

**VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2018**

<i>Note</i>	<b>June 30, 2018</b>	<b>June 30, 2017</b> (Restated - note 7)	<b>July 1, 2016</b> (Restated - note 7)
----- <b>(Rupees )</b>			

**ASSETS**

**NON-CURRENT ASSETS**

Property and equipment	<b>8</b>	<b>10,096,234</b>	<b>17,039,886</b>	<b>17,687,771</b>
Intangible assets	<b>9</b>	<b>3,750,000</b>	<b>13,185,500</b>	<b>13,185,500</b>
Deferred tax		<b>-</b>	<b>-</b>	<b>4,120,006</b>
Long-term investments - available for sale	<b>10</b>	<b>15,259,068</b>	<b>15,436,303</b>	<b>24,564,500</b>
Long-term deposits	<b>11</b>	<b>9,188,208</b>	<b>8,888,208</b>	<b>18,108,208</b>
		<b>38,293,510</b>	<b>54,549,897</b>	<b>77,665,985</b>

**CURRENT ASSETS**

Trade debts	<b>12</b>	<b>38,468,087</b>	<b>58,013,022</b>	<b>88,233,211</b>
Loans and advances	<b>13</b>	<b>8,713,476</b>	<b>1,261,288</b>	<b>1,330,700</b>
Trade deposits and short-term prepayments	<b>14</b>	<b>11,769,957</b>	<b>10,824,811</b>	<b>8,881,390</b>
Other receivables	<b>15</b>	<b>861,780</b>	<b>5,000</b>	<b>-</b>
Advance tax	<b>16</b>	<b>1,052,830</b>	<b>788,036</b>	<b>752,654</b>
Short-term investments	<b>17</b>	<b>18,196,685</b>	<b>55,343,016</b>	<b>19,631,727</b>
Cash and bank balances	<b>18</b>	<b>7,019,031</b>	<b>26,055,235</b>	<b>27,704,906</b>
	<b>£</b>	<b>86,081,846</b>	<b>152,290,408</b>	<b>146,534,588</b>
<b>Total Assets</b>		<b>124,375,356</b>	<b>206,840,305</b>	<b>224,200,573</b>

**EQUITY AND LIABILITIES**

**SHARE CAPITAL & RESERVES**

Share capital	<b>19</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>
Fair value reserve		<b>(9,305,432)</b>	<b>(9,128,197)</b>	<b>-</b>
Unappropriated profit / (loss)		<b>(12,582,631)</b>	<b>23,232,111</b>	<b>23,190,830</b>
<b>Total equity</b>		<b>78,111,937</b>	<b>114,103,914</b>	<b>123,190,830</b>

**NON-CURRENT LIABILITIES**

Long-term loan	<b>20</b>	<b>19,909,279</b>	<b>28,616,836</b>	<b>37,070,415</b>
Liability against assets subject to finance lease	<b>21</b>	<b>615,852</b>	<b>921,232</b>	<b>2,183,439</b>
		<b>20,525,131</b>	<b>29,538,068</b>	<b>39,253,854</b>

**CURRENT LIABILITIES**

Current portion of non-current liabilities	<b>22</b>	<b>11,161,431</b>	<b>12,097,003</b>	<b>12,231,298</b>
Due to related parties		<b>-</b>	<b>5,360,519</b>	<b>15,081,179</b>
Accrued markup		<b>360,556</b>	<b>14,961</b>	<b>49,417</b>
Short term borrowings-secured	<b>24</b>	<b>2,595,614</b>	<b>17,462,674</b>	<b>8,790,377</b>
Trade and other payables	<b>25</b>	<b>11,620,688</b>	<b>28,263,167</b>	<b>25,311,996</b>
Provision for taxation		<b>-</b>	<b>-</b>	<b>291,623</b>
<b>Contingencies and commitments</b>	<b>26</b>	<b>25,738,289</b>	<b>63,198,324</b>	<b>61,755,890</b>
		<b>46,263,420</b>	<b>92,736,392</b>	<b>101,009,744</b>
		<b>124,375,356</b>	<b>206,840,305</b>	<b>224,200,573</b>

*The annexed notes from 1 to 44 form an integral part of these financial statements.*

Chief Executive Officer



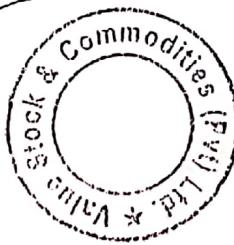
Director

**VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<i>Note</i>	<b>2018</b>	<b>2017</b> (Restated - note 7)
----- (Rupees) -----		
Operating revenue	27	8,989,540
Operating and administrative expenses	28	(34,168,395)
<b>Operating profit / (loss)</b>		<b>(25,178,855)</b>
Finance cost	29	(1,098,042)
Other operating (loss) / income		(9,537,845)
<b>Profit / (loss) before taxation</b>		<b>(35,814,742)</b>
Taxation		
- current tax expense		-
- deferred tax expense / (income)		3,989,516
		-
<b>Profit / (loss) after taxation</b>		<b>(35,814,742)</b>
		<b>41,281</b>

