AUDITED FINANCIAL STATEMENTS
OF
SHERMAN SECURITIES
(PRIVATE) LIMITED
FOR THE YEAR ENDED
JUNE 30, 2019

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Sherman Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

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

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

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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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Russell Bedford

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Report on Other Legal and Regulatory Requirements

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

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

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

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

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);

e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the balance sheet was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani.**

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 2 5 SEP 2019

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

			(Restated)	*(Restated)*
		June 30, 2019	June 30, 2018	June 30, 2017
ASSETS	*Note*		Rupees	
Non-current assets				
Property and equipment	5	**21,403,493**	28,448,296	34,153,955
Intangible assets	6	**4,177,618**	4,347,022	8,050,735
Long term investment	7	**-**	21,353,582	10,290,952
Long term deposits	8	**4,200,000**	4,200,000	4,200,000
		29,781,111	58,348,900	56,695,642
Current assets				
Trade debts	9	**12,601,560**	23,716,260	15,484,072
Short term investments	10	**1,213,462,555**	1,381,499,570	1,255,863,214
Advances, deposits, prepayments and other receivables	11	**7,980,132**	43,258,568	86,669,896
Tax refundable due	12	**79,478,697**	70,533,862	70,206,897
Derivative	13	**3,363,170**	5,224,285	13,335,385
Cash and bank balances	14	**44,269,849**	109,382,379	185,677,286
		1,361,155,963	1,633,614,924	1,627,236,750
		1,390,937,074	1,691,963,824	1,683,932,392
EQUITIES AND LIABILITIES				
Share capital and reserves				
Authorized capital	15	**150,000,000**	150,000,000	150,000,000
Issued, subscribed and paid up capital	15	**120,000,000**	120,000,000	120,000,000
Unappropriated profit		**504,602,608**	900,820,574	944,032,454
Surplus in revaluation of investments		**-**	17,034,644	5,972,014
		624,602,608	1,037,855,218	1,070,004,468
Non-current liabilities				
Deferred taxation	16	**-**	-	6,949,824
Current liabilities				
Short term borrowings - secured	17	**628,111,332**	398,594,297	336,456,505
Trade and other payables	18	**49,074,811**	116,909,370	161,354,504
Murabaha financing	19	**70,807,655**	134,674,567	101,068,593
Accrued markup	20	**18,340,668**	3,930,372	8,098,498
		766,334,466	654,108,606	606,978,100
Contingencies and commitments	21	**-**	-	-
		1,390,937,074	1,691,963,824	1,683,932,392

The annexed notes from 1 to 34 form an integral part of these financial

CHIEF EXECUTIVE **DIRECTOR**

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

	Note	2019	(Restated) 2018
		Rupees	
Operating revenue	22	**29,759,137**	29,951,134
Gain on derivative	23	**3,363,170**	5,224,285
Capital (loss) / gain on sale of investment		**(200,660,880)**	129,371,716
Loss on re-measurement of investments carried at fair value through profit or loss - net		**(142,724,289)**	(128,338,306)
		(310,262,862)	36,208,829
Operating Expenses			
Administrative and general expenses	24	**(86,553,375)**	(81,149,926)
Financial charges	25	**(73,777,363)**	(45,204,695)
		(160,330,738)	(126,354,621)
Other income	26	**72,439,563**	66,240,126
Loss before taxation		**(398,154,038)**	(23,905,667)
Taxation	27	**(11,583,723)**	(19,306,213)
Loss after taxation		**(409,737,761)**	(43,211,880)

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	Note	2019	*(Restated)* 2018
		Rupees	
Profit after taxation		**(409,737,761)**	(43,211,880)
Other comprehensive loss			
Items which will not subsequently be reclassified to profit or loss			
Unrealized loss on remeasurement of long term investment		-	11,062,630
Total comprehensive loss for the year		**(409,737,761)**	(32,149,250)

