



INDEPENDENT AUDITOR'S REPORT

To the members of Fair Trade Capital Securities (Private) Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Fair Trade Capital Securities (Private) Limited (the "Company"), which comprise the statement of financial position as at June 30, 2018, the income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively, the "financial statements").

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.

Basis of Disclaimer of Opinion

The Company has recorded realized losses on the sale of short-term investments in the amount of PKR 29,279,076. Management was unable to furnish evidence in support of this amount and we have therefore been unable to satisfy ourselves with respect to its completeness, existence or accuracy. The amount is material relative to the financial statements as a whole.

In the absence of evidence, we were unable to determine the nature or quantum of adjustments that might have been found necessary. We were also unable to satisfy ourselves that such adjustments would be confined to specific elements or line items of the financial statements. Finally, the afore-noted amount may be a residual balance after offsetting, in which the case the effect on individual elements or line items of the financial statements may exceed the total balance noted above.

Given our inability to obtain sufficient and appropriate evidence, and given that the effects or possible effects on the financial statements may be both material and pervasive, we do not express an opinion on the accompanying financial statements.

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 accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017). Management is also responsible 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, any related matters, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis of Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our ethical requirements in accordance with those requirements.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that, in our opinion, except for the effects and/or possible effects of the matters described in the *Basis of Disclaimer of Opinion* section of our report:

- 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 Income Statement, 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and
- e) The Company was in compliance with the requirements of section 78 of the Securities Act 2015, and the relevant requirements of the Securities Brokers (Licensing 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 Aslam Khan.

IECnet S.K.S.S.S.
Chartered Accountants
Lahore

Date: October 02, 2018

FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED
STATEMENT OF FINANCIAL POSITION
As at June 30, 2018

	Note	June 30, 2018	June 30, 2017 (restated - note 7)	June 30, 2016
		Rupees	Rupees	Rupees
ASSETS				
Non-Current Assets				
Property and equipment	8	2,835,255	3,244,589	1,266,922
Intangible assets	9	19,473,000	21,973,000	21,973,000
Long-term investments	10	21,353,586	41,163,838	39,993,682
Long-term deposits	11	15,595,191	15,095,191	600,000
		59,257,032	81,476,618	63,833,604
Current Assets				
Trade debts	12	1,240,975	12,521,068	11,027,021
Advances	13	414,881	55,708	971,370
Deposits and other receivables	14	31,052,447	41,434,262	22,486,000
Income tax refundable	15	30,163,063	30,430,096	23,762,574
Short-term investments	16	6,447,151	7,867,036	16,828,513
Cash and bank balances	17	2,380,600	21,906,827	4,262,647
		71,699,118	114,214,997	79,338,125
		130,956,149	195,691,615	143,171,729
Equity and Liabilities				
Share capital and reserves				
Share capital	18	185,000,000	185,000,000	185,000,000
Unappropriated profit		(99,431,486)	(56,137,110)	(72,261,113)
Fair value reserve		16,846,850	25,166,362	-
Total equity		102,415,364	154,029,252	112,738,887
Current Liabilities				
Trade and other payables	19	28,540,785	40,306,800	28,412,325
Provision for taxation	20	-	1,355,563	2,020,517
		28,540,785	41,662,363	30,432,842
Contingencies and commitments	21	-	-	-
		130,956,149	195,691,615	143,171,729

The annexed notes from 1 to 39 form an integral part of these financial statements.


Chief Executive



FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED
INCOME STATEMENT
For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017 <i>(restated - note 7)</i>
Operating revenue	22	17,555,310	24,693,462
Other income	23	(29,250,550)	38,184,752
		<u>(11,695,240)</u>	<u>62,878,214</u>
Operating and administrative expenses	24	(25,820,733)	(20,921,604)
Financial charges	25	(83,439)	(406,459)
Profit / (loss) before taxation		<u>(37,599,412)</u>	<u>41,550,151</u>
Taxation	26	(5,694,964)	(1,355,563)
Profit/ (loss) for the year		<u>(43,294,376)</u>	<u>40,194,588</u>
Earning/ (Loss) per share - basic	27	(23.40)	35.33

The annexed notes from 1 to 39 form an integral part of these financial statements.

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Chief Executive



FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2018

Note	June 30, 2018	June 30, 2017 <i>(restated - note 7)</i>
	Rupees	Rupees
Profit/ (Loss) for the year	(43,294,376)	40,194,588
Other comprehensive income		
Fair value gain / loss on remeasurement of available-for-sale investments	(8,319,512)	25,166,362
Total comprehensive income/ (loss) for the year	<u>(51,613,888)</u>	<u>65,360,950</u>

Restated - Note-7

The annexed notes from 1 to 39 form an integral part of these financial statements.