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Chief Executive Officer



Director

**VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<i>Note</i>	2018	2017
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(Restated - Note 7)

----- (Rupees) -----

<b>Profit / (loss) after taxation</b>	<b>(35,814,742)</b>	<b>41,281</b>
<hr/>		
<b>Other comprehensive income</b>		
Net change in fair value of available-for-sale financial assets	(177,235)	(9,128,197)
<b>Other comprehensive income for the year</b>	<b>(177,235)</b>	<b>(9,128,197)</b>
<b>Total comprehensive (loss) / income for the period</b>	<b><u>(35,991,977)</u></b>	<b><u>(9,086,916)</u></b>

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Chief Executive Officer



Director

VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED

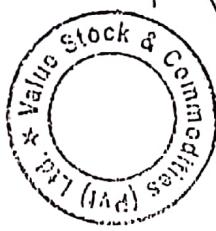
Statement of Changes in Equity  
FOR THE YEAR ENDED JUNE 30, 2018

	Share capital Rupees	Fair value reserve Rupees	Unappropriated profit / (loss) Rupees	Total Rupees
Balance as at 01 July 2016	100,000,000	-	23,190,830	123,190,830
Other comprehensive income for the year, as restated	-	(9,128,197)	-	(9,128,197)
Profit for the year, as restated	-	-	41,281	41,281
Balance as at 30 June 2017, as restated	100,000,000	(9,128,197)	23,232,111	114,103,914
Other comprehensive income for the year	-	(177,235)	-	(177,235)
Loss for the year	-	-	(35,814,742)	(35,814,742)
Balance as at 30 June 2018	<u>100,000.000</u>	<u>(9,305,432)</u>	<u>(12,582,631)</u>	<u>78,111,937</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive

Director



# VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED

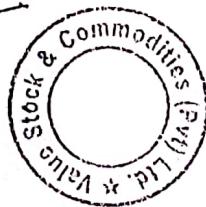
## STATEMENT OF CASH FLOWS

For the Year Ended 30 June, 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(35,814,742)	4,030,797
Adjustments for:			
Depreciation and impairment		11,427,361	3,382,077
Provision for doubtful debts		12,618,037	1,226,072
Realized (gain)/loss on short term investments		3,696,764	-
Unrealized (gain)/loss on short term investments		5,752,034	(3,974,380)
Loss / (gain) on sale of assets		89,047	(279,609)
Interest paid		1,047,268	1,945,162
		34,630,511	2,299,322
Operating profit before working capital changes		(1,184,231)	6,330,119
Change in:			
Trade debts		6,926,898	30,220,189
Loans and advances		(7,452,188)	69,412
Trade deposits and short-term prepayments		(945,146)	(1,943,421)
Other receivables		(856,780)	(5,000)
Trade and other payables		(16,296,884)	2,916,715
		(18,624,100)	31,257,895
Cash utilized in operations		(19,808,331)	37,588,014
Interest paid		(686,712)	(1,930,201)
Taxes paid		(264,794)	(4,245,755)
		(951,506)	(6,175,956)
Net cash used in operating activities		(20,759,837)	31,412,058
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(1,527,756)	(697,982)
Disposal of property & equipment		6,432,805	1,051,609
Proceeds from sale of / (acquisition of) short term investments		27,294,672	(31,736,910)
Decrease in long-term deposits		(300,000)	9,220,000
Net cash used in investing activities		31,899,721	(22,163,283)
<b>Cash flows from financing activities</b>			
Repayment of long-term loan		(8,707,557)	(8,453,579)
Settlement of finance lease and current loan liabilities		(1,240,952)	(1,396,505)
Repayments of amounts due to related parties		(5,360,519)	(9,720,660)
Proceeds from / (repayment of) short-term borrowings		(14,867,060)	8,672,297
Net cash utilized in financing activities		(30,176,088)	(10,898,447)
Net (decrease)/increase in cash and cash equivalents		(19,036,204)	(1,649,671)
Cash and cash equivalents at the beginning of the year		26,055,235	27,704,906
Cash and cash equivalents at the end of the year		7,019,031	26,055,235

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive



Director

# VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 30 June, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Value Stock and Commodities (Private) Limited (the "Company") was incorporated in Pakistan on March 30, 2006 as a Private Company under the Companies Ordinance, 1984. The Company's registered office is situated at Value Tower 13-B1, B2 Commercial Zone, Ghaliq Market, Gulberg III, Lahore. The Company is principally engaged in the business of investment advisory, purchase and sale of securities, financial consultancy, brokerage, underwriting, portfolio management and securities research.

