ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED** (the Company), 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, the cash flow statement 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 cash flow statement 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, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional 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 in adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 cash flow statement 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 was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is ***Mehmood A. Razzak***.

Baker Tilly Mehmood Idrees Qamar

Karachi

Date: 04 OCT 2019

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

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non - Current Assets			
Operating assets	5	19,211,453	21,379,521
Intangible assets	6	2,653,600	2,692,000
Investment	7	17,200,071	13,879,637
Long term deposits	8	2,162,165	2,112,165
		41,227,289	40,063,323
Current Assets			
Short term investment	9	118,176,109	123,811,334
Trade debts	10	35,663,105	82,924,529
Advances, deposits, prepayments and other receivables	11	95,573,936	114,886,355
Cash and bank balances	12	231,353,708	123,217,906
		480,766,858	444,840,124
TOTAL ASSETS		**521,994,147**	**484,903,447**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized Share Capital			
35,000,000 (2018: 35,000,000) Ordinary shares of Rs. 10/- each		**350,000,000**	**350,000,000**
Issued, Subscribed and Paid-up Share Capital			
34,682,360 (2018: 34,682,360) Ordinary shares of Rs. 10/- each	13	346,823,600	346,823,600
Accumulated (loss) / profit		(69,643,652)	33,714,461
Total shareholders' equity		**277,179,948**	**380,538,061**
Non - Current Liabilities			
Liabilities against assets subject to finance lease	14	-	1,807,075
Deferred liability - staff gratuity	15	3,068,775	3,264,468
		3,068,775	5,071,543
Current Liabilities			
Trade and other payables	16	90,907,671	91,052,777
Accrued mark-up		5,109,461	2,467,790
Short term borrowings - secured	17	143,774,434	4,171,834
Current portion of liabilities against assets subject to finance lease	14	1,953,858	1,601,442
		241,745,424	99,293,843
CONTINGENCIES AND COMMITMENTS	18	-	-
		521,994,147	**484,903,447**

The annexed notes 1 to 37 form an integral part of these financial statements

Chief Executive Officer

Director

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

	Note	2019 Rupees	2018 Rupees
Operating revenue	19	20,047,092	15,917,722
Operating expenses	20	(72,995,319)	(72,307,330)
Operating (loss)		**(52,948,227)**	**(56,389,608)**
Financial charges	21	(15,243,744)	(9,371,593)
Other charges	22	(38,770,696)	(10,305,336)
Other income	23	10,691,011	18,046,696
(Loss) before taxation		**(96,271,656)**	**(58,019,842)**
Taxation	24	(7,086,457)	(16,829,288)
(Loss) after taxation		**(103,358,113)**	**(74,849,130)**
Other comprehensive (loss) / income		-	-
Total comprehensive (loss) for the year		**(103,358,113)**	**(74,849,130)**
(Loss) per share	25	(2.98)	(2.16)

The annexed notes 1 to 37 form an integral part of these financial statements

Chief Executive Officer **Director**

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		(96,271,656)	(58,019,842)
Adjustments for non cash charges and other items			
Depreciation		2,862,838	3,393,504
Amortization of intangible assets		38,400	48,000
Financial charges		15,243,744	9,371,593
Dividend income		(3,207,525)	(8,620,062)
Gratuity expense		1,488,863	1,667,691
Impairment loss		-	2,500,000
Loss on disposal of property, plant and equipment		13,468	205,732
Unrealised gain on re-measurement of short term investments		-	(10,305,336)
		16,439,788	(1,738,878)
Operating (loss) before working capital changes		**(79,831,868)**	**(59,758,720)**
Decrease / (increase) in current assets			
Trade debts		47,261,424	39,243,069
Short term investments		-	72,794,123
Advances, deposits, prepayments and other receivables		22,275,884	178,309,350
		69,537,308	290,346,542
(Decrease) in current liabilities			
Trade and other payables		(145,106)	(30,664,866)
Cash generated from operations		(10,439,667)	199,922,956
Taxes paid - net		(10,049,923)	(16,441,073)
Gratuity paid		(1,684,556)	(502,064)
Financial charges paid		(12,602,073)	(9,767,347)
Net cash (used in) / inflow from operating activities		**(34,776,218)**	**173,212,472**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from trading investments		3,207,525	8,620,062
Additions in property, plant and equipment		(725,236)	(1,091,980)
Proceeds from disposal of operating assets		17,000	10,000
Investment - net		2,314,791	3,320,363
Long term deposits		(50,000)	947,779
Net cash inflow from investing activities		**4,764,080**	**11,806,224**
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(1,454,659)	(3,650,622)
Net cash (used in) financing activities		**(1,454,659)**	**(3,650,622)**
Net (decrease) / increase in cash and cash equivalents		**(31,466,797)**	**181,368,074**
Cash and cash equivalents at the beginning of the year		119,046,072	(62,322,003)
Cash and cash equivalents at the end of the year	26	87,579,274	119,046,072

