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Reanda Haroon Zakaria & Company
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NINI SECURITIES (PRIVATE) LIMITED ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Nini Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the 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 and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other 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, its 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism 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.

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- 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.

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 and other 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; and

d) no zakat is deductible at source under the Zakat and Ushr Ordinance, 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 (Licensing 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 **Mohammad Iqbal**.

RHZCo Reanda Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 13 SEP 2019

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

	Note	2019 Rupees	2018 Rupees Restated	2017 Rupees Restated
ASSETS				
Non-Current Assets				
Property and equipment	5	**9,196,217**	10,018,878	8,445,547
Intangible assets	6	**2,995,521**	3,050,579	5,611,754
Long term investment	7	-	31,658,322	41,163,833
Long term deposits	8	**300,000**	300,000	200,000
		12,491,738	45,027,779	55,421,134
Current Assets				
Trade debts	9	**5,657,773**	2,552,724	903,961
Deposits	10	**2,025,000**	25,000	15,853,716
Loans	11	**382,000**	95,500	4,988,269
Short term investments	12	**24,417,834**	-	-
Tax refunds due from Government	13	**354,810**	190,617	175,040
Cash and bank balances	14	**60,206,150**	79,084,421	60,130,140
		93,043,567	81,948,262	82,051,126
Total Assets		**105,535,305**	126,976,041	137,472,260
CAPITAL & LIABILITIES				
Share Capital and Reserves				
Authorized Capital				
10,000,000 Ordinary shares of Rs. 10 each		**100,000,000**	100,000,000	100,000,000
Issued, subscribed and paid-up capital	15	**100,000,000**	100,000,000	100,000,000
Revenue reserve				
Unappropriated profit		**2,925,218**	19,723,416	33,995,248
Shareholders' equity		**102,925,218**	119,723,416	133,995,248
Non-Current Liabilities				
Deferred taxation	16	-	104,072	35,337
Current Liabilities				
Trade and other payables	17	**2,610,087**	7,148,553	1,441,675
Short term borrowing		-	-	2,000,000
		2,610,087	7,148,553	3,441,675
Contingencies & Commitments	18			
Total Equity and Liabilities		**105,535,305**	126,976,041	137,472,260

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

Chief Executive

Director

NINI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	*2019 Rupees*	*2018 Rupees Restated*
Operating revenue	19	**2,182,142**	3,922,909
Operating and administrative expenses	20	**(7,253,620)**	(6,169,624)
Operating loss		**(5,071,478)**	(2,246,715)
Other income	21	**96,846**	740,079
Other expenses	22	**(11,887,985)**	(12,283,563)
Loss before taxation		**(16,862,617)**	(13,790,199)
Taxation - net	23	**64,419**	(481,633)
Loss after taxation		**(16,798,198)**	(14,271,832)
Other comprehensive income		**-**	-
Total comprehensive loss		**(16,798,198)**	(14,271,832)

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

Chief Executive

Director

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

	Share capital	*Reserves*			*Total*
		Revenue	*Capital*		
		Unappropriated profit	*Gain on remeasurement of available for sale investment*	*Total reserves*	
	------------- (Rupees) -------------				
Balance as at June 30, 2017					
- Originally reported	100,000,000	8,860,949	25,134,299	33,995,248	133,995,248
Effect of re-statement as disclosed in note 2.5.1	-	25,134,299	(25,134,299)	-	-
Balance as at June 30, 2017 - *Restated*	100,000,000	33,995,248	-	33,995,248	133,995,248
Total comprehensive loss for the year ended June 30, 2018					
Loss after taxation - *Restated*	-	(14,271,832)	-	(14,271,832)	(14,271,832)
Other comprehensive income - *Restated*	-	-	-	-	-
Total comprehensive loss	-	(14,271,832)	-	(14,271,832)	(14,271,832)
Balance as at June 30, 2018 - *Restated*	100,000,000	19,723,416	-	19,723,416	119,723,416
Total comprehensive loss for the year ended June 30, 2019					
Loss after taxation	-	**(16,798,198)**	-	**(16,798,198)**	**(16,798,198)**
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	**(16,798,198)**	-	**(16,798,198)**	**(16,798,198)**
Balance as at June 30, 2019	**100,000,000**	**2,925,218**	-	**2,925,218**	**102,925,218**

Unappropriated profit can be utilized for meeting any contingencies and distribution of profit by way of dividend.