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 Chief Executive



FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

Note	June 30, 2018	June 30, 2017 <i>(restated - note 7)</i>
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	(37,599,412)	41,550,151
Profit/(Loss) before taxation		
Adjustments:		
Depreciation	619,144	707,251
Impairment on TREC	2,500,000	-
Provision for doubtful debts	4,656,839	-
Realized (gain)/loss on short term investments	29,279,076	4,672,893
Realized (gain)/loss on long-term investments	1,230,000	(42,885,577)
Unrealized (gain)/loss on short term investments	33,403	1,801,092
Financial charges	83,439	406,459
	<u>38,401,900</u>	<u>(35,297,882)</u>
	802,488	6,252,269
Operating profit before working capital changes		
(Increase)/decrease in current assets		
Trade debts	6,623,255	(3,755,817)
Advances	(359,173)	269,175
Deposits and other receivables	10,381,814	(9,288,806)
Income tax refundable	267,033	(6,667,522)
Increase/(decrease) in current liabilities		
Trade and other payables	(11,766,015)	11,894,473
	<u>5,146,914</u>	<u>(7,548,497)</u>
	5,949,402	(1,296,228)
Cash generated from operations		
Financial charges paid	(83,439)	(406,459)
Taxes paid	(7,050,527)	(2,020,517)
	<u>(7,133,966)</u>	<u>(2,426,976)</u>
	(1,184,564)	(3,723,204)
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(209,810)	(2,684,918)
Movement in short-term investments	(27,892,593)	(3,167,928)
Movement in long term investment	10,260,740	41,715,421
	<u>(17,841,663)</u>	<u>35,862,575</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term deposits	(500,000)	(14,495,191)
Loan from director	-	-
	<u>(500,000)</u>	<u>(14,495,191)</u>
Net cash generated from financing activities		
Net (decrease)/increase in cash and cash equivalents	(19,526,227)	17,644,180
Cash and cash equivalents at the beginning of the year	21,906,827	4,262,647
Cash and cash equivalents at the end of the year	<u>2,380,600</u>	<u>21,906,827</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


Chief Executive



FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2018

	Share capital	Revenue Reserve	Capital Reserve	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at 1 July 2016	185,000,000	(72,261,112)		112,738,888
Total comprehensive income for the year - Restated (note 7)				
Profit for the year	40,194,588			40,194,588
Prior year adjustment	(24,070,586)			(24,070,586)
Other comprehensive income for the year		25,166,362		25,166,362
Balance as at 30 June 2017 - Restated (note 7)	185,000,000	(56,137,110)	25,166,362	154,029,252
Total comprehensive income for the year				
Other comprehensive income for the year		(43,294,376)	(8,319,512)	(8,319,512)
Profit for the year		(43,294,376)		(43,294,376)
Balance as at 30 June 2018	185,000,000	(99,431,486)	16,846,850	102,415,364

The annexed notes from 1 to 39 form an integral part of these financial statements.



[Signature]
 Chief Executive

FAIRTRADE CAPITAL SECURITIES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Fairtrade Capital Securities Private Limited (the "Company") was incorporated in Pakistan on May 26, 2006 under the Companies Ordinance, 1984. The Company's registered office is situated at Rooms # 708 / 709, 7th floor, Stock Exchange Building, Stock Exchange Road, Karachi. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS" or "IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017, provisions of or directives issued under the Companies Act, 2017, and Securities Brokers (Licensing and Operations) Regulations 2016 (the "Regulations"). In case requirements differ, the provisions or directives of the Companies Act, 2017 and/or the Regulations shall prevail.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the 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 estimates are revised if the revision affects only that period, or in the period of revision and future periods in other cases. Judgments made by management in the application of approved accounting standards that may have a significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimates of useful lives and residual values of items of property, plant and equipment (Note 8);
- (ii) Estimates of useful lives of intangible assets (Note 9);
- (iii) Provision against doubtful debts (Note 12);
- (iv) Classification, recognition, measurement / valuation of financial instruments (Note 29); and
- (v) Provision for taxation (Note 20)

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except:

- Investments in quoted equity securities (whether classified as assets at fair value through profit or loss, or as available-for-sale), which are carried at fair value;
- Investments in associates, which are recorded in accordance with the equity method of accounting for such investments;
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards; and
- Staff retirement gratuity and pension, which are carried at the present value of the defined benefit obligation net of fair value of plan assets.