The annexed notes 1 to 37 form an integral part of these financial statements

Chief Executive Officer

Director

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

	Issued, subscribed and paid-up share capital	Accumulated profit / (loss)	Total
	---------- Rupees ----------		
Balance as at July 01, 2017	**346,823,600**	**108,563,591**	**455,387,191**
(Loss) or the year ended June 30, 2018	-	(74,849,130)	(74,849,130)
Other comprehensive income	-	-	-
Total comprehensive (loss) for the year ended June 30, 2018	-	(74,849,130)	(74,849,130)
Balance as at June 30, 2018	**346,823,600**	**33,714,461**	**380,538,061**
(Loss) for the year ended June 30, 2019	-	(103,358,113)	(103,358,113)
Other comprehensive income	-	-	-
Total comprehensive (loss) for the year ended June 30, 2019	-	(103,358,113)	(103,358,113)
Balance as at June 30, 2019	**346,823,600**	**(69,643,652)**	**277,179,948**

The annexed notes 1 to 37 form an integral part of these financial statements

Chief Executive Officer **Director**

1. STATUS AND NATURE OF BUSINESS

The company is incorporated as a private company limited by shares under the Companies Ordinance, 1984 (the Ordinance) and is a holder of the Trading Right Entitlement Certificate (TREC) of the Pakistan Stock Exchange Limited. It is principally engaged in the business of brokerage of shares and securities, investment advisory services, portfolio management and securities research. The registered office of the company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan.

2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

During the year, share prices of listed securities significantly devalued which resulted in capital loss on the sale of shares.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

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

These financial statements comprise balance sheet, profit and loss account, cash flow statement, statement of changes in equity and notes to the financial statements and have been prepared under the accrual basis of accounting except for cash flow information.

3.2 Statement of Compliance

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

3.3 Standards, interpretations and amendments applicable to financial statements

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

a) Standards, interpretations and amendments to approved accounting standards which became effective during the year

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

i. IFRS - 15 "Revenue from Contracts with Customers"

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

There is no material impact on the financial statements of Company of adopting IFRS 15 - Revenue from Contracts with Customers.

ii. **IFRS - 9 "Financial Instruments"**

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Gap analysis has been conducted and changes incorporated in the financial statements including change in the name of financial instruments. However, there is no material impact on the financial statements of Company of adopting IFRS 9 - Financial Instruments.

b) **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:**

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee benefits (Amendments)	January 1, 2019
IAS 23	Borrowing Costs (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3	Business combinations (Amendments)	January 1, 2019
IFRS 9	Financial instruments (Amendments)	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by IFRS 16 and its effect on its financial statements.

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

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

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company has consistently applied the following accounting policies to all the years presented in these financial statements.

4.1 Operating assets

Owned
Operating assets are stated at cost less accumulated depreciation.

Depreciation on all operating assets is charged to income using the reducing balance method in accordance with the rates specified in note 5 to these financial statements. Depreciation on additions is charged from the month the asset is available for use.

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

Gain or loss on disposal of assets is included in profit and loss account.

Leased assets
Assets held under finance lease are initially recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of such assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.2 Intangible Assets

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

Costs directly associated with identifiable software and having probable economic benefit exceeding beyond one year are recognized as intangible assets. Direct costs include the purchase cost of software and related overhead cost. Computer software are amortized from the date such assets are put into use on straight-line basis over its useful life. Cost associated with maintaining computer software are recognized as an expense when incurred.