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

Chief Executive

Director

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

	2019 Rupees	2018 Rupees Restated
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(16,862,617)**	(13,790,199)
Adjustment for:		
Depreciation	**822,661**	624,169
Amortization	**55,058**	61,175
Remeasurement loss on investments	**11,573,598**	9,505,511
Impairment	**-**	2,500,000
	12,451,317	12,690,855
Cash used in operating activities before working capital changes	**(4,411,300)**	(1,099,344)
Working capital changes		
(Increase) / decrease in current assets		
Trade debts	**(3,105,049)**	(1,648,763)
Deposits	**(2,000,000)**	15,828,716
Loans	**(286,500)**	4,892,769
(Decrease) / increase in current liabilities		
Trade and other payables	**(4,538,466)**	5,706,878
	(9,930,015)	24,679,600
Cash (used in) / generated from operations	**(14,341,315)**	23,580,256
Taxes paid - net	**(203,846)**	(428,475)
Net cash (used in) / generated from operating activities	**(14,545,161)**	23,151,781
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Short term investment made	**(4,333,110)**	-
Capital expenditure incurred	**-**	(2,197,500)
Net cash used in investing activities	**(4,333,110)**	(2,197,500)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowing	**-**	(2,000,000)
Net cash generated from / (used in) financing activities	**-**	(2,000,000)
Net increase in cash and cash equivalents (A+B+C)	**(18,878,271)**	18,954,281
Cash and cash equivalents at the beginning of the year	**79,084,421**	60,130,140
Cash and cash equivalents at the end of the year	**60,206,150**	79,084,421

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

Chief Executive | ***Director***

1 THE COMPANY AND GENERAL INFORMATION

1.1 Legal status and operations

Nini Securities (Private) Limited (the Company) was incorporated under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as on June 01, 2006. The Company is a corporate member of the Pakistan Stock Exchange Limited (PSX). The principal objects of the Company include share brokerage, money market transactions, consultancy services and underwriting etc. The registered office of the Company is situated at 707, 7th Floor, PSX Building, 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 applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act) and provisions of and directives issued under the Act. Where provisions of or directives issued under the Act differ from the IFRS Standards, the provisions of or directives issued under the Act have been followed.

Preparation of financial statements also include disclosures required by Securities Brokers (Licensing and Operations) Regulations, 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except stated otherwise. Further, accrual basis of accounting is followed except for cash flow information.

2.3 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 Pak Rupees, which is also the functional currency of the Company.

2.4 Critical accounting estimates and judgments

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

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- Review of useful life and residual value of property and equipment (note 3.1 and 5);
- Intangible assets (note 3.2 and 6);
- Revenue recognition (note 3.11 and 19); and
- Provision for taxation including deferred tax (note 3.1).

2.5 *New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2019*

The following amendments to accounting standards are effective for the year ended June 30, 2019 except as explained otherwise, these standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective for period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4 'Insurance Contracts': Applying IFRS 9 with IFRS 4	January 1, 2018
IFRS 9 'Financial Instruments'	Annual period ending on or after June 30, 2019
IFRS 15 'Revenue from Contracts with Customers'	July 1, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 1, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 1, 2018

Certain annual improvements have also been made to a number of standards, which have not ben enumerated here for brevity.

2.5.1 *First time adoption of new Standards*

<u>IFRS 9 - Financial Instruments</u>

This standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaced the majority of requirement of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognized either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The accounting policies that apply to financial instruments are stated in note 3.3 to these financial statements. The impact of the adoption of IFRS 9 has been in the following areas:

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

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

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at June 30, 2018 and June 30, 2017:

As at 30 June 2018	***Original classification under IAS 39***	***New Classification under IFRS 9***	***Original Carrying Amount***	***New Carrying Amount***
			- - - - - - - - Rupees	***- - - - - - - -***
Long term investment	Available for sale	FVTPL	**31,658,322**	**31,658,322**
Long term deposits	Loans and receivable	Amortized cost	**300,000**	**300,000**
Trade debts	Loans and receivable	Amortized cost	**2,552,724**	**2,552,724**
Deposits	Loans and receivable	Amortized cost	**25,000**	**25,000**
Loans	Loans and receivable	Amortized cost	**95,500**	**95,500**
Cash and bank balances	Loans and receivable	Amortized cost	**79,084,421**	**79,084,421**
Total financial assets			**113,715,967**	**113,715,967**

As at 30 June 2017	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original Carrying Amount*	*New Carrying Amount*
			- - - - - - - - Rupees	*- - - - - - - -*
Long term investment	Available for sale	FVTPL	41,163,833	41,163,833
Long term deposits	Loans and receivable	Amortized cost	200,000	200,000
Trade debts	Loans and receivable	Amortized cost	903,961	903,961
Deposits	Loans and receivable	Amortized cost	15,853,716	15,853,716
Loan and other receivable	Loans and receivable	Amortized cost	4,988,269	4,988,269
Cash and bank balances	Loans and receivable	Amortized cost	60,130,140	60,130,140
Total financial assets			123,239,919	123,239,919