5 AMENDMENTS TO EXISTING STANDARDS & FORTHCOMING REQUIREMENTS

The following IFRSs (as well as amendments thereto and interpretations thereof) as notified under the Companies Act, 2017 are / will be effective for accounting periods beginning on or after the dates specified below:

- IFRS 2: Share-Based Payment

Amendments to IFRS 2, which clarify the accounting (including the measurement and classification) of certain cash-settled and equity-settled share-based payments, are effective for annual periods beginning on or after January 1, 2018. The amendments are not expected to have an impact on the Company's financial statements.

- IAS 40: Investment Property

Amendments to IAS 40 pertain to rules around the change in classification of an asset from or to an investment property. The amendments, effective for annual periods beginning on or after January 1, 2018, are not expected to impact the Company's financial statements.

- IAS 28: Investments in Associates and Joint Ventures

A first amendment to this standard relates to provisions under which certain businesses may elect to measure investments in associates / joint ventures at fair value through profit or loss, albeit under a narrow set of precedent conditions. The provisions, which are effective for annual periods beginning on or after January 1, 2018, are unavailable to the Company and are therefore not expected to have an impact on the Company's financial statements.

A second amendment affects companies which finance associates or joint ventures with preference shares or with loans for which repayment is not expected in the foreseeable future. The amendments, which are to be applied in conjunction with IFRS 9 where appropriate, are effective for annual periods beginning on or after January 1, 2019. The Company is currently in the process of assessing the potential impact (including presentation) that the adoption of this amendment may have on its financial statements.

- IFRS 15: Revenue from Contracts with Customers

Effective for annual periods beginning on or after July 1, 2018, IFRS 15 specifies how and when to recognize revenue, and also requires reporting entities to provide users of financial statements with more informative, relevant disclosures. The standard replaces IAS 18 (Revenue), IAS 11 (Construction Contracts), IFRIC 13 (Customer Loyalty Programmes) as well as various other standards and interpretations. The Company is currently in the process of preparing a gap analysis and identifying the nature and quantum, if any, of the impact of the adoption of this standard on the Company's financial statements.

- IFRS 9: Financial Instruments

IFRS 9 replaces IAS 39 (Financial Instruments: Recognition & Measurement). The new standard introduces new guidance on the classification and measurement of financial instruments as well as a new expected credit loss model for calculating impairment on financial assets. IFRS 9 is effective for annual periods beginning on or after July 1, 2018. The Company is currently in the process of preparing a gap analysis and identifying the nature and quantum of the impact of the adoption of this standard on the Company's financial statements.

An amendment to IFRS 9 pertaining to the classification and measurement of debt instruments where borrowers are permitted to prepay the instrument at an amount less than the unpaid principal and interest owed ("negative compensation") is effective for annual periods beginning on or after January 1, 2019. The amendment is not expected to impact the Company's financial statements.

- IFRS 16: Leases

This standard introduces a single, on-balance sheet lease accounting model for lessees, whereby the lessee recognizes a single, right-of-use asset (representing its right to use an asset) and a lease liability representing the lessee's obligation to make lease payments. Guidance being replaced and superseded by IFRS 16 includes (but is not limited to) IAS 17 (Leases), IFRIC 4 (Determining Whether An Arrangement Contains a Lease) and SIC 15 (Incentives in Operating Leases). The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently in the process of identifying the nature and quantum of the impact of the adoption of this standard on the Company's financial statements.

- IAS 19: Employee Benefits

Amendments to IAS 19 clarify the approach to be employed (including the use of actuarial assumptions to determine current service cost and net interest, and the relationship between the asset ceiling and the gain/loss on plan settlement) upon amendment, curtailment or settlement of a defined benefit plan. The amendments, effective for annual periods beginning on or after January 1, 2019, are not expected to significantly impact the Company's financial statements.

- IFRS 3: Business Combinations / IFRS 11: Joint Arrangements

Amendments to these standards relate to the re-measurement of a previously-held interest in a joint operation when a reporting entity obtains control of the joint operation (when that joint operation meets the definition of a business). The amendments, effective for annual periods beginning on or after January 1, 2019, are not expected to impact the Company's financial statements.

- IAS 12: Income Taxes

An amendment to this standard clarifies that the income tax consequences of dividends are recognized consistently and concurrently with the transaction that generates distributable profits. The amendment is effective for annual periods beginning on or after January 1, 2019 and is not expected to impact the Company's financial statements.

on or after January 1, 2017 and is not expected to impact the Company's financial statements.

- IAS 23: Borrowing Costs

An amendment to this standard clarifies that a reporting entity treats as general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use (or sale). The amendment is effective for annual periods beginning on or after January 1, 2019 and is not expected to impact the Company's financial statements.

In addition to the above, IFRIC 22 and 23 - which relate to foreign currency transactions / translations and uncertainty around income tax treatments - are effective for annual periods beginning on or after January 1, 2018 and January 1, 2019, respectively. Neither is expected to materially impact the Company's financial statements upon adoption.