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	Share Capital	Unappropriated profit	Surplus on revaluation of 'available-for-sale' investments	Total
	Rupees			
Balance as at July 01, 2016 (as previously reported)	120,000,000	661,427,155	94,711,664	876,138,819
Effect of restatement	-	94,711,664	(94,711,664)	-
Balance as at July 01, 2016 (as restated)	120,000,000	756,138,819	-	876,138,819
Total comprehensive income for the year ended June 30, 2017				
- Profit after taxation (Restated)	-	187,893,635	-	187,893,635
- Other comprehensive income (Restated)	-	-	5,972,014	5,972,014
	-	187,893,635	5,972,014	193,865,649
Balance as at June 30, 2017 (Restated)	120,000,000	944,032,454	5,972,014	1,070,004,468
Balance as at July 01, 2017 (Restated)	120,000,000	944,032,454	5,972,014	1,070,004,468
Total comprehensive income for the year ended June 30, 2018				
- Loss after taxation (Restated)	-	(43,211,880)	-	(43,211,880)
- Other comprehensive income (Restated)	-	-	11,062,630	22,125,260
		(43,211,880)	11,062,630	
Balance as at June 30, 2018 (Restated)	120,000,000	900,820,574	17,034,644	1,070,004,468
Balance as at July 01, 2018 (Restated)	**120,000,000**	**900,820,574**	**17,034,644**	**1,070,004,468**
Effect of adoption of new accounting standards (Note 4)	-	**(3,514,849)**	-	**(3,514,849)**
Total comprehensive income for the year ended June 30, 2019				
- Loss after taxation	-	**(409,737,761)**	-	**(409,737,761)**
- Other comprehensive income	-	-	-	-
	-	**(409,737,761)**	-	**(409,737,761)**
Reclassification of surplus on investment upon reclassification of long term investment to short term investment	-	**17,034,644**	**(17,034,644)**	-
Balance as at June 30, 2019	**120,000,000**	**504,602,608**	-	**656,751,858**

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

	2019	2018
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(398,154,038)**	(23,905,667)
Adjustment for:		
Depreciation	**5,088,068**	6,538,582
Gain on sale of securities-net	**200,660,880**	(129,371,716)
Gain on disposal of fixed asset	**(827,028)**	(912,128)
Loss on re-measurement of investments carried at fair value through profit or loss - net	**142,724,289**	128,338,306
Financial charges	**73,777,363**	45,204,695
Amortization	**169,404**	211,756
Provision for doubtful debts	**3,025,765**	-
Reversal of impairment	**(94,650)**	-
Provision for impairment	-	6,711,162
	424,524,091	56,720,657
Operating profit before working capital changes	**26,370,053**	32,814,990
Effect on cash flows due to working capital changes		
Decrease / (increase) in current assets		
Trade debts	**4,574,086**	(8,232,188)
Advance, prepayments & other receivables	**35,278,436**	43,411,328
Derivates	**1,861,115**	8,111,100
	41,713,637	43,290,240
Decrease in current liabilities		
Creditors, accrued and other liabilities	**(67,834,559)**	(44,445,134)
Cash used in operations	**(26,120,922)**	(1,154,894)
Finance cost paid	**(51,912,602)**	(40,904,161)
Income tax paid	**(20,528,557)**	(26,583,002)
Net cash used in operating activities	**(72,192,028)**	(35,827,067)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment in securities-net of Un realized gain	**(153,899,922)**	(127,822,151)
Purchase of property and equipments	**(2,216,237)**	(7,620,795)
Proceeds from sales of property and equipments	**5,000,000**	7,700,000
Long term deposits-net	-	-
Net cash used in investing activities	**(151,116,159)**	(127,742,946)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal of Murabaha Financing obtained	**165,256,138**	269,430,426
Principal plus unwinding of Muraba repaid	**(236,577,516)**	(244,293,112)
Net cash (used in) / generated from financing activities	**(71,321,378)**	25,137,314
Net decrease in cash and cash equivalent during the year	**(294,629,565)**	(138,432,699)
Cash and cash equivalent at the beginning of the year	**(289,211,918)**	(150,779,219)
Cash and cash equivalent at the end of the year	**(583,841,483)**	(289,211,918)
Cash and cash equivalent at the end of the year comprises of the following:		
Short term borrowings	**(628,111,332)**	(398,594,297)
Cash and bank balances	**44,269,849**	109,382,379
	(583,841,483)	(289,211,918)

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 STATUS AND NATURE OF BUSINESS

The Sherman Securities (Private) Limited (the "Company") was incorporated in Pakistan on July 15, 2002 as a private limited company under the repealed Companies Ordinance, 1984 (the "Ordinance") which has now been replaced by Companies Act, 2017. The principal activities of the company are to carry on the business of share brokerage, underwriting of public issues, investment in public securities and portfolio management.

The Company is corporate member of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange). The registered office of the company is located at room no. 501 and 502 5th Floor Continental Trade Centre, G/ 6 Block 8, main Clifton 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. The accounting and reporting standards applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment which are carried at fair value.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these financial statements.