Retrospective application of changes in classification of financial assets due to adoption of IFRS 9 has had the following effects on the amounts presented for June 30, 2018 and June 30, 2017:

Statement of Financial Position	***As originally reported***	***Restatement as per IFRS 9***	***As restated***
	- - - - - - - - - - - -	***Rupees***	***- - - - - - - - - - - -***
Statement of Financial Position			
As at June 30, 2018			
Unappropriated profit	**4,094,628**	**15,628,788**	**19,723,416**
Gain on remeasurement of 'available for sale' investment	**15,628,788**	**(15,628,788)**	**-**

	As originally reported	Restatement as per IFRS 9	As restated
	-------------	Rupees	-------------
As at June 30, 2017			
Unappropriated profit	8,860,949	25,134,299	33,995,248
Gain on remeasurement of 'available for sale' investment	25,134,299	(25,134,299)	-
Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2018			
Other expenses	**2,778,052**	**9,505,511**	**12,283,563**
Loss before taxation	**4,284,688**	**9,505,511**	**13,790,199**
Loss after taxation	**4,766,321**	**9,505,511**	**14,271,832**
Unrealized loss on remeasurement of available for sale investments	**9,505,511**	**(9,505,511)**	- -

(ii) Hedge accounting

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

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

(iii) Impairment of financial assets

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

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

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

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

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements on the reporting date does not have a material impact on provision for doubtful debts measured under IAS 39.

IFRS 15 - Revenue from Contracts with Customers

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 provides a single, principle-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations in a contract are satisfied rather than based on the transfer of risks and rewards. The above is generally consistent with the timing and amount of revenue recognized in accordance with the previous policy. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue did not have an impact on the timings and amounts of revenue recognition of the Company. Therefore, the adoption of IFRS 15 did not have an effect on the financial statements of the Company for the current as well as prior year.

2.6 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases'	January 1, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

	Effective from accounting period beginning on or after
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not ben enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts
IFRS 17 - Insurance Contracts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation on property and equipment is charged to income by applying the reducing balance method at the rates specified in the relevant note.

Depreciation is charged from the month in which they are available for use and on deletions up to the month of deletion. Normal repairs and maintenance are charged to profit or loss as and when incurred. Major renewals, if any, are capitalized.

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 asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial year in which they are incurred.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use or disposal and significant risks and rewards incidental to ownership have been transferred. Gains or losses on disposal of assets, if any, are recognized in the profit or loss, as and when incurred.

The carrying values of property and equipment are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3.2 Intangible assets

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

Trading Right Entitlement Certificate (TREC)
This is initially measured at apportioned value of carrying value of surrendered card which is apportioned between TREC and Shares of PSX. Subsequent to its initial recognition, it is measured at cost less impairment, if any. impairment test is done to assess whether this is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amounts.

Computer Software
These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of the asset by applying the reducing balance method at the rate specified in note 6.2 to these financial statements.

Amortization is charged from the month when the asset is available for use while no amortization is charged in the month of disposal.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposal, if any, of assets are included in income currently.

3.3 *Financial assets and liabilities*

3.3.1 *Initial Recognition*

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

3.3.2 *Classification of financial assets*

The Company classifies its financial instruments in the following categories:
- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

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

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

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI
Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through P&L
A financial asset is measured at fair value through P&L unless it is measured at amortized or at fair value through OCI.

3.3.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

3.3.4 Subsequent measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

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

3.3.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

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

3.3.6 *Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

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

3.3.7 *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.4 *Trade debts*

Trade debts are recognized initially at fair value and subsequently measured at amortized cost after deducting provision for bad debts, if any. A provision for bad debts is established when there is an objective evidence that the Company will not be able to collect all amounts due from clients according to the original terms of transactions. Trade debts considered irrecoverable are written off. The receivables in respect of securities sold on behalf of clients are recorded at settlement of transactions.

3.5 *Fiduciary assets*

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

3.6 *Loans and deposits*

These are carried at initially at fair value and subsequently measured at amortized cost to be received / settled. Provision is made against balances considered doubtful. Balances considered irrecoverable are written off.

3.7 *Cash and cash equivalents*

It comprises of cash in hand and cash at bank which are carried at amortized cost. For the purpose of cash flow statements, cash and cash equivalent include cash in hand and cash in current accounts held with the banks.