Certain new standards, amendments and/or interpretations issued by the IASB are yet to be notified by the SECP for the purpose of applicability in Pakistan.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

6.1 Property, plant and equipment

Items of property and equipment are stated at cost less accumulated depreciation (if any) and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a 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. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair, maintenance and day-to-day servicing expenditures are charged to the profit and loss account during the year in which they are incurred.

Depreciation on all items of property and equipment is calculated using the straight-line method in accordance with the rates specified in note 8 to these financial statements and after taking into account residual value, if material. Residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on an asset from when the asset is available for use until the asset is disposed of.

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

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

6.2 Intangible assets

Intangible assets with indefinite useful lives, including Trading Right Entitlement Certificate ("TREC"), are stated at cost less accumulated impairment losses, if any. An intangible asset is considered as having an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are recognized in the profit and loss account during the year in which the assets are disposed of.

6.3 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both (but not for sale in the ordinary course of business), used in the supply of services or for administrative purposes is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property. Changes in fair values are recognized in the profit and loss account.

6.4 Financial assets

The Company classifies its financial assets in the following categories: (a) at fair through profit and loss, (b) loans and receivables, (c) available-for-sale and (d) held to maturity. Classification in a category depends on the purpose for which an asset was acquired, and this determination is made at the time of initial recognition. The classification is re-evaluated on a periodic basis, consistent with relevant accounting and reporting standards.

a) Financial assets at fair value through profit or loss

An asset is classified at fair value through profit or loss if acquired principally for the purpose of selling in the short term, whether as a cash flow management strategy or in order to generate profit from short-term price fluctuations (or both). Such assets are initially recognized at fair value, with any associated transaction costs recorded in the profit and loss account. Subsequent to initial recognition, such assets are marked to market using closing market rates. Net gains or losses arising on changes in fair values of these assets are taken to the profit and loss account in the period in which they arise.

b) 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 twelve months after the balance sheet date, in which case such assets are classified as non-current assets.

c) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories. These investments are initially recognized at fair value, which includes associated transaction costs. Subsequent to initial recognition, these assets are marked to market using closing market rates. Net gains and losses arising on changes in fair values of these assets are taken to equity. They are included in non-current assets unless management intends to dispose of the assets within twelve months from the reporting date.

When securities classified as available-for-sale are sold or impaired, accumulated fair value adjustments recognized in equity are reclassified to the profit and loss account as gains / losses from available-for-sale investment securities. Dividends on available-for-sale equity instruments are recognized in profit and loss when the Company's right to receive payment is established.

d) Held-to-maturity assets

Held-to-maturity financial assets are those with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity. These are carried at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All purchases and sales of investments that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognized on the trade date, which is the date on which the Company commits to purchase / sell the asset. All other purchases and sales are recognized as derivative forward transactions until settlement occurs.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is

created or retained by the Company is recognized as a separate asset or liability.

The Company assesses at each balance sheet date whether there is objective evidence, as a result of one or more events that may have an impact on the estimated future cash flows from an asset, that an asset or a group of assets is impaired. A significant or prolonged decline in the fair value of an investment in an equity security below its cost is also considered objective evidence of impairment. Provision for impairment, if any, in the value of an asset is taken to the profit and loss account. In case of impairment of equity securities classified as available for sale, the cumulative loss that has been recognized in other comprehensive income is reclassified to profit and loss. For assets classified as held-to-maturity, impairment losses are recognized in profit and loss.

6.5 Financial liabilities

The Company initially recognized non-derivative financial liabilities on the date that they are originated or the date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or when they expire.

Financial liabilities are initially recognized at fair value plus directly attributable costs, if any, and are subsequently carried at amortized cost using the effective interest rate method.

6.6 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset (and the net amount is reported in the financial statements) when the Company has a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

6.7 Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the associate's post-acquisition profits or losses in income, and its share of the post-acquisition movement in reserves is recognized in other comprehensive income.

6.8 Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimate future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, or indications that a debtor or issuer will enter bankruptcy.

Individually significant financial assets are tested for impairment on an individual basis. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are assessed for impairment collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount - defined as the higher of the asset's fair value less costs of disposal and the asset's value-in-use (present value of estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risk) - is estimated to determine the extent of the impairment loss.

For the purpose of assessing impairment, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (such groups of assets are henceforth referred to as "cash-generating units" or "CGUs").

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether there are any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the carrying amount of the asset (or CGU) that would have been determined (net of depreciation / amortization) had no impairment loss been recognized.

