662)
	(6,991,649)	34,162,531
Taxes paid	**(681,484)**	(955,532)
Net cash generated from operating activities	**(5,243,465)**	37,925,361
CASH FLOWS FROM INVESTING ACTIVITIES :		
Short term investments -net	**(4,341,240)**	(44,262,797)
Long term deposits	**-**	(995,190)
Capital expenditure	**(62,040)**	(38,700)
Net cash (used in) / generated from investing activities	**(4,403,280)**	(45,296,687)
Increase in cash and cash equivalent during the year	**(9,646,745)**	(7,371,326)
Cash and cash equivalent at the beginning of the year	**35,025,123**	42,396,449
Cash and cash equivalent at the end of the year	**25,378,378**	35,025,123

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 STATUS AND NATURE OF BUSINESS

AKY Securities (Private) limited ("the Company") was incorporated as a private limited company in Pakistan on 01 November 2005 under the Companies Ordinance, 1984 (now superseded by the Companies Act, 2017 which was enacted in May, 2017) . The Company is a corporate member of Pakistan Stock Exchange Limited. The Company is a TREC holder of Pakistan Stock Exchange Limited. The company is engaged in business of securities brokerage and IPO. The registered office of the Company is located at Room no. 48, Stock Exchange Building, Pakistan Stock Exchange Road, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying 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. Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policy are as follows:

- Provision for taxation
- Provision for impairment

2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2019

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except for those disclosed in note 3 to these financial statements) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following accounting and financial reporting standards as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for the reporting periods beginning on or after the dates specified below:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The management is in the process of analysing the potential impacts on adoption of this interpretation.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of this amendment is not likely to have an impact on the Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect entities that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying examples state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of the amendments is not likely to have an impact on the Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendments is not likely to have an impact on the Company's financial statements.

- Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

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

    - IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' - the amendment aims to clarify the accounting treatment when an entity increases its interest in a joint operation that meets the definition of a business. An entity remeasures its previously held interest in a joint operation when it obtains control of the business. An entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

    - IAS 12 'Income Taxes' - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

    - IAS 23 'Borrowing Costs' - the amendment clarifies that 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.

The above amendments are effective for annual periods beginning on or after January 01, 2019 and are not likely to have an impact on the Company's financial statements.

3 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.

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

3.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relate 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:

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 in note 4.4 to the financial statements.

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:

As at June 30, 2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
			-------- Rupees	--------
Long term Investemnt	Available-for-sale	*At FVOCI	21,353,582	21,353,582
Short term investment	Held - for - trading	**At FVTPL	81,520,626	81,520,626
Long term deposits	Loans and receivables	At amortized cost	1,500,000	1,500,000
Trade debts	Loans and receivables	At amortized cost	4,667,636	4,667,636
Total financial assets			109,041,844	109,041,844

* At fair value through other comprehensive income
** At fair value through profit or 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).

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 in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, financial asset measured at fair value through other comprehensive income, contract assets, lease receivables and trade receivables.

During the year, the Company has changed its accounting policy with respect to measurement of credit loss allowance on financial assets to bring it in line with the new impairment requirements of IFRS 9 as noted above. However, the said change in accounting policy has no impact on the financial position or financial performance of the Company. For the revised accounting policy, please refer note 4.4.3 to these financial statements.

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 mentioned in note 3 above.

4.1 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 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 statement of profit or loss 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 the buyer. 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 statement

Depreciation is charged to the statement of profit or loss using reducing balance method at the rates given in note 4. Depreciation on additions is charged from date asset is in location and condition for it to be capable to be operated in the manner as intended by management and ceases on the date of disposal.

4.2 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 reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

4.3 Impairment of non-financial assets

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

4.4 Financial assets

4.4.1 Classification and initial measurement

The Company classifies its financial assets in the following three categories:

(a) financial assets measured at amortized cost.
(b) fair value through other comprehensive income (FVOCI);
(c) fair value through profit or loss (FVTPL); and

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

4.4.2 ***Subsequent measurement***

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit and loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit and loss.

4.4.3 *Impairment*

The Company's financial assets that are subject to the impairment provisions of IFRS 9 include long term deposits, trade receivables and short term advances and deposits.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.4.4 *De-recognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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

Trade debts are carried at their initial transaction price less the lifetime expected credit loss allowance.

4.8 Cash and cash equivalents

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

4.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss 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 for at least 12 months after the reporting date.

4.10 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

4.11 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, 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.

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 reporting date, and any adjustment to tax payable in respect of previous

Deferred

Deferred tax is recognised using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.12 Provisions

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

4.13 Revenue recognition

- Brokerag commission revenue is recognised at the point in time when the related performance obligation is satisfied i.e. when the transaction is settled at the clearing house.

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

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

4.14 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred except where such costs are directly attributable to the acquisition or construction of qualifying asset in which such costs are capitalized as part of the cost of that asset.