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these financial statements.

	Note
- Useful lives and residual values of property and equipment.	3.2
- Useful lives and residual values of intangible assets.	3.3
- Provision for doubtful debts	3.6
- Provision for taxation	3.11

2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

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

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

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

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

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

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

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

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

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

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented.

3.1 Correction of prior period errors

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

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

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

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

Effects on the statement of financial position

	Accumulated (loss) / profit	**Surplus on re-measurement of investments**
	Rupees	
Balance as at June 30, 2017 (as previously reported)	945,228,463	4,776,005
Effect of restatement as on June 30, 2017		
Reclassification of unrealized loss on re-measurement of investments to fair value	(1,196,009)	1,196,009
Balance as at June 30, 2017 (as restated)	944,032,454	5,972,014
Balance as at June 30, 2018 (as previously reported)	1,029,512,065	(111,656,847)
Effect of restatement as on June 30, 2018		
Reclassification of unrealized loss on re-measurement of short investments to fair value	(128,691,491)	128,691,491
Balance as at June 30, 2018 (as restated)	900,820,574	17,034,644

Effects on comprehensive income for the year ended June 30, 2018	Rupees
Effects on profit or loss	
Increase in loss on re-measurement of investments carried at fair value through profit or loss - net	(128,338,306)
Decrease in profit before and after taxation	(128,338,306)
Effects on other comprehensive income	
Derecognition of unrealized loss on re-measurement of investments carried at fair value through profit or loss - net	128,338,306
Derecognition of other comprehensive loss	128,338,306
Net effect on total comprehensive income	-

3.2 Property and equipment

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

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

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

Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life at rates given in note 5. Depreciation on additions is charged from date asset is in location and condition for it to be capable to be operated in the manner as intended by management and ceases on date of disposal.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2019 did not require any adjustment.

3.3 Intangible assets

3.3.2 *Computer software*

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 6.1, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization on additions is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss account.

3.3.2 *Membership cards and offices*

This is stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.4 Financial Instrument

a) 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, amortised cost or cost as the case may be.

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b) i) Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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 that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

ii) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

Financial liabilities are measured at amortised 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.

c) Subsequent measurement

i) 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 recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

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iii) 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. Realised and unrealised 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 recognise 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.

d) Impairment of financial assets at amortised cost

"The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 4."

e) Derecognition

i) Financial assets

The Company derecognises 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 amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised 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 statement of changes in equity.

ii) Financial liabilities

The Company derecognises 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 derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

3.5 Offsetting financial instruments

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

3.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

3.7 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.

3.8 Cash and cash equivalents

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

3.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

3.10 Trade and other payables

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

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.11 Taxation

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

Current

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

Deferred

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

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

3.12 Provisions

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

3.13 Foreign currency transactions and translation

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

3.14 Revenue recognition

Revenue from trading activities

Commission revenue from trading of securities is recegnized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Dividend income

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

Interest income

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

4 CHANGES IN ACCOUNTING POLICY

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from July 01, 2018. Consequently, the following changes in accounting policies have taken place effective from July 01, 2018:

a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) 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 recognised 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.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

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, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at July 01, 2018

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 1, 2018	Effect on July 1, 2018 on Retained Earning
Long term investments	Available for sale	FVTOCI	21,353,582	21,353,582	-
Trade debts	Loans and receivables	Amortised cost	23,716,260	20,201,411	3,514,849
Short term investments	Available for sale	FVTPL	1,381,499,570	1,381,499,570	-
Advances, deposits and other receivables	Loans and receivables	Amortised cost	43,258,568	43,258,568	-
Bank balances	Loans and receivables	Amortised cost	109,151,245	109,151,245	-

- "FVTOCI" is fair value through other comprehensive income
- "FVTPL" is fair value through profit and loss

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 amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised 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

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

Lifetime ECL is only recognised 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 customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. 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).