6.9 Trade debts and receivables

Trade debts and other receivables are recognized initially at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision, as well as the impact of any change thereto, is recognized in the statement of profit or loss. Bad debts are written off in the statement of profit or loss on identification.

The determination of the allowance for doubtful debts is a judgment-driven process. In estimating this allowance, the Company takes into a number of factors, including - but not limited to - the age of receivables, the nature and extent of collateral, creditworthiness of debtors, historical experience and future expectations.

6.10 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using rates enacted or substantively enacted at the reporting date, and takes into account tax credits, exemptions and rebates available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalized during the year. The charge for current tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated using rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

The Company takes into account current income tax law and decisions taken by tax authorities. In instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the relevant amounts are disclosed as contingent liabilities.

6.11 Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short-term running finances.

6.12 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. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

6.13 Provisions

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

6.14 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount unpaid at the reporting date.

6.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

6.16 Revenue recognition

Revenue is recognized to the extent that it is probable that 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 recognized on the following basis:

- Brokerage and commission income is recognized when brokerage services are rendered
- Dividend income is recognized when the right to receive the dividend is established.
- Underwriting commission (if any) is recognized when the agreement is executed. Take-up commission is recognized at the time the commitment is fulfilled.
- Return on deposits is recognized using the effective interest method.
- Income on fixed term investments is recognized using the effective interest method.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from marking to market financial assets classified as financial assets at fair value through profit or loss are included in profit and loss during the period in which they arise.

- Income / profit on exposure deposits is recognized using the effective interest rate.

6.17 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income.

6.18 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

6.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

7 CORRECTION OF ERROR

During the year, the Company discovered that, during fiscal 2017, unrealized losses on the Company's investment in shares of LSE Financial Services, classified as available-for-sale investments, were recorded in income from continuing operations, when they should have been recorded in other comprehensive income in accordance with the relevant provisions of IAS 39. The error has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarize the impacts on the Company's financial statements.

7.1 Statement of Financial Position

As at July 1, 2016

	As previously reported	Adjustments	As restated
EQUITY			
Share capital	185,000,000	-	185,000,000
Reserves	-	-	-
Unappropriated profit / (loss)	(72,261,112)	-	(72,261,112)
Total Equity	112,738,888	-	112,738,888

As at July 30, 2017

	As previously reported	Adjustments	As restated
EQUITY			
Share capital	185,000,000	-	185,000,000
Reserves	-	25,166,362	25,166,362
Unappropriated profit / (loss)	(30,970,748)	(25,166,362)	(56,137,110)
Total Equity	154,029,252	-	154,029,252

7.2 Income Statement

For the year ended June 30, 2017

	As previously reported	Adjustments	As restated
Other income & op. charges	63,351,114	(25,166,362)	38,184,752
Profit / (loss) after taxation	65,360,950	(25,166,362)	40,194,588

7.3 Statement of Comprehensive Income

For the year ended June 30, 2017

	As previously reported	Adjustments	As restated
Profit / (loss) for the year, after taxation	65,360,950	(25,166,362)	40,194,588
Other comprehensive income	-	25,166,362	25,166,362
Total comprehensive income	65,360,950	-	65,360,950

8 PROPERTY AND EQUIPMENT

	Cost					Accumulated Depreciation					Net book value as at 30 June 2018	Rate of dep %age
	As at 1 July 2017	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2018	As at 1 July 2017	Transferred from leased to Owned	For the Year	Adjustments	As at 30 June 2018		
	Rupees											
Furniture and fixtures	1,459,990	-	-	-	1,459,990	381,973	-	161,703	-	543,676	916,314	15%
Office equipment	2,133,649	-	65,000	-	2,198,649	599,894	-	239,813	-	839,707	1,358,942	15%
Computers	3,626,471	-	144,810	-	3,771,281	3,071,954	-	209,798	-	3,281,752	489,529	30%
Vehicles	87,000	-	-	-	87,000	8,700	-	7,830	-	16,530	70,470	10%
	7,307,110	-	209,810	-	7,516,920	4,062,521	-	619,144	-	4,681,665	2,835,255	
	Cost					Accumulated Depreciation					Net book value as at 30 June 2017	Rate of depreci ation %age
	As at 1 July 2016	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2017	As at 1 July 2016	Transferred from leased to Owned	For the Year	Adjustments	As at 30 June 2017		
	Rupees											

Furniture and fixtures	278,500	-	1,181,490	-	1,459,990	191,735	-	190,238	-	381,973	1,078,017	15%
Office equipment	1,098,749	-	1,034,900	-	2,133,649	329,231	-	270,663	-	599,894	1,533,755	15%
Computers	3,244,943	-	381,528	-	3,626,471	2,834,304	-	237,650	-	3,071,954	554,517	30%
Vehicles	-	-	87,000	-	87,000	-	-	8,700	-	8,700	78,300	10%
	4,622,192	-	2,684,918	-	7,307,110	3,355,270	-	707,251	-	4,062,521	3,244,589	