TREC and office room at PSX building, having indefinite useful lives are not amortized. These are stated at acquisition cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are in excess of their recoverable amounts, and where the carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

4.3 Financial assets

Initial Measurement
The Company classifies its financial assets into following three categories:
- measured at amortised cost.
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI);

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI
These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit and loss account.

Financial assets measured at amortised cost

Financial assets measured at these assets are subsequently measured at amortised cost using the effective amortised cost interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognised in the statement of profit and loss account.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit and loss account.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

4.4 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.5 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when the company has a legally enforceable right to off-set the recognized amounts and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.6 Trade debtors

These are initially measured at original invoice amount, which approximates fair value, and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is recognized when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Trade debts are written off when considered irrecoverable.

4.7 Provisions

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

4.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

4.9 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalized as part of cost of that asset.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand, balances with bank and short term running finances.

4.11 Staff retirement benefits

The company operates an unfunded gratuity scheme for all permanent employees based on their length of employment.

4.12 Taxation

The charge of the current year taxation is based on taxable income after considerign the rebates and tax credits available, if any. The company's revenue also falls under final tax regime to the Income Tax Ordinance, 2001.

4.13 Revenue recognition

Brokerage and other income is accrued as and when such services are provided.

Sale and purchase of securities and resultant gain or loss on disposal of securities are recognized on the date of contract.

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

4.14 Transactions with related parties

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using admissible valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the company to do so.

4.15 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

5. OPERATING ASSETS

	Building	Office equipment	Computer and allied	Furniture and fixtures	Motor vehicles	Leased Motor vehicles	Total
	Rupees						
Year ended June 30, 2018							
Opening net book value	5,798,562	881,302	1,308,214	431,113	5,121,518	10,356,068	23,896,777
Additions (at cost)	-	437,205	235,875	37,720	17,500	363,680	1,091,980
Disposals							
Cost	-	(265,626)	(3,523,469)	(330,379)	-	-	(4,119,474)
Accumulated depreciation	-	214,380	3,450,388	238,974	-	-	3,903,742
	-	(51,246)	(73,081)	(91,405)	-	-	(215,732)
Transfer							
Cost	-	-	-	-	9,587,000	(9,587,000)	-
Accumulated depreciation	-	-	-	-	(2,660,393)	2,660,393	-
					6,926,607	(6,926,607)	-
Depreciation charge for the year	(289,928)	(162,096)	(429,848)	(135,221)	(768,446)	(1,607,964)	(3,393,504)
Net book value as at June 30, 2018	**5,508,634**	**1,105,165**	**1,041,160**	**242,208**	**11,297,179**	**2,185,177**	**21,379,521**
At June 30, 2018							
Cost	6,425,000	2,453,811	2,864,926	1,520,157	20,010,742	5,620,680	38,895,316
Accumulated depreciation	(916,366)	(1,348,646)	(1,823,766)	(1,277,949)	(8,713,563)	(3,435,503)	(17,515,795)
Net book value as at June 30, 2018	**5,508,634**	**1,105,165**	**1,041,160**	**242,208**	**11,297,179**	**2,185,177**	**21,379,521**
Year ended June 30, 2019							
Opening net book value	5,508,634	1,105,165	1,041,160	242,208	11,297,179	2,185,177	21,379,521
Additions (at cost)	-	477,435	109,301	-	198,000	-	784,736
Disposals							
Cost	-	-	20,300	-	182,191	-	202,491
Accumulated depreciation	-	-	(5,684)	-	(106,839)	-	(112,523)
	-	-	14,616	-	75,352	-	89,968
Depreciation charge for the year	(275,432)	(200,167)	(309,116)	(36,331)	(1,714,015)	(327,777)	(2,862,838)
Net book value as at June 30, 2019	**5,233,202**	**1,382,433**	**826,729**	**205,877**	**9,705,812**	**1,857,400**	**19,211,453**
At June 30, 2019							
Cost	6,425,000	2,931,246	2,953,927	1,520,157	20,026,551	5,620,680	39,477,561
Accumulated depreciation	(1,191,798)	(1,548,813)	(2,127,198)	(1,314,280)	(10,320,739)	(3,763,280)	(20,266,108)
Net book value as at June 30, 2019	**5,233,202**	**1,382,433**	**826,729**	**205,877**	**9,705,812**	**1,857,400**	**19,211,453**
Depreciation rate	5%	15%	30%	15%	15%	15%	