### 2 STATEMENT OF COMPLIANCE

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

### 3 USE OF ESTIMATES AND JUDGMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods in other cases. Judgments made by management in the application of approved accounting standards that may have a significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimates of useful lives and residual values of items of property, plant and equipment (Note 8);
- (ii) Estimates of useful lives of intangible assets (Note 9);
- (iii) Provision against doubtful debts (Note 12);
- (iv) Classification, recognition, measurement / valuation of financial instruments (multiple notes); and
- (v) Provision for taxation (Note 31)

### 4 BASIS OF MEASUREMENT

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

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

### 5 AMENDMENTS TO EXISTING STANDARDS & FORTHCOMING REQUIREMENTS

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

#### - IFRS 2: Share-Based Payment

Amendments to IFRS 2 - Effective for accounting periods beginning on or after 1 January 2018



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

#### - IAS 40: Investment Property

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

#### - IAS 28: Investments in Associates and Joint Ventures

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

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

#### - IFRS 15: Revenue from Contracts with Customers

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

#### - IFRS 9: Financial Instruments

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

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

#### - IFRS 16: Leases

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

#### - IAS 19: Employee Benefits

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

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

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

#### - IAS 12: Income Taxes

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

#### - IAS 23: Borrowing Costs

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

In addition to the above, IFRIC 22 and 23 - which relate to foreign currency transactions / translations and uncertainty around income

tax treatments - are effective for annual periods beginning on or after January 1, 2018 and January 1, 2019, respectively. Neither is expected to materially impact the Company's financial statements upon adoption.

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

## 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 6.1 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where such subsequent costs are incurred to replace parts and are capitalized, the carrying amount of replaced parts is derecognized. All other repair, maintenance and day-to-day servicing expenditures are charged to the profit and loss account during the year in which they are incurred.

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

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

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

### 6.2 Intangible assets

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

### 6.3 Investment property

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

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

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

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



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## 6.4 Financial assets

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

### a) Financial assets at fair value through profit or loss

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

### b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, in which case such assets are classified as non-current assets.

### c) Available-for-sale financial assets

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

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

### d) Held-to-maturity assets

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

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

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

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

## 6.5 Financial liabilities

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

Financial liabilities are initially recognized at fair value plus directly attributable costs, if any, and are subsequently carried at



amortized cost using the effective interest rate method.

#### 6.6 Offsetting of financial assets and liabilities

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

#### 6.7 Investment in associates

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

#### 6.8 Impairment

##### Financial assets

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

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

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

##### Non-financial assets

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

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

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

#### 6.9 Trade debts and receivables

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

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



creditworthiness of debtors, historical experience and future expectations.

#### 6.10 Taxation

##### Current

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

##### Deferred

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

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

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

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

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

#### 6.11 Cash and cash equivalents

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

#### 6.12 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method. They are classified as current if payment is due within twelve months of the reporting date, and as non-current otherwise.

#### 6.13 Provisions

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

#### 6.14 Borrowings

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

#### 6.15 Borrowing costs

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

#### 6.16 Revenue recognition



Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

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

#### 6.17 Foreign currency transactions and translation

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

#### 6.18 Functional and presentation currency

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

#### 6.19 Related party transactions

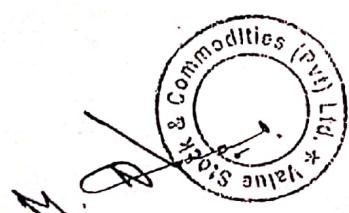
All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

### 7 CORRECTION OF ERROR

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

#### 7.1 Statement of Financial Position

As at July 1, 2016	As previously reported	Adjustments	As restated
<b>EQUITY</b>			
Share capital	100,000,000	-	100,000,000
Reserves			
Unappropriated profit / (loss)	23,190,830	-	23,190,830
<b>Total Equity</b>	<b>123,190,830</b>	-	<b>123,190,830</b>
As at July 30, 2017			
<b>EQUITY</b>			
Share capital	100,000,000	-	100,000,000
Reserves			(9,128,197)
Unappropriated profit / (loss)	14,103,913	-	23,232,110
<b>Total Equity</b>	<b>114,103,913</b>	-	<b>114,103,913</b>



## 7.2 Income Statement

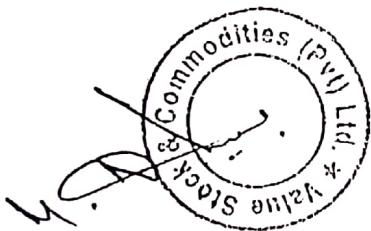
For the year ended June 30, 2017

	As previously reported	Adjustments	As restated
Operating and admin expenses	24,457,482	(9,128,197)	15,329,285
Profit / (loss) after taxation	(9,086,917)	9,128,197	41,280

## 7.3 Statement of Comprehensive Income

For the year ended June 30, 2017

	As previously reported	Adjustments	As restated
Profit / (loss) for the year, after taxation	(9,086,917)	9,128,197	41,280
Net change in FV of AFS assets	-	(9,128,197)	(9,128,197)
Total comprehensive income	(9,086,917)		(9,086,917)

A handwritten signature in black ink, appearing to read "S. S. Jayalalitha".