3.8 *Trade and other payables*

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company. Trade payables in respect of securities are recorded at settlement date of transactions.

3.9 *Taxation*

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss account, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enactive on the reporting date and only adjustment to tax payable in respect of previous year.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.10 *Provisions*

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

3.11 *Revenue recognition*

Revenue from brokerage services

- Brokerage income and other income are recognized as and when services have been provided and performance obligations are met.

Other revenue

- Gain on sale of property and equipment is recorded when title is transferred in favor of the transferee.

- Dividend income is recognized when the right to receive the same is established.

- Unrealized gain / (loss) arising on revaluation of securities classified as 'financial assets carried at fair value through profit or loss are included in profit or loss in the period in which they arise.

- Markup income is recorded on accrual basis.

- Gain / (loss) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.

- Other income is recognized on occurrence of transactions.

4 DETAILS OF RELATED PARTIES

Followings are the names of those related parties with whom the company has made transactions during the current financial year.

Name of related parties	*% of holding*	*Basis of relationship*
Mr. Muhammad Yaqoob	99.999	Chief Executive
Mr. Yousuf	0.001	Director
Mr. Muhammad Yaseen	-	Close Family Member
Ms. Afsha Faisal	-	Close Family Member
Ms. Farzana	-	Close Family Member

5 PROPERTY AND EQUIPMENT

Particulars	Owned Asset				Total
	Office premises lease hold	Office equipments	Computer & accessories	Vehicle	
	Rupees				
Year ended June 30, 2019					
Opening net book value	**7,737,809**	**24,192**	**228,627**	**2,028,250**	**10,018,878**
Depreciation charge for the year	**(386,890)**	**(7,258)**	**(22,863)**	**(405,650)**	**(822,661)**
Closing net book value as on June 30, 2019	**7,350,919**	**16,934**	**205,764**	**1,622,600**	**9,196,217**
As at June 30, 2019					
Cost	**10,000,000**	**32,000**	**546,541**	**2,135,000**	**12,713,541**
Accumulated depreciation	**(2,649,081)**	**(15,066)**	**(340,777)**	**(512,400)**	**(3,517,324)**
Closing net book value as on June 30, 2019	**7,350,919**	**16,934**	**205,764**	**1,622,600**	**9,196,217**
Year ended June 30, 2018					
Opening net book value	8,145,062	26,880	273,605	-	8,445,547
Additions during the year	-	-	62,500	2,135,000	2,197,500
Depreciation charge for the year	(407,253)	(2,688)	(107,478)	(106,750)	(624,169)
Closing net book value as on June 30, 2018	7,737,809	24,192	228,627	2,028,250	10,018,878
As at June 30, 2018					
Cost	10,000,000	32,000	546,541	2,135,000	12,713,541
Accumulated depreciation	(2,262,191)	(7,808)	(317,914)	(106,750)	(2,694,663)
Closing net book value as on June 30, 2018	7,737,809	24,192	228,627	2,028,250	10,018,878
Rate of depreciation	**5%**	**30%**	**10%**	**20%**	

	Note	2019 Rupees	2018 Rupees
6 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate (TREC)	6.1	**2,500,000**	2,500,000
Computer Software	6.2	**495,521**	550,579
		2,995,521	3,050,579

6.1 *Trading Right Entitlement Certificate (TREC)*

	2019 Rupees	2018 Rupees
Opening book value	**2,500,000**	5,000,000
Provision for impairment	-	(2,500,000)
Closing book value	**2,500,000**	2,500,000

6.2 *Computer Software*

	2019 Rupees	2018 Rupees
Opening net book value	**550,579**	611,754
Amortization charge	**(55,058)**	(61,175)
Closing net book value	**495,521**	550,579
As at June 30,		
Cost	**734,840**	734,840
Accumulated amortization	**(239,319)**	(184,261)
	495,521	550,579
Rate of amortization	**10%**	10%

7 *LONG TERM INVESTMENT*

- At fair value through profit or loss
In securities of listed companies

	Note	2019 Rupees	2018 Rupees
Pakistan Stock Exchange Limited			
Carrying value		-	41,163,833
Loss on remeasurement of investment at fair value through profit or loss		-	(9,505,511)
	7.1	-	31,658,322

	2019 Number of Shares	2018 Number of Shares		2019 Rupees	2018 Rupees
7.1	-	1,602,953	Pakistan Stock Exchange Limited	-	31,658,322

7.1.1 Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act), the ownership rights in a Stock Exchange was segregated from the right to trade on the exchange. Accordingly, the Company received Trading Right Entitlement Certificate (TREC) in lieu of its Membership Card of PSX and 4,007,383 equity shares of PSX at face value of Rs. 10 each in the following manner;

1. 40% of the total shares allotted (i.e. 1,602,953 shares) were transferred in the House Account - CDC of each initial shareholder. These shares were pledged with PSX.