5 PROPERTY AND EQUIPMENT

Particulars	Furniture & fixture	Office Equipments	Computer	Offices at PSX	Total
	Rupees				
As at July 01, 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 during the year			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**
Year ended June 30, 2019					
Opening net book value	242,512	56,997	314,737	2,301,826	2,916,072
Additions	-	9,390	52,650	-	62,040
Depreciation for the year	(24,251)	(6,639)	(110,216)	(115,091)	(256,197)
Closing net book value	**218,261**	**59,748**	**257,171**	**2,186,735**	**2,721,915**
As at June 30, 2019					
Cost	865,200	230,255	2,075,779	4,200,000	7,371,234
Accumulated depreciation	(646,939)	(170,507)	(1,818,608)	(2,013,265)	(4,649,319)
Net book value	**218,261**	**59,748**	**257,171**	**2,186,735**	**2,721,915**
Rate of depreciation (p.a)	**10%**	**10%**	**30%**	**5%**	

6 INTANGIBLE ASSETS

	Note	2019	2018
		Rupees	
Computer software	6.1	**182,514**	228,142
Trading Rights Entitlement (TRE) Certificate			
Cost		**22,386,240**	22,386,240
Impairment		**(19,886,240)**	(19,886,240)
	6.2	**2,500,000**	2,500,000
		2,682,514	2,728,142

6.1 Computer software

	2019	2018
Net carrying amount		
Opening net book value	**228,142**	358,154
Additions during the year		
Amortisation charge	**(45,628)**	(130,012)
Closing net book value	**182,514**	228,142
Gross carrying amount		
Cost	**398,709**	398,709
Accumulated amortisation	**(216,195)**	(170,567)
Net book value	**182,514**	228,142
Amortisation rate	**20%**	20%

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

	Note	2019	2018
		Rupees	

7 LONG TERM INVESTMENT

At fair value through other comprehensive income

2019	2018		Note	2019	2018
------Number of shares------				------------ Rupees------------	
-	1,081,194	Ordinary shares of PSX (at cost)		-	2,061,188
		Surplus on remeasurment to fair value	7.2	-	19,292,394
				-	21,353,582

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

	2019	2018
7.2 Surplus on remeasurement of investment to fair value	Rupees	
Opening balance	-	25,703,874
Decline in fair value recognized during the year	-	(6,411,480)
Closing balance	-	19,292,394

8 LONG TERM DEPOSITS

Trading deposits placed with:		
- Pakistan Stock Exchange Limited	**200,000**	200,000
- National Clearing Company of Pakistan Limited	**1,200,000**	1,200,000
- Central Depository Company Limited	**100,000**	100,000
	1,500,000	1,500,000

9 SHORT TERM INVESTMENTS - At fair value through profit or loss

Quoted equity securities		
Cost of investments	**60,870,390**	54,467,962
Surplus of remeasurement of investments	**17,246,965**	27,052,664
Fair value	**78,117,355**	81,520,626

9.1 Surplus on remeasurement of investments

Opening balance	**27,052,664**	32,186,439
Reclassification of surplus from long term to short term investments	**19,292,394**	-
	46,345,058	32,186,439
(Loss) / gain realized on disposal shown separately in the statement of profit or loss	**(304,871)**	-
Deficit on remeasurement to fair value recognised during the year in profit or loss	**(28,793,222)**	(5,133,775)
	(29,098,093)	(5,133,775)
	17,246,965	27,052,664

9.2 Fair value of securities pledged with PSX was as follows:

Brokerage House	**18,834,850**	16,165,930
	18,834,850	16,165,930

10	TRADE DEBTS	Note	2019	2018
			Rupees	
	Considered good	10.1	**10,938,156**	4,667,636

10.1 This includes Rs. 10.57 million (2018: Rs. 4.40 million) due from related parties.

11	LOAN, DEPOSITS AND OTHER RECEIVABLES	Note	2019	2018
			Rupees	
	Exposure deposit with NCCPL		**500,000**	750,000
	Base minimum capital		**1,000,000**	-
	Loan to Staff		**11,000**	47,700
			1,511,000	797,700

12	CASH AND BANK	Note	2019	2018
	Cash at bank - Current accounts		**1,317,614**	1,428,800
	Cash at bank - Deposit accounts	12.1	**24,060,764**	33,596,323
			25,378,378	35,025,123

12.1 The return on these balances is 4.5% (2018: 4%) per annum on daily product basis.

12.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. **1.31** million (2018: Rs. **1.43** million).