		2018	2017
		Rupees	
Operating fixed assets	8.1	5,917,426	12,861,078
Room in LSE	8.2	<u>4,178,808</u>	<u>4,178,808</u>
		<u>10,096,234</u>	<u>17,039,886</u>

## 8.1 Operating fixed assets

	2018				Accumulated Depreciation				Rate of depreciation %age
	Cost	As at 1 July 2017	Additions	Deletions	As at 30 June 2018	As at 1 July 2017	For the Year	Adjustments	As at 30 June 2018
Rupees									
OWNED									
Building	-	-	-	-	-	-	-	-	10
Furniture and fixtures	1,443,407	-	-	1,443,407	940,281	100,625	-	1,040,906	402,501
Office equipments	1,437,811	-	-	1,437,811	934,493	89,946	-	1,024,439	413,372
Computer accessories	1,928,168	-	-	1,928,168	1,721,316	41,370	-	1,762,686	165,482
Vehicles	7,920,231	79,366	6,061,097	1,938,500	5,304,226	245,266	3,839,709	1,709,783	228,717
Subtotal	12,729,617	79,366	6,061,097	6,747,886	8,900,316	477,207	3,839,709	5,537,814	1,210,072
LEASED									
Vehicles	13,961,998	1,448,390	8,717,596	6,692,792	4,930,221	1,514,654	4,459,437	1,985,438	4,707,354
Grand Total	26,691,615	1,527,756	14,778,693	13,440,678	13,830,537	1,991,861	8,299,146	7,523,252	5,917,426

Disposals during the year included the sale of 8 owned / leased vehicles with total cost of PKR 14,778,693 and net book value of PKR 6,521,352. The vehicles were sold in private, arm's length sales to third parties as well as an employee for total proceeds of PKR 6,432,805, resulting in a loss on disposal in the amount of PKR 89,047.

## Operating fixed assets

	2017				Accumulated Depreciation				Rate of depreciation %age
	Cost	As at 1 July 2016	Additions	Deletions	As at 30 June 2017	As at 1 July 2016	For the Year	Adjustments	As at 30 June 2017
Rupees									
OWNED									
Building	-	-	-	-	-	-	-	-	10
Furniture and fixtures	917,700	525,707	-	1,443,407	814,500	125,781	-	940,231	503,126
Office equipments	1,437,811	-	-	1,437,811	823,549	110,944	-	934,493	503,318
Computer accessories	1,850,683	77,485	-	1,928,168	1,669,603	51,713	-	1,721,316	206,352
Vehicles	8,692,231	-	772,000	7,920,231	4,468,530	835,696	-	5,304,226	2,616,005
Subtotal	12,898,425	603,192	772,000	12,729,617	7,776,182	1,124,134	-	8,900,316	3,829,391
LEASED									
Vehicles	11,058,998	2,903,000	-	13,961,998	2,672,278	2,257,943	-	4,930,221	9,031,777
Grand Total	23,957,423	3,506,192	772,000	26,691,615	10,448,460	3,382,077	-	13,830,537	12,861,078

## 8.2 LSE Rooms

	2018	2017
	Rupees	
Room in south plaza	4,178,808	4,178,808
LSE		

## 7.2 Income Statement

For the year ended June 30, 2017

Operating and admin expenses  
Profit / (loss) after taxation

As previously reported	Adjustments	As restated
24,457,482	(9,128,197)	15,329,285
(9,086,917)	9,128,197	41,280

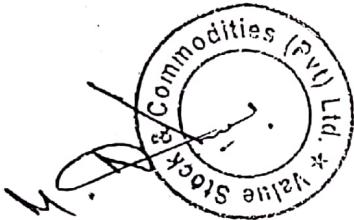
## 7.3 Statement of Comprehensive Income

For the year ended June 30, 2017

Profit / (loss) for the year, after taxation  
Net change in FV of AFS assets

Total comprehensive income

As previously reported	Adjustments	As restated
(9,086,917)	9,128,197	41,280
-	(9,128,197)	(9,128,197)
(9,086,917)		(9,086,917)



## 9 INTANGIBLE ASSETS

		2018	2017
		---Rupees---	
PSX Trading Rights Entitlement Certificate ("TREC")	9.1	11,935,500	11,935,500
Impairment on TREC	9.2	(9,435,500)	-
		<u>2,500,000</u>	<u>11,935,500</u>
PMEX Trading Rights Certificate		1,250,000	1,250,000
		<u>3,750,000</u>	<u>13,185,500</u>

**9.1** Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

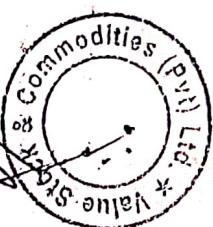
**9.2** Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC from PKR 4 million to PKR 2.5 million. As a result, the Company has recognized an impairment loss of PKR 9,435,500 during fiscal 2018 (2017: Nil).