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which were remained blocked for divestment to strategic investor(s), general public and financial institutions. These were disposed off by the PSX in financial year 2017.

Initially, in the absence of an active market of the shares of KSEL and TREC, these shares were valued by allocating the carrying value of the Membership Card of Rs. 90 million between the shares (financial asset) and TREC (an intangible asset) on the basis of the value of ordinary shares of KSEL and the TREC assigned by the KSEL for minimum base capital requirement purposes applicable to the Stock Exchange brokers on May 03, 2013.

After public subscription, shares of PSX were listed on June 29, 2017 at an initial price of Rs. 28 per share. Market value as on June 30, 2019 is Rs. 13 (2018 : 19.75) per share.

As on the reporting date, Company has 1,081,194 (2018: 1,081,194) shares of PSX marked as freezed by the CDC in accordance with the requirements of Sub-Regulation 1, 2 and 3 of Regulation 5 of Public Offering Regulations, 2017 promulgated by the SECP.

Subsequent to year end, on August 26, 2019, these shares have been unfreezed by the PSX due to which these have been classified in current assets under the category of 'financial asset at fair value through profit or loss' and corresponding figure has been restated in accordance with the requirements of IFRS 9 as fully discussed in note no. 2.5.1 to these financial statements.

	Note	2019 Rupees	2018 Rupees
8 LONG TERM DEPOSITS			
Deposits			
National Clearing Company of Pakistan Limited		**200,000**	200,000
Central Depository Company		**100,000**	100,000
		300,000	300,000
9 TRADE DEBTS			
Considered good	9.1 & 9.2	**5,657,773**	2,552,724

9.1 Maximum aggregate amount of receivable during the year with respect to month end balance:

	2019	2018
Mr. Yousuf (Director)	**150,696**	77,466
Mr. Muhammad Yaseen (Key management personnel)	**4,318,821**	3,317,792
Ms. Afsha Faisal (Close family member)	**86,550**	2,597
Ms. Farzana (Close family member)	**161,862**	500
Muhammad Yaqoob (Chief Executive)	**384,442**	2,878

9.2 *Age analysis of trade receivables from related parties as at June 30, 2019*

Name of related party	Amount not past due	Amount past due					Total gross amount due
		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	-----	-----	-----	Rupees	-----	-----	-----
Mr. Muhammad Yaseen Yaqoob (Key Management Personnel)	-	1,260,335	-	222,237	2,101,049	-	3,583,621
Mr. Yousuf (Director)	-	1,000	146,423	3,273	-	-	150,696

Age analysis of trade receivables from related parties as at June 30, 2018

Name of related party	Amount not past due	Amount past due					Total gross amount due
		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	-----	-----	-----	Rupees	-----	-----	-----
Mr. Muhammad Yaseen Yaqoob (Key Management Personnel)	-	1,011,551	338,865	817,848	-	-	2,168,264

10 DEPOSITS

	Note	2019 Rupees	2018 Rupees
Against			
Margin		**25,000**	25,000
Base Minimum Capital	10.1	**2,000,000**	-
		2,025,000	25,000

10.1 Represent deposit maintained by the Company, as a broker, with the PSX for its eligibility to trade through the Exchange Trading Systems to be calculated / prescribed as per Schedule I to Chapter 19 of the PSX Rule Book.

11 LOANS

	Note	2019 Rupees	2018 Rupees
Considered good			
- to employees		**382,000**	95,500

12 SHORT TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
- At fair value through profit or loss			
In securities of listed companies			
Carrying value		**35,991,432**	-
Loss on remeasurement of investment carried at fair value through profit or loss		**(11,573,598)**	-
	12.1	**24,417,834**	

12.1 *Quoted Shares*

- At fair value through profit or loss

Number of shares 2019	Number of shares 2018		Market Value 2019 Rupees	Market Value 2018 Rupees
8,000	-	Attock Refinery Limited	**618,160**	-
2,500	-	D.G. Khan Cement Company Ltd.	**141,350**	-
3,000	-	Engro Fertilizers Limited	**191,910**	-
15,000	-	Fauji Cement Company Limited	**235,950**	-
3,000	-	Fauji Fertilizer Company Limited	**261,600**	-
1,000	-	Hascol Petroleum Limited	**68,620**	-
2,000	-	Netsol Technologies Limited	**131,780**	-
1,000	-	National Refinery Limited	**113,470**	-
5,000	-	Oil & Gas Development Co. Ltd.	**657,450**	-
2,500	-	Pakistan Oilfields Limited	**1,014,725**	-
1,000	-	Pakistan Petroleum Limited	**144,430**	-
1,602,953	-	Pakistan Stock Exchange Limited	**20,838,389**	-
1,646,953	-		**24,417,834**	-