9 INTANGIBLE ASSETS

		2018	2017
		----Rupees----	
Trading Right Entitlement Certificate ("TREC")	9.1	2,500,000	5,000,000
Room - PSX		16,973,000	16,973,000
		<u>19,473,000</u>	<u>21,973,000</u>
9.1 Trading Right Entitlement Certificate ("TREC")	9.1.1	5,000,000	5,000,000
Impairment loss	9.1.2	(2,500,000)	-
		<u>2,500,000</u>	<u>5,000,000</u>
<p>9.1.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.</p> <p>The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.</p>			
<p>9.1.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC from PKR 5 million to PKR 2.5 million. As a result, the Company has recognized an impairment loss of PKR 2,500,000 during fiscal 2018 (2017: Nil)</p>			

10 LONG-TERM INVESTMENTS

Shares of PSX - opening	10.1	41,163,838	39,993,682
Sold during the year		(5,136,000)	(23,996,206)
		<u>36,027,838</u>	<u>15,997,476</u>
Remeasurement to fair value		(8,319,512)	25,166,362
Shares of PSX - at fair value		<u>27,708,326</u>	<u>41,163,838</u>
Re-classified to short-term investments		(6,354,740)	-
Shares of PSX - long-term and at fair value		<u>21,353,586</u>	<u>41,163,838</u>

- 10.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 9.1.1, the Company received 4,007,383 shares of the PSX, of which 60% were held in a separate blocked account in CDC to restrict the sale of such shares by members of the PSX. In fiscal 2017, these shares were disposed of under a purchase agreement between the PSX and an anchor investor as well as under an Initial Public Offering.

Of the remaining shares, the Company is required to retain not less than 25% as per section 5(2) of Public Offering Regulations, 2017, for a period of not less than three financial years from the last date for public subscriptions. Accordingly, the portion to be retained has been classified as long term, and the remainder, to the extent not sold during the year, has been classified as short term.

Shares of the PSX are listed and the fair value of these shares is readily determinable by reference to quoted market prices. As a result of marking these shares to market, a loss in the amount of PKR 8,319,512 has been recognized in other comprehensive income. On June 30, 2018, the closing rate for PSX shares was PKR 19.75 per share.

	Note	2018 Rupees	2017 Rupees
11 LONG-TERM DEPOSITS			
Central Depository Company Limited		-	200,000
National Clearing Company of Pakistan Limited		100,000	100,000
Pakistan Stock Exchange Limited		1,500,000	800,000
Base minimum capital		13,995,191	13,995,191
		<u>15,595,191</u>	<u>15,095,191</u>
12 TRADE DEBTS			
Considered good	12.1	1,240,975	12,521,068
Considered doubtful		4,716,929	60,090
		<u>5,957,904</u>	<u>12,581,158</u>
Less: Provision for doubtful debts	12.2	(4,716,929)	(60,090)
		<u>1,240,975</u>	<u>12,521,068</u>
<p>12.1 The Company holds client-owned securities with a total fair value of PKR 84,536,930 (2017: PKR 760,515) as collateral against trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.</p>			
<p>12.2 Movement in provision against trade debts is as under:</p>			
Opening balance (as at July 1)		60,090	60,090
Charged to profit and loss during the year		4,656,839	-
		<u>4,716,929</u>	60,090
Amounts written off during the year		-	-
Closing balance (as at June 30)		<u>4,716,929</u>	60,090
13 LOANS AND ADVANCES			
Staff advances - unsecured, considered good		414,881	55,708
		<u>414,881</u>	<u>55,708</u>
14 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
Exposure margin with NCCPL		15,022,000	34,007,000
Balance due from NCCPL		15,559,628	2,261,770
Receivable from PSX against sale of shares		-	4,488,268
Other advances		470,820	323,224
Advance rent		-	354,000
		<u>31,052,447</u>	<u>41,434,262</u>
15 INCOME TAX REFUNDABLE			
Balance at the beginning of the year		30,430,096	23,762,574
Add: Current Year Additions		6,783,494	6,667,522
		<u>37,213,590</u>	<u>30,430,096</u>
Less: Adjustment against provision of taxation		(7,050,527)	-
Balance at the end of the year		<u>30,163,063</u>	<u>30,430,096</u>
16 SHORT-TERM INVESTMENTS			
Investments at fair value through profit or loss			
Investment in listed securities		92,410	7,867,036

	Note	2018 Rupees	2017 Rupees
Investments- Available-for-sale			
Investment in listed securities - PSX shares		6,354,740	-
		6,447,151	7,867,036

17 CASH AND BANK BALANCES

Cash in hand		9,469	7,886
Cash at bank		9,469	7,886
Current accounts	17.1	2,371,131	21,898,941
Savings accounts		-	-
		2,380,600	21,906,827

17.1 Cash in current accounts includes customers' assets in the amount of PKR 2,150,165/- (2017: 9,708,010/-) held in designated bank accounts.