		2018	2017
		---Rupees---	
<b>10 LONG-TERM INVESTMENTS</b>	<i>Note</i>		
<b>Investments available for sale</b>			
LSE Financial Services Limited - opening balance	10.1	15,436,303	24,564,500
Adjustment for remeasurement to fair value		(177,235)	(9,128,197)
LSE Financial Services Limited - fair value		<u>15,259,068</u>	<u>15,436,303</u>

**10.1** As a result of the demutualization and corporatization of stock exchanges as detailed in note 8.1, the Company received 843,975 shares of LSE Financial Services Limited. Of these, 60% (506,385 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by LSE Financial Services Limited (PKR 18.08 / per share, compared to PKR 18.29 / per share as at June 30, 2017). Remeasurement to fair value resulted in a loss of PKR 177,235 (2017: PKR 9,128,197).

337,590 shares of LSE Financial Services Limited are pledged with the PSX to meet BMC requirements.



	<i>Note</i>	2018 Rupees	2017 Rupees
<b>11 LONG-TERM DEPOSITS</b>			
Deposit for Second LSE Tower		5,000,000	5,000,000
Deposits for Rooms in Faisalabad		1,000,000	1,000,000
CDC membership deposit		100,000	100,000
NCCPL membership deposit		200,000	200,000
PSX membership deposit		-	200,000
Security deposit with NCCPL - future trading		100,000	100,000
Trading Deposits with PMEX		670,423	670,423
Margin Deposits with LSE		187,800	187,800
Security deposit with PMEX		750,000	750,000
DFC initiation deposit		1,000,000	500,000
Other security deposits		179,985	179,985
		<u>9,188,208</u>	<u>8,888,208</u>

## 12 TRADE DEBTS

Considered good		38,468,087	58,013,022
Considered doubtful		12,618,037	1,226,072
		<u>51,086,124</u>	<u>59,239,094</u>
Less: Provision for doubtful debts		12,618,037	1,226,072
		<u>38,468,087</u>	<u>58,013,022</u>

**12.1** The Company holds client-owned securities with a total fair value of PKR 27,287,719/- (2017: PKR 155,948,353/-) as collateral against trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.

Trade debts include PKR 4,565,420/- receivable from related parties.

**12.2** Movement in provision against trade debts is as under:

Opening balance (as at July 1)			
Charged to profit and loss during the year		<u>(12,618,037)</u>	<u>(1,226,072)</u>
Amounts written off during the year		<u>(12,618,037)</u>	<u>(1,226,072)</u>
Closing balance (as at June 30)		<u>(12,618,037)</u>	<u>-</u>

## 13 LOANS AND ADVANCES

Staff advances - unsecured		1,319,804	1,261,288
Advance to related party - unsecured		<u>7,393,672</u>	<u>-</u>
		<u>8,713,476</u>	<u>1,261,288</u>

**13.1** This amount is an advance to Mr. Khurram Gulzar, a Director of the Company. The amount was advanced interest-free and is not secured by means of collateral. The amount is repayable within one year and has therefore been classified as

## 14 TRADE DEPOSITS & SHORT-TERM PREPAYMENTS

Clearing House Deposits (Reg. & Future)		5,100,000	9,700,000
Prepaid expenses		<u>6,669,956</u>	<u>1,124,810</u>
		<u>11,769,956</u>	<u>10,824,810</u>

### 14.1

This includes PKR 5,570,000 advanced in fiscal 2018 to Pakistan Suzuki Motors against the intended purchase of vehicles.

## 15 OTHER RECEIVABLES

Receivable from NCCPL		852,354	5,000
Miscellaneous receivables		<u>9,426</u>	<u>-</u>
		<u>861,780</u>	<u>5,000</u>

## 16 INCOME TAX REFUNDABLE

Advance Tax		1,052,830	958,986
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	Note	2018 Rupees	2017 Rupees
Less: Adjustment against provision of taxation			170,950
<b>Balance at the end of the year</b>		<b>1,052,830</b>	<b>788,036</b>

## 17 SHORT TERM INVESTMENTS

### Investments at fair value through profit or loss

Investment in listed securities	17.1	18,196,685	55,343,016
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16.1 Shares with fair value of PKR 281,840 have been pledged with banks for obtaining finance facilities.

Shares with fair value of PKR 9,044,127 have been pledged with PSX & LSE. Of these, shares with fair value of PKR 118,170 are client's shares.

## 18 CASH AND BANK BALANCES

	Note	2018 Rupees	2017 Rupees
Cash in hand		16,845	237,661
Cash at bank			
Proprietary accounts		596,179	13,805,547
Client accounts	18.1	6,406,007	12,012,028
		7,002,186	25,817,575
		<b>7,019,031</b>	<b>26,055,236</b>

18.1 Clients' funds are segregated from the Company's own funds and held in designated bank accounts.

## 19 SHARE CAPITAL

19.1	Authorized capital		
	150,000 (2017: 150,000) ordinary shares of PKR 1000/- each.	150,000,000	150,000,000

19.2	Issued, subscribed and paid-up share capital		
	100,000 (2017: 100,000) ordinary shares of PKR 1000/- each, issued for cash	100,000,000	100,000,000