13 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2019 Rupees	2018 Rupees
Against			
Sales tax		**1,260**	-
Income tax		**353,550**	190,617
		354,810	190,617

13.1 *Income tax refundable*

	Note	2019 Rupees	2018 Rupees
Refundable as on July 01,		**190,617**	163,429
Prior year adjustment		-	4,312
Taxes paid during the year		**202,586**	440,086
Provision for the current year	23	**(39,653)**	(417,210)
Refundable as on June 30,		**353,550**	190,617

14 CASH AND BANK BALANCES

	2019 Rupees	2018 Rupees
Cash in hand	**134,001**	115,831
Cash at banks		
- Own		
in current accounts	**57,717,956**	71,974,695
- Client		
in current accounts	**2,354,193**	6,993,895
	60,072,149	78,968,590
	60,206,150	79,084,421

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018			2019	2018
Number of Shares			Note	Rupees	Rupees
		Ordinary shares of Rs. 10 each			
10,000,000	10,000,000	fully paid in cash		**100,000,000**	100,000,000

15.1 Pattern Of Shareholding:

S. No.	Names	No. of shares	Percentage
1	Yousuf	**100**	**0.001%**
2	Muhammad Yakoob	**9,999,900**	**99.999%**
		10,000,000	**100%**

15.2 No change in shareholding is made during the year.

16 DEFERRED TAXATION

	Note	2019	2018
Deferred tax liability comprises of the following: -			
Taxable temporary differences			
Accelerated amortization for tax purposes		**21,010**	9,055
Accelerated depreciation for tax purposes		**264,452**	179,125
		285,462	188,180
Deductible temporary differences			
Investments at fair value through profit or loss		**(113,050)**	
Tax losses	16.1	**(4,751,284)**	(84,108)
		(4,864,334)	(84,108)
Deferred tax asset		**(4,578,872)**	-
Deferred tax asset not recognized	16.2	**4,578,872**	-
		-	104,072

16.1 Breakup of unused tax losses and tax credits is as follows:

Normal business losses	Expiry Date	2019	2018
Tax year 2018	June 30, 2024	**(84,108)**	(84,108)
Tax year 2019	June 30, 2025	**(4,353,627)**	-
Unabsorbed tax depreciation	Indefinite	**(313,549)**	-
		(4,751,284)	(84,108)

16.2 Deferred tax asset as at reporting date to the extent of Rs. 4.579 million (2018: Rs. nil), has not been recognized because of the inherent uncertainties in forecasts of sufficient taxable profits in foreseeable future against which such benefits can be utilized.

17 TRADE AND OTHER PAYABLES

	2019 Rupees	2018 Rupees
Trade payable	**2,354,193**	6,963,699
Accrued liabilities	**250,296**	153,556
Sindh sales tax on services payable	-	25,884
Other payables	**5,598**	5,414
	2,610,087	7,148,553

18 CONTINGENCIES & COMMITMENTS

18.1 Contingencies

There are no contingencies as at the reporting date.

18.2 Commitments

18.2.1 Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

	Note	2019 Rupees	2018 Rupees
For purchase of shares		**2,281,037**	2,638,809
For sale of shares		**1,889,829**	5,014,125

19 OPERATING REVENUE

	Note	2019 Rupees	2018 Rupees
Commission income - gross		**2,481,454**	4,453,611
Less: Sindh sales tax on services		**(285,477)**	(519,713)
		2,195,977	3,933,898
Less: Commission paid to agents		**(13,835)**	(10,989)
	19.1	**2,182,142**	3,922,909

19.1 Includes brokerage income amounting to Rs. 1,009 (2018: Rs. 2,576) earned from an institutional client. Remaining brokerage income earned from retail customers.