Presentation of impairment

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

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. Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:`

	Allowance for impairment under IAS 39 as at June 30, 2018	Remeasurement	ECL under IFRS 9 as July 01, 2018
Provision for doubtful debts - Trade debts	-	3,514,849	3,514,849

b) IFRS 15 - Revenue from contracts with customers

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 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

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

5 PROPERTY AND EQUIPMENT

	Building	Furniture & Fixtures	Office Equipment	Computer	Vehicles	Total
	Rupees					
As at June 30, 2017						
Cost	15,266,953	2,311,747	2,052,281	8,981,877	29,573,199	58,186,057
Accumulated depreciation	(6,310,986)	(1,150,525)	(1,432,157)	(7,367,554)	(7,770,880)	(24,032,102)
Net book value	8,955,967	1,161,222	620,124	1,614,323	21,802,319	34,153,955
Year ended June 30, 2018						
Opening net book value	8,955,967	1,161,222	620,124	1,614,323	21,802,319	34,153,955
Additions during the year	-	242,800	199,880	1,213,100	5,965,015	7,620,795
Disposals / transfers						
Cost	-	-	-	-	(8,000,000)	(8,000,000)
Accumulated Depreciation	-	-	-	-	1,212,128	1,212,128
Net Book Value					(6,787,872)	(6,787,872)
Depreciation for the year	(895,597)	(131,578)	(70,345)	(719,065)	(4,721,997)	(6,538,582)
Closing net book value	8,060,370	1,272,444	749,659	2,108,358	16,257,465	28,448,296
As at June 30, 2018						
Cost	15,266,953	2,554,547	2,252,161	10,194,977	27,838,214	58,106,852
Accumulated depreciation	(7,206,583)	(1,282,103)	(1,502,502)	(8,086,619)	(11,580,749)	(29,658,556)
Net book value	8,060,370	1,272,444	749,659	2,108,358	16,257,465	28,448,296
Year ended June 30, 2019						
Opening net book value	**8,060,370**	**1,272,444**	**749,659**	**2,108,358**	**16,257,465**	**28,448,296**
Additions during the year	-	-	-	**966,237**	**1,250,000**	**2,216,237**
Disposals / transfers						
Cost	-	-	-	-	**(5,965,015)**	**(5,965,015)**
Accumulated Depreciation	-	-	-	-	**1,792,043**	**1,792,043**
Net Book Value					**(4,172,972)**	**(4,172,972)**
Depreciation for the year	**(806,037)**	**(127,244)**	**(74,966)**	**(769,027)**	**(3,310,794)**	**(5,088,068)**
Closing net book value	**7,254,333**	**1,145,200**	**674,693**	**2,305,568**	**10,023,699**	**21,403,493**
As at June 30, 2019						
Cost	**15,266,953**	**2,554,547**	**2,252,161**	**11,161,214**	**23,123,199**	**54,358,074**
Accumulated depreciation	**(8,012,620)**	**(1,409,347)**	**(1,577,468)**	**(8,855,646)**	**(13,099,500)**	**(32,954,581)**
Net book value	**7,254,333**	**1,145,200**	**674,693**	**2,305,568**	**10,023,699**	**21,403,493**
Annual rates of depreciation	**10%**	**10%**	**10%**	**30%**	**20%**	

6 INTANGIBLE ASSETS

	Note	2019	2018
		Rupees	
- PSX Trading Rights Entitlement (TRE)	*6.1*	**2,500,000**	2,500,000
- Pakistan Mercantile Exchange Company Limited		**1,000,000**	1,000,000
- Software license	*6.2*	**677,618**	847,022
		4,177,618	4,347,022

6.1 This represents TREC received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, These have been carried at cost less impairment.

6.2 **Software license**

	2019	2018
	Rupees	
Opening net book value	**847,022**	1,058,778
Amortization charge	**(169,404)**	(211,756)
Closing net book value	**677,618**	847,022
Annual amortization rate	20%	20%

7	LONG TERM INVESTMENT	Note	2019	2018
			Rupees	
	Investment in shares at fair value			
	-Pakistan stock exchange limited	*7.1*	-	21,353,582

7.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account marked as freeze in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

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

8	LONG TERM DEPOSITS	Notes	2019	2018
			Rupees	
	Pakistan Stock Exchange Limited	*8.1*	1,100,000	1,100,000
	National Clearing Company of Pakistan Limited	*8.2*	500,000	500,000
	Central Depository Company of Pakistan Limited		100,000	100,000
	Pakistan Commodity Exchange Limited		2,500,000	2,500,000
			4,200,000	4,200,000

8.1 Amount deposited as Basic deposit for exposure in Ready Market, Future DFC and Future trading in provisionally listed Company.