### 19.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2018	2017	2018	2017
Mr. Khurram Gulzar	33,300	33,300	33%	33%
Mr. Kamran Gulzar	33,300	33,300	33%	33%
Mr. Aman Ullah	33,300	33,300	33%	33%
	<b>100,000</b>	<b>100,000</b>		

## 20 LONG TERM LOAN

Term Finance - Bank Alfalah Limited	20.1	29,509,279	38,216,836
Less: Current portion shown under current liabilities		(9,600,000)	(9,600,000)
		<b>19,909,279</b>	<b>28,616,836</b>

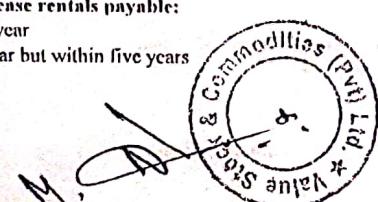
20.1 This term finance facility from Bank Alfalah Limited was restructured vide a compromise agreement dated 17th June 2013. The restructured amount as at that date is payable in 96 monthly installments (through to May 2021). Mark-up was waived for a period of 5 years (up to May 2018), after which the outstanding balance will carry mark-up at 6%, 7% and 8% (respectively by year) in each of the final three years until final settlement of the liability.

## 21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments		2,177,283	3,418,235
Less: Current portion		(1,561,431)	(2,497,003)
		<b>615,852</b>	<b>921,232</b>

### Minimum lease rentals payable:

Within one year		1,684,465	2,722,899
After one year but within five years		738,885	1,081,650



	Note	2018 Rupees	2017 Rupees
After five years		2,423,350	3,804,549
Less: Future financial charges		(246,067)	(386,314)
Net lease obligation		2,177,283	3,418,235

**21.1** The Company has access to a lease finance facility from Summit Bank Limited. The facility, with a limit of PKR 10 million, carries interest / mark-up at 1-year KIBOR + 5% per annum, payable monthly. The facility is secured against ownership of the leased vehicles in the name of Summit Bank Limited.

		2018 Rupees	2017 Rupees
<b>22 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Term Finance - Bank Alfalah Limited	20	9,600,000	9,600,000
Liability against assets subject to Finance Lease	21	1,561,431	2,497,003
		<u>11,161,431</u>	<u>12,097,003</u>

**23 DUE TO RELATED PARTY**

Due to related party	23.1	<u>-</u>	<u>5,360,519</u>
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**23.1** This represents an amount that was received from (and is therefore due to) Mr. Khurram Gulzar, a Director of the Company. The terms and conditions of the loan were not documented. In accordance with relevant guidance from ICAP, the amount was classified as payable in the short term. During the year, the amount was repaid by the Company.

<b>24 SHORT-TERM BORROWINGS</b>		<u>2,595,614</u>	<u>17,462,674</u>
Running Finance			

24.1	Banker	Note	Rate	2018		2017	
				-----Rupees-----		-----Rupees-----	
				Sanctioned	Availed	Sanctioned	Availed
	Summit Bank Ltd. - RF-2	23.1.1	KIBOR + 4 %	8,000,000	2,595,614	12,000,000	7,494,393
	Summit Bank Ltd. - RF-1	23.1.2	KIBOR + 3.5 %	10,000,000	-	10,000,000	9,968,281

**23.1.1** This running finance facility carries mark-up at three-months KIBOR plus 4% per annum, payable quarterly. This facility is secured against various residential properties owned by a Director of the Company as well as personal guarantees of all Directors of the

**23.1.2** This running finance facility carries mark-up at three-months KIBOR plus 3.5% per annum, payable quarterly. When drawn, this facility is secured against marketable securities and personal guarantees of Sponsor Directors of the Company.

**25 TRADE AND OTHER PAYABLES**

Trade creditors	25.1	11,274,887	12,653,001
Withholding Tax payable		801	6,585
FED Payable		-	116,685
Staff Salaries payable		225,500	5,323
Payable to NCCPL		-	13,820,167
Accrued and other payables		69,500	1,661,406
Auditor's remuneration payable		50,000	-
		<u>11,620,688</u>	<u>28,263,167</u>

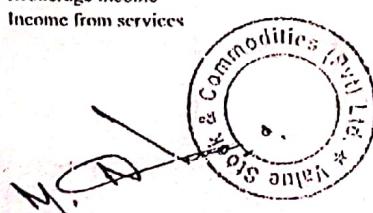
**25.1** This includes PKR nil (2017: PKR 5,360,519) due to related parties.