20 OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries and other benefits		**2,589,500**	2,184,414
Directors' remuneration		**1,495,000**	840,000
PSX charges		**48,264**	73,042
CDC charges		**98,629**	124,849
NCCPL charges		**55,676**	47,560
Printing and stationary		**66,330**	101,370
Communication		**120,413**	112,534
Utilities		**166,278**	129,925
Office maintenance		**197,100**	38,400
Software maintenance		**326,579**	322,763
Conveyance expense		**138,080**	138,753
Depreciation	5	**822,661**	624,169
Amortization	6.2	**55,058**	61,175
Entertainment		**37,326**	99,184
Bank charges		**957**	682
Insurance expense		**66,500**	50,506
Donation	20.1	**316,500**	980,000
Fees and subscription	20.2	**652,769**	240,298
		7,253,620	6,169,624

20.1 None of the directors or their spouses has any interest in donees.

20.2 Includes Rs. 94,359 paid to Nazir High Court in respect of an interim order passed by the Honourable High Court of Sindh in a civil suit bearing no. 1722 of 2018 challenging the increase in fee for services provided by the Pakistan Stock Exchange Limited to the Company.

	Note	2019 Rupees	2018 Rupees
21 OTHER INCOME			
- from financial assets			
Dividend income		**95,400**	400,738
Markup income on PSX deposit		**1,446**	229,563
		96,846	630,301
- from other than financial assets			
Commission income on IPO		-	9,778
Miscellaneous income		-	100,000
		-	109,778
		96,846	740,079

	Note	2019 Rupees	2018 Rupees Restated
22 OTHER EXPENSES			
Auditor's remuneration	22.1	**287,500**	192,500
Impairment of Trading Rights Entitlement	6.1	-	2,500,000
Remeasurement loss on investments carried at fair value through profit or loss	12	**11,573,598**	9,505,511
Miscellaneous expenses		**26,887**	85,552
		11,887,985	12,283,563

22.1 Auditor's remuneration

	2019 Rupees	2018 Rupees
- Statutory audit	**150,000**	140,000
- Out of pocket	**10,000**	7,500
- Other assurance services	**127,500**	45,000
	287,500	192,500

23 TAXATION - NET

	2019 Rupees	2018 Rupees
Current	**39,653**	417,210
Prior	-	(4,312)
Deferred	**(104,072)**	68,735
	(64,419)	481,633

23.1 Returns for the tax year up to 2018 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001, however the CIT has power to re-assess any of the five preceding tax years.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

24.1 Financial Instrument by Category

	Note	2019 Rupees	2018 Rupees
Financial Assets			
- Fair value through profit or loss			
Long term investment	7	-	31,658,322
Short term investments	12	**24,417,834**	-
- At amortized cost			
Long term deposits	8	**300,000**	300,000
Trade debts	9	**5,657,773**	2,552,724
Deposits	10	**2,025,000**	25,000
Cash and bank balances	14	**60,206,150**	79,084,421
		92,606,757	113,620,467
Financial Liabilities			
- At amortized cost			
Trade and other payables	17	**2,610,087**	7,122,669

24.2 Financial risk management

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

The Company has exposures to the following risks from its use of financial instruments: -

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

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

24.3 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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally out of receivables from customers, 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 worth and proper margin 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 carrying amounts of financial assets represent the maximum credit exposure, as specified below:-

	2019 Rupees	2018 Rupees
Long term deposits	**300,000**	300,000
Loans	**382,000**	95,500
Trade debts	**5,657,773**	2,552,724
Deposits	**2,025,000**	25,000
Bank balances	**60,072,149**	78,968,590
	68,436,922	81,941,814

24.3.1 ***Ageing of debtors and impairment losses***

The aging of trade debtors at financial position date was:-

Past due 1-5 days	**51,086**	80,578
Past due more than 5 days	**5,606,687**	2,472,146
	5,657,773	2,552,724
Securities available for overdue receivables of more than 5 days after applying VAR based haircut	**5,909,662**	242,303

Based on the consideration of financial position and subsequent recovery / adjustment through trades, the Company believes that provision made for trade debts past due for more than 5 days is adequate and for rest of the receivables, the Company considers the amount to be fully recoverable and therefore, no further provision is made in these financial statements.

24.3.2 ***Credit Rating of Company's Banks***

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows: -

Name of banks	Rating Agency	Credit rating Short term	Long term
JS Bank Limited	PACRA	A1+	AA-
Bank Al - Habib Limited	PACRA	A1+	AA+

24.3.3 Other financial assets do not require any provision as these mainly comprise of balances recoverable from the regulators.

24.4 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. Company finances its operations through equity, working capital and running finance facility from banks with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

	2019			
	Carrying Amount	**Contractual cash out flows**	**Up to one year**	More than one year
	Rupees			
Financial liabilities				
Trade and other payables	**2,610,087**	**(2,610,087)**	**(2,610,087)**	-

	2018			
	Carrying Amount	Contractual cash out flows	Up to one year	More than one year
	Rupees			
Financial liabilities				
Trade and other payables	7,122,669	(7,122,669)	(7,122,669)	-

24.5 Market risk

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

24.5.1 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. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

24.5.2 Interest / mark up 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.

At reporting date, the Company is not exposed to any interest rate risk.