8.2 Amount deposited as Basic deposit to National Clearing Company.

9	TRADE DEBT	Notes	2019	2018
			Rupees	
	Considered good and secured		12,601,560	23,716,260
	Considered doubtful		6,540,614	-
			19,142,174	23,716,260
	Less: Provision for bad debts		(6,540,614)	-
		9.2	12,601,560	23,716,260
9.1	**Movement in provision for doubtful debts**			
	Balance at the beginning of the year (as previously reported)		-	-
	Add: Effect of application of IFRS 9		3,514,849	-
	Balance at the beginning of the year (restated)		3,514,849	-
	Charged during the year		3,025,765	-
	Balance at the end of the year		6,540,614	-

9.2 The Company holds equity securities having fair value of Rs. 589.94 million (2018: Rs 645.95 million) owned by its clients, as collaterals against trade debts. The aging analysis of the total receivable from clients as at the reporting date is as follows:

	2019		2018	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 1 day - 30 days	10,001,133	3,502,981	16,465,704	2,440,286
Past due 31 days - 180 days	8,672,546	3,037,633	3,803,606	563,710
Past due 181 days - 1 year	-	-	3,446,950	510,852
	18,673,679	6,540,614	23,716,260	3,514,849

		Notes	2019	2018
			Rupees	
10	**SHORT TERM INVESTMENTS**		**1,213,462,555**	1,381,499,570
	Designated at fair value through profit or loss			
	Fair value of listed securities at June 30th		**1,216,638,460**	1,384,770,125
	Less: provision for impairment	*10.1*	**(3,175,905)**	(3,270,555)
			1,213,462,555	1,381,499,570

10.1 This represents impairment loss on listed securities with prolonged decline and absence of active market resulting from classification in defaulter segment. Impairment loss is the difference between cost and estimated future cashflows expected to be generated from these financial asset.

		Notes	2019	2018
10.2	**Movement in provision for impairment**		Rupees	
	Balance at the beginning of the year		**3,270,555**	51,350
	Charged during the year		**-**	3,219,205
	Reversed during the year		**(94,650)**	-
	Balance at the end of the year		**3,175,905**	3,270,555
11	**ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES**			
	Advances to staff		**6,732,450**	11,047,450
	Prepaid expense		**117,453**	117,453
	Deposit against exposure and loss in DFC		**-**	12,029,665
	Other receivables		**1,130,229**	20,064,000
			7,980,132	43,258,568
12	**TAX REFUNDABLE DUE**			
	Opening balance		**70,533,862**	70,206,897
	Provision for tax		**(11,113,215)**	(26,256,037)
	Prior year tax		**(470,508)**	-
			(11,583,723)	(26,256,037)
	Add: Advance tax paid		**20,528,558**	26,583,002
			79,478,697	70,533,862
13	**DERIVATIVE**			
	Derivative-designated at fair value through profit and loss	*13.1*	**3,363,170**	5,224,285

13.1 This represents receivable on account of trading in stand alone derivative in delivery future contract.

		Notes	2019	2018
14	**CASH AND BANK BALANCES**		Rupees	
	Cash in hand		**53,950**	231,134
	Cash at bank:			
	- current account	*14.1*	**44,215,899**	109,144,192
	- saving account		**-**	7,053
			44,215,899	109,151,245
			44,269,849	109,382,379

14.1 This includes cash at bank pertaining to client accounts amounting to Rs 44.04 million (2018: 109.01 million).

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15 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
-----Number of shares-----			---------- Rupees----------	
		Authorized Capital:		
1,500,000	1,500,000	Ordinary shares of Rs. 100/- each	**150,000,000**	150,000,000
		Issued, subscribed and paid-up :		
1,200,000	1,200,000	Ordinary shares of Rs. 100/- each issued as fully paid in cash	**120,000,000**	120,000,000

15.1 There is no agreement with shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

15.2 Shareholders holding more than 5% of the shares are as follows:

Categories of shareholders	Percentage of holding 2019	2018
Individuals		
Muhammad Samin	**40.62%**	40.62%
Muhammad Taufiq	**37.5%**	37.5%
Farzana Taufiq	**12.48%**	12.48%

No change in pattern of shareholding above 5% percent during the financial year.

16 DEFERRED TAXATION

Deferred tax has been recognised only on temporary differences arised due to remeasurement of investments. During the period, no deferred tax recognised because there was a unrealised loss of Rs. 142 million on investment, thus creating a deferred tax asset as at the year end.