**26 CONTINGENCIES AND COMMITMENTS**

**26.1** There are no contingencies or commitments of the Company as at June 30, 2018 (2017: None)

**27 OPERATING REVENUE**

Brokerage income		6,982,128	15,678,537
Income from services		2,007,412	1,416,464
		<u>8,989,540</u>	<u>17,095,001</u>



		Note	2018 Rupees	2017 Rupees
<b>28 ADMINISTRATIVE EXPENSES</b>				
Salaries, wages and benefits			4,458,261	4,414,833
Telephone, internet and other			468,598	656,605
Rent, rates and taxes			344,075	802,530
Printing and stationery			112,042	162,204
Postage and telephone			137,816	120,239
Advertisement			-	143,388
Travelling and conveyance			257,030	180,520
Legal and professional			434,792	585,172
Fee and subscription			10,232	25,223
CDC / NCCPL / LSE Charges			828,215	969,740
Provision for Doubtful Debts			12,618,037	1,226,072
Impairment loss on TREC			9,435,500	-
Promotional Expenses			17,160	-
Computer Expenses			170,875	-
PMEX charges			15,025	55,000
Entertainment			367,153	544,629
Office expenses			420,252	548,221
Newspaper and Periodicals			5,120	9,921
Auditor's remuneration			135,000	135,000
Utilities			580,238	1,317,014
Charity & donation			100	25,000
Insurance			243,900	-
Communication Charges			39,955	-
Value Tower			61,077	-
Miscellaneous expenses			1,016,081	25,897
Depreciation			1,991,861	3,382,077
			<b>34,168,395</b>	<b>15,329,285</b>
<b>28.1. Auditor's remuneration</b>				
Statutory audit			<b>135,000</b>	<b>135,000</b>
			<b>135,000</b>	<b>135,000</b>

## 29 FINANCIAL CHARGES

		2018 Rupees	2017 Rupees
Mark-up on bank borrowings		738,816	1,182,348
Mark-up on lease finance facility		308,452	762,814
Bank charges		50,774	33,924
		<b>1,098,042</b>	<b>1,979,086</b>

## 30 OTHER INCOME

		2018 Rupees	2017 Rupees
Gain / (loss) on investments held for trading - unrealized		(5,752,034)	3,974,380
Loss on investments held for trading - realized		(3,696,764)	-
Gain / (loss) on sale of fixed assets		(89,047)	279,609
Other income / losses		-	(9,821)
		<b>(9,537,845)</b>	<b>4,244,168</b>

## 31 TAXATION

Provision made during the year for:

- current	-	170,950
- prior year	-	(320,380)
-	-	(149,430)
- Deferred Tax	-	4,118,946
		<b>3,989,516</b>

## 32 EARNINGS PER SHARE

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



	<i>Note</i>	2018 Rupees	2017 Rupees
Profit / (loss) after taxation, attributable to ordinary shareholders			
Weighted average number of ordinary shares in issue during the year		(35,814,742)	41,281
Earnings per share		100,000	100,000
		(358.15)	0.41

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

### 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2018		2017	
	Remuneration	Number of persons	Remuneration	Number of persons
Chief Executive Directors	656,393	1	-	-

The Chief Executive and Directors of the Company are provided with free use of the Company's owned and maintained cars.




	2018				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortized cost	Total
	Rupees				
<b>ASSETS</b>					
Non-current assets					
Long-term deposits	9,188,208	-	-	-	9,188,208
Long-term investments		15,259,068	-	-	15,259,068
					24,447,276
<b>Current assets</b>					
Short-term investments			18,196,685	-	18,196,685
Trade debts - net	38,468,087	-	-	-	38,468,087
Loans and advances	8,713,476	-	-	-	8,713,476
Trade deposits	11,769,957	-	-	-	11,769,957
Other receivables	861,780	-	-	-	861,780
Cash and bank balances	7,019,031	-	-	-	7,019,031
					85,029,016
<b>TOTAL FINANCIAL ASSETS</b>					<u>102,476,292</u>
<b>LIABILITIES</b>					
Current liabilities					
Trade and other payables			11,620,688	11,620,688	
Accrued mark-up	360,556	-	-	-	360,556
Short-term borrowings	2,595,614	-	-	-	2,595,614
Current portion of long-term liabilities	11,161,431	-	-	-	11,161,431
					25,738,289
Non-current liabilities					
Long-term financing	19,909,279				19,909,279
Liability against assets subject to finance lease	615,852				615,852
					<u>20,525,131</u>
<b>TOTAL FINANCIAL LIABILITIES</b>					<u>46,263,420</u>

	2017				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortized cost	Total
	Rupees				
<b>ASSETS</b>					
Non-current assets					
Long-term deposits	8,888,208	-	-	-	8,888,208
Long-term investments		15,436,303	-	-	15,436,303
					24,324,511
<b>Current assets</b>					
Short-term investments			55,343,016	-	55,343,016
Trade debts - net	58,013,022	-	-	-	58,013,022
Loans and advances	1,261,288	-	-	-	1,261,288
Trade deposits	10,824,811	-	-	-	10,824,811
Other receivables	5,000	-	-	-	5,000
Cash and bank balances	26,055,235	-	-	-	26,055,235
					<u>151,502,372</u>
<b>TOTAL FINANCIAL ASSETS</b>					<u>175,826,883</u>
<b>LIABILITIES</b>					
Current liabilities					
Trade and other payables			28,263,167	28,263,167	
Short-term borrowings	17,462,674	-	-	-	17,462,674
Accrued mark-up	14,961	-	-	-	14,961
Due to related parties	5,360,519	-	-	-	5,360,519
Current portion of long-term liabilities	12,097,003	-	-	-	12,097,003
					63,198,324
Non-current liabilities					
Long-term financing	28,616,836	-	-	-	28,616,836
Liability against assets subject to finance lease	921,232	-	-	-	921,232
					<u>29,538,068</u>
<b>TOTAL FINANCIAL LIABILITIES</b>					<u>92,736,392</u>