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
(Number of shares)			Rupees	
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
1,189,000	1,189,000		**118,900,000**	118,900,000

13.1 Pattern of shareholding

Categories of shareholders	2019		2018	
Individuals	Number of shares held	% of Shares held	Number of shares held	% of Shares held
Abdul kadir Yousuf	**1,186,500**	**99.79%**	1,186,500	99.79%
Amin Yousuf	**1,000**	**0.08%**	1,000	0.08%
Yousuf Rahmatullah	**1,000**	**0.08%**	1,000	0.08%
Muhammad Salim Yousuf	**500**	**0.04%**	500	0.04%
	1,189,000	**100.00%**	1,189,000	100.00%

13.2 There is no agreement with shareholders for voting rights, board selection, rights of first refusal and block voting.

14	TRADE AND OTHER PAYABLES	2019	2018
		Rupees	
	Trade Payable	**1,317,613**	1,428,800
	SST Payable	**30,873**	34,083
	Accured expenses	**426,347**	319,779
		1,774,833	1,782,662

15 CONTINGENCIES AND COMMITMENTS

No material contingencies and commitments were known to exist at the reporting date (2018: None).

		Note	2019	2018
16	**OPERATING REVENUE**		Rupees	
	Brokerage Commission Income		**960,334**	2,013,873
	Dividend income		**3,840,725**	3,382,226
			4,801,059	5,396,099

		Note	2019	2018
17	**NET UNREALIZED LOSS ON REMEASUREMENT OF INVESTMENTS TO FAIR VALUE**			
	Net unrealized loss for the year on remeasurement of:			
	- Short term investments	*9.1*	**(29,098,093)**	(5,133,775)

		Note	2019	2018
18	**ADMINISTRATIVE EXPENSES**			
	Salaries And Benefits		**2,714,163**	1,452,923
	Staff Bonus		**208,883**	145,000
	Commission expenses		**111,995**	-
	PSX service charges		**167,268**	95,172
	NCCPL charges		**68,500**	29,631
	CDC charges		**93,205**	73,197
	Utility expenses		**218,728**	-
	Printing and stationary		**27,056**	-
	Communication charges		**36,612**	-
	Travelling and conveyance		**1,150**	-
	Legal and professional		**245,717**	-
	Fees and subscription		**434,820**	510,200
	Auditors' remuneration- Audit fee		**208,900**	200,000
	Repair & Maintenance		**53,100**	33,224
	Depreciation	*5*	**256,197**	289,316
	Amortization'	*6.1*	**45,628**	130,011
	General expenses		**94,710**	-
	Bank charges		**17,343**	14,996
			5,003,975	2,973,670

		Note	2019	2018
19	**OTHER INCOME**			
	Profit on bank deposit		**1,880,491**	1,644,288
	Other		**145,397**	232,318
			2,025,888	1,876,606
20	**OTHER EXPENSES**			
	Impairment on TREC	*6.2*	-	2,500,000
21	**TAXATION**			
	Current tax		**426,111**	686,586

		2019	2018
21.1	**Relationship between tax expense and accounting loss**		
	Loss before taxation	**(26,970,250)**	(3,334,740)
	Tax at the applicable rate of 29% (2018: 30%)	**(7,821,373)**	(1,000,422)
	Tax effect of income taxed under Presumptive Tax Regime	**8,997,629**	2,015,090
	Tax effect of income taxed at lower rate	**(750,145)**	(328,082)
		426,111	686,586

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

22 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

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

	Chief Executive	
	2019	2018
	Rupees	
Managerial remuneration	**1,197,996**	-
	1	1

23 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Name of the related party and relationship with company		**June 30, 2019**	June 30, 2018
		Rupees	
Key Management Personnel	Brokerage commission earned during the year on sale and purchase of securities	**181,048**	250,530

24 FINANCIAL INSTRUMENTS

24.1 Financial instruments by category

Financial assets

At fair value through other comprehensive income		
Long term investment	-	21,353,582
At fair value through profit or loss		
Short term investments	**78,117,355**	81,520,626
	78,117,355	102,874,208
At amortized cost		
Long term deposits	**1,500,000**	1,500,000
Trade debts	**10,938,156**	4,667,636
Loan, deposits and other Receivables	**1,511,000**	797,700
Bank balances	**25,378,378**	35,025,123
	39,327,534	41,990,459

Financial liabilities

At amortised cost		
Trade and other payables	**1,774,833**	1,782,662
	1,774,832	1,782,661

24.2 **Financial risk analysis and management**

The Company is exposed to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial

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

a) Market risk

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

i) 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. As of the reporting date, the Company was not exposed to any foreign currency risk as all its transactions were carried out in Pak Rupees.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

As of the reporting date, the Company was exposed to equity price risk since, as of that date (i) it had investments in quoted equity securities and (ii) it held collaterals in the form of equity shares in respect of trade receivables from clients. The Company manages the equity price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies which includes disposing of owned equity instruments and securities held as collateral before it led the Company to incur significant mark-to-market and credit losses.