17 SHORT TERM BORROWINGS - SECURED	Notes	2019	2018
		Rupees	
JS Bank Limited	*17.1*	**235,984,426**	213,227,373
Habib Metropolitan Bank Limited	*17.2*	**244,685,467**	85,409,793
Sindh Bank Limited	*17.3*	**147,441,439**	99,957,131
		628,111,332	398,594,297

17.1 This represent running finance facility obtained from JS Bank with a limit of Rs 300 million (2018: Rs. 300 million) carrying a markup at the rate of 1 month KIBOR + 200 base points (2018: 3 month KIBOR + 200 base point) payable on quarterly basis. The purpose of facility is to finance daily clearing obligation of PSX and settle client trades. Financing is secured against pledged shares that are included in approved list of JSBL's shares with a minimum margin of 35% along with personal guarantee of directors.

17.2 This represents running finance facility obtained from Habib Metropolitan Bank with a limit of Rs 400 million (2018: 400 million) for the purpose of meeting working capital requirement. It carries the markup at the rate 3 month KIBOR +2 percent per annum (2018: 3 month KIBOR + 2 percent per annum). The facility is secured against collateralized shares in shape of pledge of quoted shares as per Bank's approved list of companies along with personal guarantee of directors.

17.3 This represent running finance facility obtained from Sindh bank with a limit of Rs 150 million (2018: 150 million) to meet the working capital requirements and daily obligations of Pakistan stock exchange, investments in shares and settlements of the company. It carries a markup at the rate of 3 months KIBOR + 2% per annum (2018: 3 month KIBOR + 2% per annum) payable quarterly. The facility is secured against collateralized shares in shape of pledge of quoted shares as per Bank's approved list of companies along with personal guarantee of directors.

18 TRADE AND OTHER PAYABLES

	2019	2018
	Rupees	
Creditors	**44,020,461**	108,845,375
Accrued liabilities	**5,054,350**	4,599,473
Other payable	**-**	3,464,522
	49,074,811	116,909,370

19 MURABAHA FINANCING - AT AMORTIZED COST

	2019	2018
Opening Balance	**134,674,567**	101,068,593
Principal obtained	**165,256,138**	269,430,426
Unwinding of Murabaha	**7,454,466**	8,468,660
Payment during the year	**(236,577,516)**	(244,293,112)
Closing Balance	**70,807,655**	134,674,567

19.1 Contract wise detail of each Murabaha

Particulars	Murabaha Contract 16	Murabaha Contract 17	Murabaha Contract 18	Murabaha Contract 19	Murabaha Contract 20	Murabaha Contract 21	Murabaha Contract 22	Murabaha Contract 23	Total
Balance as at July 01, 2018	53,585,563	46,991,912	34,097,092	-	-	-	-	-	**134,674,567**
Principal Obtained	-	-	-	21,453,085	8,359,040	23,732,500	43,191,445	68,520,068	**165,256,138**
Unwinding of Murabaha	23,178	50,859	36,868	947,862	414,288	1,223,037	2,470,787	2,287,587	**7,454,466**
Payment made during the year	(53,608,741)	(47,042,771)	(34,133,960)	(22,400,947)	(8,773,328)	(24,955,537)	(45,662,232)	-	**(236,577,516)**
Balance as at June 30, 2019	-	-	-	-	-	-	-	**70,807,655**	**70,807,655**

19.2 Murabaha Financing obtained from Dubai Islamic Bank for purchase of shares during the year amounted to Rs 165.256 million. Finance cost computed on basis of 6 month KIBOR+2%. Securities under pledge/lien of DIBP until repayment.

19.3 Markup resulting from unwinding of Murabaha amounted to Rs 7,454,466 which includes markup unpaid amounting to Rs 2,287,587.

20 ACCRUED MARKUP

	2019	2018
	Rupees	
Short term financing	**18,340,668**	3,930,372

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

FBR issued show cause notice on March 17, 2016 on non-deduction of withholding taxes on salaries for tax year 2015 amounting to Rs 22,404,285. The aforementioned order states that tax default payable under Section 161 of ITO Ordinance 2001 and default surcharge under section 205 of ITO Ordinance in aggregate amounted to Rs 6,411,352. The management in return has provided reconciliation to FBR under Rule 44 (4) of Income Tax Rules 2002 of amount of withholding tax deducted/paid and salaries accrued during tax year 2015 and believes favourable disposition in this regard.