6. INTANGIBLE ASSETS	Note	2019 Rupees	2018 Rupees
Trading rights entitlement certificates	6.1	2,500,000	2,500,000
Software	6.2	153,600	192,000
		2,653,600	2,692,000

6.1 Trading rights entitlement certificates

Cost	2,500,000	5,000,000
Impairment loss	-	(2,500,000)
	2,500,000	2,500,000

6.2 Software

Net carrying value basis		
Opening net book value	192,000	240,000
Add: Additions during the year	-	-
Less: Amortization for the year	38,400	48,000
Closing net book value	153,600	192,000
Gross carrying value		
Cost	3,335,000	3,335,000
Less: Accumulated amortization	3,181,400	3,143,000
Net book value	153,600	192,000
Amortization rate - number of years	5	5

7. INVESTMENT

Investment at cost (unquoted - Dawood Family Takaful)	7,000,000	7,000,000
Investment in share of Pakistan Stock Exchange Limited	10,200,071	6,879,637
	17,200,071	13,879,637

8. LONG TERM DEPOSITS

Pakistan Stock Exchange Limited	350,000	350,000
Central Depository Company of Pakistan Limited	150,000	100,000
National Clearing Company of Pakistan Limited	200,000	200,000
Deposit against PSO card	215,515	215,515
Lease deposit	525,700	525,700
Rent deposit	680,000	680,000
Other deposits	40,950	40,950
	2,162,165	2,112,165

9. SHORT TERM INVESTMENT

At fair value through profit or loss (quoted equity securities)	118,176,109	111,006,594
Investment in share of Pakistan Stock Exchange Limited	-	10,304,740
Investment in IPO	-	2,500,000
	118,176,109	123,811,334

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10. TRADE DEBTS

	Note	2019 Rupees	2018 Rupees
Considered good:			
- Trade receivable		32,085,023	47,877,499
- Receivables against margin finance		3,578,082	35,047,030
		35,663,105	82,924,529

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2019 Rupees	2018 Rupees
Advance to staff		1,089,778	884,443
Exposure deposit into NCCPL	*11.1*	30,372,720	60,786,551
Receivable from PSX/NCCPL	*11.2*	2,054,649	7,378,915
Income tax refundable - net		48,004,769	45,041,304
Prepayments		-	477,482
Other receivables	*11.3*	14,052,020	317,660
		95,573,936	114,886,355

11.1 This represents deposit with NCCPL against trade in future and ready market.

11.2 This represents deposit with NCCPL against transactions in Margin Trading System and future profit held.

11.3 This includes receivable from a related party amounting to Rs 13,701,075 (2018: Rs. Nil).

12. CASH AND BANK BALANCES

	Note	2019 Rupees	2018 Rupees
Cash in hand		113,585	85,019
Cash at banks:			
- Current accounts	12.1	231,240,123	123,132,887
		231,353,708	123,217,906

12.1 This include Rs. 66,028,911 (2018: 72,083,628) kept in designated bank accounts maintained on behalf of clients.

13. SHARE CAPITAL

Authorized Share Capital

Number of Shares 2019	Number of Shares 2018		2019 Rupees	2018 Rupees
35,000,000	35,000,000	Ordinary shares of Rs. 10 each	350,000,000	350,000,000

Issued, Subscribed and Paid-up Share Capital

Number of Shares 2019	Number of Shares 2018		2019 Rupees	2018 Rupees
34,682,360	34,682,360	Ordinary shares of Rs. 10 each fully paid in cash	346,823,600	346,823,600

13.1 **Pattern of Shareholding**

Name of Shares holders	2019	2018	2019	2018
	Percentage		Number of Shares	
Ahfaz Mustafa	65%	65%	22,622,660	22,622,660
Azhar Iqbal	17%	17%	6,030,100	6,030,100
Ayesha Naeem	17%	17%	6,029,600	6,029,600
Total	100%	100%	34,682,360	34,682,360

14. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2019			2018		
	Minimum lease payments	Financial charges allocated	Present value of lease payments	Minimum lease payments	Financial charges allocated	Present value of lease payments
	---------- Rupees ----------					
Not later than one year	1,953,858	-	1,953,858	1,761,828	160,386	1,601,442
Later than one year but not later than five years	-	-	-	1,847,071	39,996	1,807,075
	1,953,858	-	1,953,858	3,608,899	200,382	3,408,517

14.1 The above represents the net present value of the minimum payments and is secured against deposits of Rs.525,700 (2018: Rs. 525,700), title of ownership of leased assets and personal guarantees of all the directors.