24.5.3 *Price risk*

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest 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 similar financial instruments traded in the market.

Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term and long term investments had increased / decreased by Rupee 1 with all other variables remain constant, total comprehensive income and equity would have been higher / (lower) by the amount shown below. The analysis is performed on same basis for 2018.

	Profit or loss	
	Increase	*(Decrease)*
As at June 30, 2019		
At fair value through profit or loss	**1,646,953**	(1,646,953)
As at June 30, 2018		
At fair value through profit or loss	-	-

24.6 *Operational Risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk is a risk arising from the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

i Requirements for appropriate segregation of duties between various functions, roles and responsibility;

ii Requirements for the reconciliation and monitoring of transactions;

iii Compliance with regulatory and other legal requirements;

iv Documentation of control and procedures;

v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;

vi Ethical and business standards;

vii Risk mitigation, including insurance where this is effective.

24.7 *Risk management policies*

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market price risk, interest rate risk and investing excessive liquidity.

24.8 *Capital risk management*

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business activities and to sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2019.

Capital is monitored on the basis of gearing ratio. This is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings from financial institutions less cash and bank balances.

The Company has not availed any borrowing facility from financial institutions as at reporting date, therefore, gearing ratio is nil.

24.9 *Fair Value of Financial Instruments*

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

Fair value hierarchy

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and investments in terms of following fair value hierarchy:

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).

Details of the Company's investments in terms of fair value hierarchy, explained above, at June 30, 2019 is as follows:

	Level 1	*Level 2*	*Level 3*
	------	Rupees	------
Assets measured at fair value			
June 30, 2019			
Short term investments - FVTPL	**24,417,834**	-	-
	24,417,834	-	-
June 30, 2018			
Short term investments - FVTPL	31,658,322	-	-
	31,658,322	-	-

25 RELATED PARTY TRANSACTION

Related parties comprise of Director, Key Management Personnel and close family members of the Director. Year end balances are disclosed in respective notes to these financial statements. Detail of transactions during the year with related parties are as follows:

Transaction with the related party	Relationship	Number	2019 Rupees	2018 Rupees
Commission earned from brokerage transactions				
Mr. Muhammad Yaseen	Key Management personnel		**35,217**	76,379
Mr. Yousuf	Director		**360**	5,931
Ms. Afsha Faisal	Close family member		**3,333**	4,935
Ms. Farzana	Close family member		**9,980**	33,690
Mr. Muhammad Yakoob	CEO		**16,656**	38,174
Remuneration paid to				
Mr. Muhammad Yaseen	Key Management personnel	1	**1,079,000**	700,000
Mr. Muhammad Yakoob	CEO	1	**1,170,000**	840,000
Mr. Yousuf	Director	1	**325,000**	-

26 CORRESPONDING FIGURES

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation. Major reclassifications during the year are as follows;

Reclassification from the caption component	Reclassification to the caption component	Note	Amount in Rupees
Operating and Administrative expenses (Salaries and other benefits)	Operating and Administrative expenses (Directors' remuneration)	20	**840,000**
Operating and Administrative expenses (Fees and subscription)	Operating and Administrative expenses (Insurance expense)	20	**66,500**

27 CAPITAL ADEQUACY LEVEL

	Note	2019 Rupees	2018 Rupees
Total Assets		**105,535,305**	126,976,041
Less: Total Liabilities		**(2,610,087)**	(7,252,625)
Capital Adequacy Level	27.1	**102,925,218**	119,723,416

27.1 Disclosure has been provided in pursuant of the requirements of 'Limit on Assets Under Custody Regime' read with Regulation 6.8 of CDC regulations.

28 *GENERAL*

28.1 Total number of employees as at June 30, 2019 and average number of employees during the year were 7 (2018: 5) and 6 (2018: 5) respectively.

28.2 As at reporting date, securities held by CDC in the name of sub-account holders (clients) of the Company amounts to Rs. 38.96 (2018: 39.82) million comprising of 2,243,141 (2018: 1,116,640) shares of which 130,000 (2018: 130,000) shares are pledged with the financial institution.

28.3 Figures have been rounded off to the nearest Rupee.

29 *APPROVAL OF FINANCIAL STATEMENTS*

These financial statements were authorized for issue on 1 3 SEP 2019 by the Board of Directors of the Company.

Chief Executive

Director