## 35 FINANCIAL RISK MANAGEMENT

### 35.1 Risk management framework

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

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

### 35.2 Market risk

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

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

#### 33.2.1 Currency risk

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

#### 33.2.2 Interest rate risk

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

#### 33.2.3 Price risk

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

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

### 35.3 Credit risk

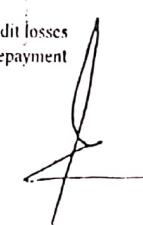
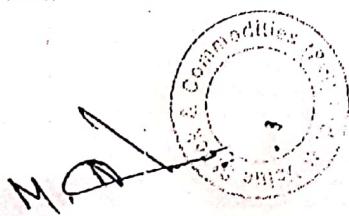
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

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

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

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

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

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

	2018	2017
Long-term deposits	9,188,208	8,888,208
Long-term investments	15,259,068	15,436,303
Short-term investments	18,196,685	55,343,016
Trade debts - net	38,468,087	58,013,022
Loans and advances	8,713,476	1,261,288
Trade deposits	11,769,957	10,824,811
Other receivables	861,780	5,000
Cash and bank balances	7,019,031	26,055,235
	<b>109,476,292</b>	<b>175,826,883</b>

#### 35.4 Liquidity Risk

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

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

	As at June 30, 2018		
	Carrying amount	Within one year	More than one year
Financial liabilities			
Trade and other payables	11,620,688	11,620,688	-
Short-term borrowings	2,595,614	2,595,614	-
Accrued mark-up	360,556	360,556	-
Bank financing and finance lease liability	31,686,562	11,161,431	20,525,131
<b>Total</b>	<b>46,263,420</b>	<b>25,738,289</b>	<b>20,525,131</b>

	As at June 30, 2017		
	Carrying amount	Within one year	More than one
Financial liabilities			
Trade and other payables	28,263,167	28,263,167	-
Short-term borrowings	17,462,674	17,462,674	-
Accrued mark-up	14,961	14,961	-
Due to related parties	5,360,519	5,360,519	-
Bank financing and finance lease liability	41,635,071	12,097,003	29,538,068
<b>Total</b>	<b>92,736,392</b>	<b>63,198,324</b>	<b>29,538,068</b>

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

#### 36 CAPITAL RISK MANAGEMENT

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

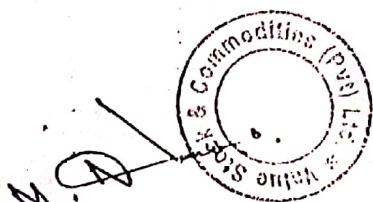
Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

#### 37 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

Recurring FV Measurement as at June 30, 2018	Level I	Level II	Level III	Total
Long-term investment - available-for-sale At fair value through profit and loss	18,196,685	-	15,259,068	15,259,068 18,196,685



33,455,753

**Recurring FV Measurement as at June 30, 2017**

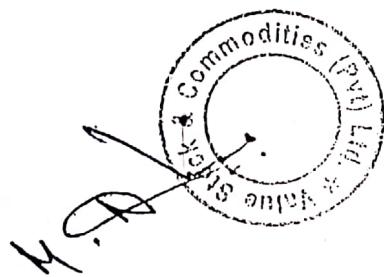
	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
Long-term investment - available-for-sale	-	-	15,436,303	15,436,303
At fair value through profit and loss	55,343,016	-	-	55,343,016
				<u>70,779,319</u>

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

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

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

*[Handwritten signature]*



### 38 RELATED PARTY TRANSACTIONS

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

### 39 EVENTS AFTER REPORTING PERIOD

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

40 NUMBER OF EMPLOYEES

Total number of employees at the end of year was 23 (2017: 22). Average number of employees was 23 (2017: 21).

#### 41 RE-CLASSIFICATION AND RE-ARRANGEMENTS

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

42 CAPITAL ADEQUACY	2018 Rupees
<i>Total Assets</i>	42.1 124,375,356
<i>Less: Total Liabilities</i>	46,263,420
<i>Less: Revaluation Reserves (created upon revaluation of fixed assets)</i>	-
 <i>Capital Adequacy Level</i>	 78,111,936

42.1 While determining the value of the total assets of the Company, the notional value as at June 30, 2018 of the  
TRECIUM the Company has been considered.

43 GENERAL

Amounts due and unpaid off to the nearest rupee, unless otherwise stated.

#### 44. AUTHORIZATION

**44.1** These financial statements were authorized for issue on 2nd October, 2018 by the Board of Directors of the Company.

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**Chief Executive**



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## Director