14.2 The total principal amount along with financial charges is payable in 36 monthly installments and carries mark-up ranging from 7.93% to 11.55% (2018: 7.09% to 7.43%) per annum.

15. DEFERRED LIABILITY - STAFF GRATUITY

	2019 Rupees	2018 Rupees
Opening balance	3,264,468	2,098,841
Provision during the year	1,488,863	1,667,691
	4,753,331	3,766,532
Paid during the year	(1,684,556)	(502,064)
Closing balance	3,068,775	3,264,468

16. TRADE AND OTHER PAYABLES

	2019	2018
Creditors	1,191,241	912,761
Trade payables	70,823,743	72,083,628
Accrued expenses	3,307,696	2,291,751
Sales and other taxes payable	519,622	1,144,825
Other liabilities	15,065,369	14,619,812
	90,907,671	91,052,777

	Note	2019 Rupees	2018 Rupees
17. SHORT TERM BORROWINGS - SECURED	*17.1*	143,774,434	4,171,834

17.1 The company has obtained short term running finance facilities under mark-up arrangements with an aggregate limit of Rs 925 million (2018: Rs 625 million) from various commercial banks with variable mark-up rates ranging from 2019: 8.42% to 14.12 (2018: 8.42% to 9.50%). These are secured against pledge of marketable securities and personal guarantees of all the directors.

18. CONTINGENCIES AND COMMITMENTS

Contingencies

The company has filed a recovery suit amounting to Rs. 17.16 million against a customer. The same customer has filed a counter suit of the same amount against the company. The company based on the advice of its legal counsel is confident that the case will be decided in its favor and the amount against which the claim has been filed will be received. Hence, no provision against this receivable has been made in these financial statements.

Commitments

There has been no commitments at balance sheet date.

19. OPERATING REVENUE	Note	2019 Rupees	2018 Rupees
Brokerage commission	*19.1*	48,808,160	40,043,825
Other revenue		459,392	8,553,181
Net loss from transactions in marketable securities		(29,220,460)	(32,679,284)
		20,047,092	15,917,722

19.1 It includes brokerage income of Rs. 4,410 (2018: Rs. 4,852) earned from related parties.

20. OPERATING EXPENSES

	Note	2019	2018
Salaries and benefits	*20.1*	43,160,752	27,042,179
Director's remuneration		-	3,900,000
Printing and stationery		495,158	714,750
Telephone and postage		-	1,090,866
Rent, rates and taxes		2,463,901	2,297,500
Vehicle running and maintenance		2,893,892	1,903,015
Repairs and maintenance		2,744,237	477,906
Electricity and gas charges		2,443,467	847,935
Legal and professional charges		830,100	314,700
Commission expenses		3,770,430	6,132,427
Travelling and conveyance		498,396	1,429,365
Insurance expenses		1,720,553	1,192,535
Entertainment		1,528,386	1,646,579
Fees and subscription		1,451,014	6,953,939
Depreciation	*5*	2,862,838	3,393,504
Amortization of intangible assets	*6.2*	38,400	48,000
Security expense		-	1,568,280
Office expenses		-	1,111,286
Computer expenses		5,630,327	3,103,690
Donation and charity	*20.2*	40,000	20,000
Auditors' remuneration	*20.3*	410,000	410,000
Loss on disposal of assets		13,468	205,732
Other expenses		-	6,503,142
		72,995,319	72,307,330