18 SHARE CAPITAL

18.1 Authorized capital			
1,850,000/ (2017: 1,850,000/-) ordinary shares of PKR 100 each.		185,000,000	185,000,000
18.2 Issued, subscribed and paid-up share capital			
1,850,000 (2017: 1,850,000) ordinary shares of PKR 100/- each, issued for ca		185,000,000	185,000,000
		185,000,000	185,000,000

18.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2018	2017	2018	2017
Mr. Muhammad Hussain Adhi	240,000	240,000	13%	13%
Mr. Muhammad Ashraf	800,000	800,000	43%	43%
Mrs. Farzana Ashraf	434,000	434,000	23%	23%
Mr. Muhammad Yaqoob Adhi	165,000	165,000	9%	9%

19 TRADE AND OTHER PAYABLES

Trade creditors	19.1	22,643,979	37,871,993
Accrued expenses		5,525,988	1,610,674
Withholding tax payable		-	37,401
Taxes payable		190,282	286,750
Other liabilities		180,537	499,982
		28,540,785	40,306,800

19.1 This includes PKR NIL (2017: PKR NIL) due to related parties.

20 PROVISION FOR TAXATION

Balance at the beginning of the year		1,355,563	2,020,517
Add: Current Year Provision		6,698,255	1,355,563
		8,053,818	3,376,080
Adjustment against advance tax		(7,050,527)	(337,391)
Prior year adjustment		(1,003,291)	(1,683,126)
Balance at the end of the year		-	1,355,563

	<i>Note</i>	2018 Rupees	2017 Rupees
21 CONTINGENCIES AND COMMITMENTS			
21.1 There are no known contingencies or commitments of the Company as at June 30, 2018 (2017: Nil)			
22 OPERATING REVENUE			
Brokerage income		17,234,719	23,785,309
Dividend income		320,591	908,153
		<u>17,555,310</u>	<u>24,693,462</u>
23 OTHER INCOME			
Other income		1,291,928	1,773,160
Realized gain/(loss) on sale of short term investments		(29,279,076)	(4,672,893)
Realized gain/(loss) on sale of long term investments		(1,230,000)	42,885,577
Un-realized gain/(loss) on short term investments		(33,403)	(1,801,092)
		<u>(29,250,550)</u>	<u>38,184,752</u>
24 ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		8,527,225	8,922,850
Directors' remuneration		384,000	384,000
Rent, electricity and other service charges		2,081,722	3,067,626
CDC & NCSS charges		724,021	1,216,768
Printing and stationery		294,648	281,356
Fees and subscription		193,000	268,850
Legal and professional		790,900	1,430,700
Provison for doubtful debts		4,656,839	-
Communication expenses		878,023	634,470
Donation		165,000	155,500
Auditors' remuneration	<i>24.1.</i>	250,000	250,000
Entertainment		504,264	668,264
Travelling and conveyance expenses		459,847	250,035
Repair and maintenance		130,091	466,592
Branch expenses		1,510,538	1,263,582
Miscellaneous expenses		386,571	258,755
Software expenses		730,900	670,840
Penalty		34,000	24,165
Impairment on TREC		2,500,000	-
Depreciation		619,144	707,251
		<u>25,820,733</u>	<u>20,921,604</u>
24.1. Auditor's remuneration			
Statutory audit and other certifications		250,000	250,000
		<u>250,000</u>	<u>250,000</u>
25 FINANCIAL CHARGES			
Bank and other charges		83,439	406,459
		<u>83,439</u>	<u>406,459</u>
26 TAXATION			
Provision made during the year for:			

- current
- prior year

Note

	2018 Rupees	2017 Rupees
	6,698,255	1,355,563
	(1,003,291)	-
	5,694,964	1,355,563

27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit / (loss) after taxation, attributable to ordinary shareholders	(43,294,376)	65,360,950
Weighted average number of ordinary shares in issue during the year	1,850,000	1,850,000
Earnings per share	(23.40)	35.33

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	2018		2017	
	Remuneration	Number of persons	Remuneration	Number of persons
Chief Executive	384,000	1	384,000	1
Directors				