	2019	2018
	Rupees	
21.2 Commitments		
Bank guarantee provided in favour of NCCPL against deliverable futures contracts	**20,000,000**	-

	2019	2018
22 OPERATING REVENUE		
Commission income	**29,755,979**	29,719,467
IPO commission	**3,158**	231,667
	29,759,137	29,951,134
23 GAIN FROM DERIVATIVE		
Gains resulting from derivative	**3,363,170**	5,224,285

23.1 This represent gains incurred by company during the year from trading in Delivery Future Contract.

	Notes	2019	2018
		Rupees	
24 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, benefits and allowances		**35,374,783**	28,895,706
Directors' remuneration		**10,800,000**	12,569,490
PSX / NCCPL electricity and service charges		**5,929,302**	7,222,149
C.D.C charges		**71,034**	45,440
Printing and stationery		**80,500**	6,600
Fees and subscription		**694,510**	1,046,220
Communication expenses		**916,150**	705,206
Audit fees		**600,000**	600,000
Vehicle running expenses		**444,329**	233,960
Travelling and conveyance expenses		**2,953,125**	690,475
Entertainment expenses		**1,225,566**	913,314
Repair and maintenance		**2,688,080**	1,972,795
Depreciation	*5*	**5,088,068**	6,538,582
Provision for impairment		-	6,711,162
Provision for doubtful debts		**3,025,765**	-
Advances write off		**3,572,500**	-
General expenses		**2,110,275**	990,947
Amortization of computer software	*6.2*	**169,404**	211,756
Insurance		**371,247**	289,127
Donation	*24.1*	**4,525,000**	6,310,000
Legal , professional charges and taxes		**3,501,000**	3,173,000
Software charges		**2,412,737**	2,023,997
		86,553,375	81,149,926

24.1 The name of donees to whom donation amount exceeds Rs. 1 million is M/s. Emkaan Welfare and M/s. Bantva Memon Jamat. None of the directors of the Company or their spouses had any interest in the donee organizations.

25 FINANCIAL CHARGES

	2019	2018
	Rupees	
Mark up on short term running finance	**65,974,741**	36,537,677
Interest on murabaha finance	**7,454,465**	8,468,660
Bank charges	**348,157**	198,358
	73,777,363	45,204,695

26 OTHER INCOME

	2019	2018
Interest income	**1,330,935**	1,236,573
Dividend income	**70,186,950**	63,514,093
Gain on sale of fixed assets	**827,028**	912,128
Reversal of provision for impairment	**94,650**	-
Reversal of provision for doubtful debts	**-**	577,332
	72,439,563	66,240,126

27 TAXATION

	2019	2018
Current		
- For the year	**11,113,215**	26,256,037
- Prior year tax	**470,508**	-
	11,583,723	**26,256,037**
- Deferred taxation	**-**	(6,949,824)
	11,583,723	19,306,213

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

27.2 As the income of the Company for the tax years 2019 is subject to taxation under minimum and final tax regimes, a reconciliation between the tax charge based on accounting profit and tax expense recognized in the financial statements has not been presented.

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Other Executive	
	2019	2018	2019	2018	2019	2018
	Rupees					
Managerial remuneration	**2,400,000**	3,103,902	**7,200,000**	7,125,096	**4,800,000**	10,803,831
Bonus	**300,000**	735,396	**900,000**	1,605,096	**600,000**	2,412,000
	2,700,000	3,839,298	**8,100,000**	8,730,192	**5,400,000**	13,215,831
Number of persons	**1**	1	**3**	3	**2**	6

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29 RELATED PARTY TRANSACTIONS

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

Name of the related party and relationship with company		June 30, 2019	June 30, 2018
		Rupees	
Key Management Personnel	Balance receivable at year end	4,557,950	6,975,000
	Balance payable at year end	-	43,821,755

30 FINANCIAL INSTRUMENTS

30.1 Financial risk factors

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

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.

a) Market risk

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

i) Foreign currency risk

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

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 1213.46 million (2018: 1402.85 million) and also the Company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

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

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sector of the market.

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark PSX 100 Index has decreased by almost 19% (2018: increased by 10%) during the financial year.