20.1 Salaries and benefits include Rs. 1,488,863 (2018: Rs. 1,667,691) in respect of staff retirement benefits.

20.2 None of the directors or their spouses had an interest in the donee's funds.

20.3 Auditors' Remuneration	Note	2019 Rupees	2018 Rupees
Audit fees		300,000	300,000
Out of pocket expenses		20,000	20,000
		320,000	320,000
Others		90,000	90,000
		410,000	410,000

21. FINANCIAL CHARGES

Mark-up on bank borrowings	17.1	14,366,491	8,497,697
Mark up on leased assets		189,778	328,706
Bank charges		687,475	545,190
		15,243,744	9,371,593

22. OTHER CHARGES

Unrealised loss on measurement of investments at fair value		38,770,696	10,305,336
		38,770,696	10,305,336

23. OTHER INCOME

Dividend income		3,207,525	8,620,062
Mark-up on exposure deposit		1,992,980	2,304,325
Mark-up on MF		5,490,506	7,122,309
		10,691,011	18,046,696

24. TAXATION

Current year		7,086,457	15,858,282
Prior year		-	971,006
		7,086,457	16,829,288

25. (LOSS) PER SHARE

(Loss) for the year		(103,358,113)	(74,849,130)
Weighted average number of ordinary shares		34,682,360	34,682,360
		(2.98)	(2.16)

26. CASH AND CASH EQUIVALENTS

Cash and bank balances	12	231,353,708	123,217,906
Short term borrowings - secured	17	(143,774,434)	(4,171,834)
		87,579,274	119,046,072

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27. PLEDGE SECURITIES

	Number of Shares	Pledge Value
Pledged to financial institutions on behalf of brokerage house	5,630,300	121,132,368
Pledged to financial institutions on behalf of clients	22,230,295	683,300,462

28. CUSTOMERS ASSETS HELD IN CDC

The house holds approx 97.674 millions (2018: 72.3) million securities of his clients in the clients CDC sub accounts having aprox. fair value Rs. 1,753.40 millions (2018 Rs. 1,807.37) millions.

29. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and key management personnel. The company continues to have a policy whereby all transactions with related parties are at contractual / agreed rates.

Name and relation with the related Party	Transactions during the year and year end balances	2019 Rupees	2018 Rupees
	Brokerage income earned	4,402	4,852
Mr. Ahfaz Mustafa, Chief Executive	Trade payable at year end	54,238	66,945
	Other receivables at year end	13,701,015	-

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2019	2018	2019	2018
	Rupees			
Managerial remuneration	2,601,300	2,601,300	10,834,986	4,817,963
Allowances	1,298,700	1,298,700	5,416,680	2,405,370
Bonus	-	-	-	161,700
Total	3,900,000	3,900,000	16,251,666	7,385,033
Number of persons	1	1	5	3

30.1 The company also provided the company maintained car to chief executive.

30.2 Directors do not receive any remuneration from the company.

31. CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern so that it can provide benefits to all stakeholders.

In order to maintain the balance of its capital structure the company may consider injecting further equity or issuing fresh debt. The company monitors its capital on the basis of its gearing ratio. Debt is calculated as total borrowings including both long term and short term borrowings. The gearing ratio as at June 30, 2019 and 2018 was as follows:

	2019 Rupees	2018 Rupees
Total borrowings	145,728,292	7,580,351
Paid-up capital	346,823,600	346,823,600
Accumulated profit	(69,643,652)	33,714,462
	277,179,948	380,538,062
Gearing ratio	34%	2%

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

i) Financial instruments by category

	2019 Rupees	2018 Rupees
Financial assets		
At cost		
Investment in shares of Pakistan Stock Exchange Limited	10,200,071	6,879,637
At amortized cost		
Long term deposits	2,162,165	2,112,165
Trade debts	35,663,105	82,924,529
Advances, deposits, prepayments and other receivables	47,569,167	69,367,569
Cash and bank balances	231,353,708	123,217,906
At fair value through profit or loss		
Short term investments	118,176,109	123,811,334
Total financial assets	**445,124,325**	**408,313,140**
Financial liabilities		
Liabilities against assets subject to finance lease	1,953,858	3,408,517
Trade and other payables	90,907,671	91,052,777
Accrued mark-up on borrowings	5,109,461	2,467,790
Short term borrowings	143,774,434	4,171,834
Total financial liabilities	**241,745,425**	**101,100,919**

ii) Financial risk management objectives and policies

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

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks namely interest rate risk, currency risk and other price risk. The company is exposed to interest rate risk and other price risk only.

i) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from finance leases and running finance facilities. At the balance sheet date the interest rate profile of the company's mark-up bearing financial instruments is as follows:

	Note	Carrying amount 2019 Rupees	2018 Rupees
Variable rate instruments			
Financial liabilities	*15 & 18*	(145,728,292)	(7,580,351)
		(145,728,292)	(7,580,351)

As at June 30, 2019 if KIBOR had been 100 basis points higher / lower with all other variables being constant, profit before taxation for the year would have been higher / lower by Rs 1.4 million (2018: Rs 75,804) respectively mainly as a result of higher / lower interest exposure on variable rate borrowings.

ii) **Other price risk**

Other price risk includes equity price risk which is the risk of changes in the fair value of equity securities.

The equity price risk exposure arises from investments in equity securities held by the company for which prices for the future are uncertain. The company manages equity price risk through diversification of its investment portfolio.

As at June 30, 2019 if the PSX 100 index had been 5% higher / lower with all other variables being constant, profit before taxation for the year would have been higher / lower by Rs. 6.15 million (2018: Rs. 6.19 million) respectively with a corresponding decrease / increase in net assets of the company.

b) **Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Credit risk arises from deposit with banks, trade debts, loans, advances, deposits and other receivables. The maximum exposure to credit risk (which is the carrying value of financial assets) at the balance sheet date is as follows:

	2019 Rupees	2018 Rupees
Long term deposits	2,162,165	2,112,165
Short term investments	118,176,109	123,811,334
Trade debts	35,663,105	82,924,529
Advances, deposits, prepayments and other receivables	47,569,167	69,367,569
Bank balances	231,240,123	123,132,887
	434,810,669	401,348,484

To reduce the exposure to credit risk, the company has developed a formal approval process whereby credit limits are applied to its customers. The company is doing its utmost to recover the amount outstanding from its customers and is confident that the amount would be recovered based on the past experience and the recovery efforts being carried out by the company.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

No impairment has been recognised in respect of these debts as the custody of equity securities against the same is considered to be adequate.

c) **Liquidity risk**

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date.

	2019					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
Liabilities against assets subject to finance lease	1,953,858	1,953,858	-	1,953,858	-	-
Trade and other payables	90,907,671	90,907,671	-	90,907,671	-	-
Accrued mark-up	5,109,461	5,109,461	-	5,109,461	-	-
Short term borrowings - secured	143,774,434	143,774,434	-	143,774,434	-	-
	241,745,424	241,745,424	-	241,745,424	-	-

	2018					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
Liabilities against assets subject to finance lease	3,408,517	1,601,442	-	1,601,442	1,807,075	-
Trade and other payables	91,052,777	91,052,777	-	91,052,777	-	-
Accrued mark-up	2,467,790	2,467,790	-	2,467,790	-	-
Short term borrowings - secured	4,171,834	4,171,834	-	4,171,834	-	-
	101,100,918	99,293,843	-	99,293,843	1,807,075	-

iii) **Fair value of financial assets and liabilities**

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

The fair value measurement hierarchy of the financial instruments carried at fair value is as follows:

Level 1 - quoted market prices
Level 2 - valuation techniques (market observable)
Level 3 - valuation techniques (non-market observable)

Fair value of investments traded in an active market are based on quoted market prices under the level 1 valuation method. Since investment in Pakistan Stock Exchange Limited (PSX) is not listed on any stock exchange, a quoted market price is not available and the fair value of such investment can not be determined with reasonable accuracy.

33. NUMBER OF EMPLOYEES

	2019	2018
Total number of employees at the end of the year	32	34
Average number of employees during the year	33	38

34. CAPITAL ADEQUACY LEVEL

	2019 Rupees	2018 Rupees
Total assets	521,994,147	484,903,447
Less: Total liabilites	(244,814,199)	(104,365,386)
Revaluation Reserves (Created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	277,179,948	380,538,060

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35. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors in their meeting held on 04 OCT 2019

36. CORRESPONDING FIGURES

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

37. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director