29 FINANCIAL INSTRUMENTS BY CATEGORY

2018				
Loans and receivables	Available for sale	At fair value through profit	At amortized cost	Total

Rupees

ASSETS

Non-current assets

Long-term deposits	15,595,191	-	-	-	15,595,191
Long-term investments	-	21,353,586	-	-	21,353,586
					<u>36,948,777</u>

Current assets

Trade debts	1,240,975	-	-	-	1,240,975
Advances	414,881	-	-	-	414,881
Deposits and other receivables	31,052,447	-	-	-	31,052,447
Short term investments	-	6,354,740	92,410	-	6,447,151
Cash and bank balances	2,380,600	-	-	-	2,380,600
					<u>41,536,055</u>
					<u>78,484,832</u>

LIABILITIES

Current liabilities

Trade and other payables	-	-	-	28,540,785	28,540,785
Provision for Taxation	-	-	-	-	-
					<u>28,540,785</u>

2017				
Loans and receivables	Available for sale	At fair value through profit and	At amortized cost	Total

Rupees

ASSETS

Non-current assets

Long-term deposits	15,095,191	-	-	-	15,095,191
Long term investments	-	41,163,838	-	-	41,163,838
					<u>56,259,029</u>

Current assets

Trade debts	12,521,068	-	-	-	12,521,068
Advances	55,708	-	-	-	55,708
Deposits and other receivables	41,434,262	-	-	-	41,434,262
Short term investments	-	-	7,867,036	-	7,867,036
Cash and bank balances	21,906,827	-	-	-	21,906,827
					<u>83,784,901</u>
					<u>140,043,930</u>

LIABILITIES

Current liabilities

Trade and other payables	-	-	-	40,306,800	40,306,800
Provision for Taxation	-	-	1,355,563	-	1,355,563
					<u>41,662,363</u>

30.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

30.2 Market risk

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

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

30.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

30.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

30.2.2 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

30.3 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. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequently holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and

- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	2018	2017
Long-term deposits	15,595,191	15,095,191
Long term investments	21,353,586	41,163,838
Trade debts	1,240,975	12,521,068
Advances	414,881	55,708
Deposits and other receivables	31,052,447	41,434,262
Short term investments	6,447,151	7,867,036
Cash and bank balances	2,380,600	21,906,827
	<u>78,484,832</u>	<u>140,043,930</u>

30.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

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

Financial liabilities	As at June 30, 2018		
	Carrying amount	Within one year	More than one year
Trade & other payables	28,540,785	28,540,785	-
Total	<u>28,540,785</u>	<u>28,540,785</u>	<u>-</u>

Financial liabilities	As at June 30, 2017		
	Carrying amount	Within one year	More than one year
Trade & other payables	40,306,800	40,306,800	-
Total	<u>40,306,800</u>	<u>40,306,800</u>	<u>-</u>

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfill its obligations as they come due.

31 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

32 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level follows the table.

Recurring FV Measurement as at June 30, 2018	Level I	Level II	Level III	Total
Long-term investment - available-for-sale	21,353,586	-	-	21,353,586
Short-term investment - available-for-sale	6,354,740	-	-	6,354,740
At fair value through profit and loss	92,410	-	-	92,410
Recurring FV Measurement as at June 30, 2017	Level I	Level II	Level III	Total
Long-term investment - available-for-sale	41,163,838			41,163,838
At fair value through profit and loss	7,867,036			7,867,036

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- Level 1: Quoted market price (unadjusted) in an active market
- Level 2: Valuation techniques based on observable inputs
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

There were no transfers into or out of Level 1 measurements.

33 **RELATED PARTY TRANSACTIONS**

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

34 **EVENTS AFTER REPORTING PERIOD**

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

35 **NUMBER OF EMPLOYEES**

Total number of employees at the end of year was 14 (2017: 14). Average number of employees was 14 (2017: 13)

36 **RE-CLASSIFICATION AND RE-ARRANGEMENTS**

Corresponding figures have been reclassified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, and in order to ensure compliance with disclosure requirements in the 5th Schedule to the Companies Act, 2017. Significant reclassifications / re-arrangements are as follows:

37 **CAPITAL ADEQUACY**

2018
Rupees

Total Assets	37.1	130,956,149
Less: Total Liabilities		28,540,785
Less: Revaluation Reserves (created upon revaluation of fixed assets)		-
Capital Adequacy Level		<u>102,415,364</u>

37.1 While determining the value of the total assets of the Company, the notional value as at June 30, 2018 of the TREC held by the Company has been considered.

38 **GENERAL**

Amounts have been rounded off to the nearest rupee, unless otherwise stated.

39 **AUTHORIZATION**

39.1 These financial statements were authorized for issue on 02 October 2018 by the Board of Directors of the Company.



Chief Executive