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

Sensitivity analysis

The table below summarizes the Company's equity price risk as of June 30, 2019 and June 30, 2018 and shows the effects of a hypothetical 5% increase and a 5% decrease in market prices as at the reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair value	**Hypothetical price change**	**Hypothetical increase / (decrease) in equity**
June 30, 2019	**78,117,355**	**5% change**	**3,905,868**
June 30, 2018	102,874,208	5% change	5,143,710

(iii) Interest rate risk

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

At reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2019	2018	2019	2018
	---Effective interest rate (%)--		----Carrying amount (Rs.)----	
Financial assets				
Balance held in savings accounts	**4.5%**	4%	**24,060,764**	33,596,323

Sensitivity analysis

Fair value sensitivity

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument.

Cash flow sensitivity

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit or loss	
	100 bps increase	100 bps decrease
As at June 30, 2019	**240,608**	(240,608)
As at June 30, 2018	335,963	(335,963)

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, possibility of default by investors, and or failure of the financial markets, depositors, settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

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

	2019	2018
	---------Rupees----------	
Long term deposits	**1,500,000**	1,500,000
Trade debts	**10,938,156**	4,667,636
Loan, deposits and other Receivables	**1,511,000**	797,700
Bank balances	**25,378,378**	35,025,123
	39,327,534	41,990,459

c) **Liquidity risk**

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

The following are the contractual maturities of financial liabilities:

	2019			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	---------- **Rupees** ----------			
Financial liabilities				
Trade and other payables	**1,774,833**	**1,774,833**	**1,774,833**	**-**

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	---------- **Rupees** ----------			
Financial liabilities				
Trade and other payables	1,782,662	1,782,662	1,782,662	-

24.3 Fair value hierarchy

The Company measures the fair value of its investments in equity instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

• Level 2 — inputs other than quoted prices included within 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).

As at the reporting dates the fair value hierarchy of the Company's financial assets measured at fair value was as follows:

June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rupees			
Long term investments	-	-	-	-
Short term investments	**78,117,355**	-	-	**78,117,355**
	78,117,355	-	-	**78,117,355**

June 30, 2018	Level 1	Level 2	Level 3	Total
	Rupees			
Long term investments	21,353,582	-	-	21,353,582
Short term investments	81,520,626	-	-	81,520,626
	102,874,208	-	-	102,874,208

25 CAPITAL 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.The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders.

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.

Total capital managed by the company comprises of the following:

	2019	2018
	Rupees	
Issued, subscribed and paid up capital	**118,900,000**	118,900,000
Unappropriated profit	**2,845,187**	10,949,154
	121,745,187	129,849,154

26 CAPITAL ADEQUACY LEVEL

As of thereporting date, the Capital Adequacy Level of the Company was as follows:

	Note	**2019**	2018
		Rupees	
Total assets	*26.1*	**123,520,020**	150,924,210
Total liabilities		**(1,774,833)**	(1,782,662)
Surplus on revaluation of fixed assets		-	-
Capital Adequacy Level		**121,745,187**	149,141,548

26.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE Certificate as at June 30, 2019 as determined by Pakistan Stock Exchange has been considered.

27 NUMBER OF EMPLOYEES

	2019	2018
	Number	
Total number of employees as at year end	**5**	5
Average number of employees during the year	**5**	5

28 PRIOR PERIOD ADJUSTMENT

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

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

In these financial statements, the above error has been rectified retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the corresponding figures have been restated. Due to these restatements, the statement of financial position as at the beginning of the earliest period presented (i.e. as of June 30, 2017) has also been presented in these financial statements.

The retrospective correction of the aforesaid error has its effects on the corresponding figures presented in these financial statements as follows:

Effects on the statement of financial position

	Unappropriated profits	Surplus on re-measurement of investments
	Rupees	
Balance as at June 30, 2017 (as previously reported)	27,916,025	12,758,329
Effect of restatement as on June 30, 2017		
Reclassification of deficit on re-measurement of investments to fair value	(12,945,545)	12,945,545
Balance as at June 30, 2017 (as restated)	14,970,480	25,703,874
Balance as at June 30, 2018 (as previously reported)	29,540,289	701,258
Effect of restatement as on June 30, 2018		
Reclassification of deficit on re-measurement of investments to fair value	(18,591,136)	18,591,136
Balance as at June 30, 2018 (as restated)	10,949,153	19,292,394

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

	Rupees
Effects on profit or loss	
Recognition of change in unrealized loss on remeasurement of short term investments	(5,133,775)
Decrease in profit before and after taxation	(5,133,775)
Effects on other comprehensive income	
Decrease in unrealized loss on remeauremenet of short term investments	5,133,775
Decrease in other comprehensive loss	5,133,775
Net effect on total comprehensive loss	-

29 GENERAL

29.1 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 3 0 SEP 2019.

29.2 Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**