The table below summarizes Company's equity price risk as of June 30, 2019 and 2018 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) after tax
June 30, 2019	*Rupees*	**1,213,462,555**	**10% increase**	**1,334,808,811**	**106,177,974**	**106,177,974**
			10% decrease	**1,092,116,300**	**(106,177,974)**	**(106,177,974)**
June 30, 2018	*Rupees*	1,402,853,152	10% increase	1,543,138,467	122,749,651	122,749,651
			10% decrease	1,262,567,837	(122,749,651)	(122,749,651)

iii) Interest rate risk

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

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

	2019	2018	2019	2018
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial liabilities				
Short term borrowings	**14.87% to 14.97%**	8.16% to 9.08%	**628,111,332**	398,594,297
Murabaha financing	**15.01% to 15.11%**	7.77% to 8.01%	**70,807,655**	134,674,567

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b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

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

	Note	2019	2018
		Rupees	
Long term deposits		**4,200,000**	4,200,000
Trade debts	*29.1.1*	**12,601,560**	23,716,260
Advances, deposits, prepayments and other receivables		**7,980,132**	43,258,568
Bank balance		**44,215,899**	109,151,245
		68,997,591	180,326,073

29.1.1 The maximum exposure to credit risk for trade debts is due from local clients.

Due to the company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

c) **Liquidity risk**

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

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

	2019			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
Financial liabilities				
Short term borrowings - secured	**628,111,332**	**628,111,332**	**628,111,332**	-
Trade and other payables	**49,074,811**	**49,074,811**	**49,074,811**	-
Murabaha financing	**70,807,655**	**72,194,809**	**72,194,809**	-
Accrued markup	**18,340,668**	**18,340,668**	**18,340,668**	-
	766,334,466	**767,721,620**	**767,721,620**	-

	2018			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
Financial liabilities				
Short term borrowings - secured	398,594,297	398,594,297	398,594,297	-
Trade and other payables	116,909,370	116,909,370	116,909,370	-
Murabaha financing	134,674,567	134,674,567	134,674,567	-
Accrued markup	3,930,372	3,930,372	3,930,372	-
	398,594,297	398,594,297	398,594,297	-

30.2 Fair value estimate

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3:Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	----------- **Amount in Rupees** ----------			
Financial assets mesured at fair value				
Equity Securities	**1,213,462,555**	-	-	**1,213,462,555**

June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	----------- **Amount in Rupees** ----------			
Financial assets mesured at fair value				
Equity Securities	1,402,853,152	-	-	1,402,853,152

30.3 Financial instruments by categories

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

As at June 30, 2019 Financial assets as per statement of financial position	Asset at fair value through other comprehensive income	Asset at fair value through profit or loss	Ammortized cost	Total
	2019			
	Rupees			
Long term deposits	-	-	4,200,000	4,200,000
Trade debts	-	-	12,601,560	12,601,560
Short term investments	-	1,213,462,555	-	1,213,462,555
Advances, deposits, prepayments and other receivables	-	7,980,132	-	7,980,132
Bank balances	-	44,215,899	-	44,215,899
	-	1,265,658,586	16,801,560	1,282,460,146

As at June 30, 2019 Financial liabilities as per statement of financial position	Financial liabilities at amortized cost
	Rupees
Short term borrowings - secured	628,111,332
Trade and other payables	49,074,811
Murabaha financing	70,807,655
Accrued markup	18,340,668
	766,334,466

As at June 30, 2018 Financial assets as per statement of financial position	Asset at fair value through other comprehensive income	Asset at fair value through profit or loss	Ammortized cost	Total
	2018			
	Rupees			
Long term investment	21,353,582	-	-	21,353,582
Long term deposits			4,200,000	4,200,000
Trade debts	-	-	23,716,260	23,716,260
Short term investments	-	1,381,499,570	-	1,381,499,570
Advances, deposits, prepayments and other receivables	-	-	43,258,568	43,258,568
Bank balances	-	-	109,151,245	109,151,245
	21,353,582	1,381,499,570	180,326,073	1,583,179,225

As at June 30, 2018 Financial liabilities as per statement of financial position	Financial liabilities at amortized cost
	Rupees
Short term borrowings - secured	398,594,297
Trade and other payables	116,909,370
Murabaha financing	134,674,567
Accrued markup	3,930,372
	654,108,606

31 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

31.1 The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Net capital and Liquid capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

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

	2019	2018
	Rupees	
Total assets	**1,390,937,074**	1,691,963,824
Less: Total liabilities	**766,334,466**	654,108,606
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	**624,602,608**	1,037,855,218

31.1.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

32 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2019	2018
	Number	
Total number of employees as at	**30**	25
Average number of employees during the year	**29**	27

33 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on 25 SEP 2019 in accordance with resolution of the Board of Directors.

34 GENERAL

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

CHIEF EXECUTIVE **DIRECTOR**