REANDA

Reanda Haroon Zakaria & Company

Chartered Accountants

HZ

GMI CAPITAL SECURITIES (PRIVATE) LIMITED

Financial Statement

For the year ended June 30, 2019

Room No. M1-M4, Mezzanine Floor, Progressive Plaza, Plot No. 5-CL-10,
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Reanda Haroon Zakaria & Company
Chartered Accountants

HZ

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GMI CAPITAL SECURITES (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **GMI Capital Securities (Private) Limited** which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, other 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, 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, other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for 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.

REANDA

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.

Reanda Haroon Zakaria & Company S/o.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 11 SEP 2019

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

	Note	30 June 2019 Rupees	30 June 2018 Rupees
ASSETS			
Non - Current Assets			
Property and equipment	6	**1,128,934**	1,292,201
Investment property	7	**11,580,165**	12,866,850
Intangible assets	8	**2,500,000**	2,500,000
Long term investment - At fair value			
- through other comprehensive income	9	**14,055,522**	21,353,585
Long term deposits	10	**2,210,000**	1,710,000
Deferred taxation	11	**-**	-
		31,474,621	39,722,636
Current Assets			
Trade receivables	12	**4,476,348**	8,933,642
Advances, deposits, prepayments & other receivables	13	**37,399,471**	39,958,915
Tax refunds due from government - net	14	**8,436,049**	7,157,654
Short term investments	15	**16,737,442**	32,298,826
Cash and bank balances	16	**132,138,643**	136,027,003
		199,187,953	224,376,040
Total Assets		**230,662,574**	264,098,676
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorized Share Capital			
1,500,000 (2018: 1,500,000) Ordinary shares of Rs. 100 each		**150,000,000**	150,000,000
Issued, subscribed and paid - up capital	17	**150,000,000**	150,000,000
Reserves		**65,465,089**	91,797,370
		215,465,089	241,797,370
Current Liabilities			
Trade payables	18	**14,854,519**	20,019,781
Accrued expenses & other liabilities	19	**342,966**	2,281,525
		15,197,485	22,301,306
Contingencies and Commitments	20	**-**	-
Total Equities and Liabilities		**230,662,574**	264,098,676

The annexed notes from 1 to 38 form an integral part of these financial statements

Mariya

Chief Executive

Mariam

Director

Rhm.

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

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Revenue			
Operating revenue	21	**9,822,947**	13,747,432
Capital gain		**18,726**	4,652,804
Unrealized loss on remeasurement of investment at fair value - through profit or loss		**(11,503,745)**	(13,514,698)
		(1,662,072)	4,885,538
Expenses			
Administrative expenses	22	**(12,975,435)**	(13,996,180)
Finance cost	23	**(20,995)**	(29,165)
		(12,996,430)	(14,025,345)
Operating loss		**(14,658,502)**	(9,139,807)
Other charges	24	**(5,317,456)**	(5,589,447)
Other income	25	**3,466,349**	2,754,449
Loss before taxation		**(16,509,609)**	(11,974,805)
Taxation	26	**(352,734)**	(3,204,091)
Loss after taxation		**(16,862,343)**	(15,178,896)

The annexed notes from 1 to 38 form an integral part of these financial statements

Mariya

Chief Executive

Mariam

Director

Rlm.

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

	30 June 2019 Rupees	*30 June 2018 Rupees*
Loss for the year	**(16,862,343)**	(15,178,896)
Other comprehensive loss		
Loss on remeasurement of investment at fair value - through other comprehensive income	**(9,469,937)**	(8,319,509)
Total comprehensive loss for the year	**(26,332,280)**	(23,498,405)

The annexed notes from 1 to 38 form an integral part of these financial statements

Mariya
Chief Executive

Mariam
Director

Rh.

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

	Issued, subscribed and paid - up capital	Reserves: Capital — Unrealized gain / (loss) on re-measurement of investment at fair value - through other comprehensive income	Reserves: Revenue — Accumulated profit / (loss)	Subtotal	Total Equity
	-----------	-----------	Rupees	-----------	-----------
Balance as at June 30, 2017	150,000,000	25,134,305	93,297,469	118,431,774	268,431,774
Loss for the year	-	-	(15,178,896)	(15,178,896)	(15,178,896)
Transfer to statement of profit or loss on account of disposal of investment - At fair value - through other comprehensive income	-	(3,136,000)	-	(3,136,000)	(3,136,000)
Loss on remeasurement of investment - At fair value - through other comprehensive income	-	(8,319,509)	-	(8,319,509)	(8,319,509)
	-	(11,455,509)	(15,178,896)	(26,634,404)	(26,634,404)
Balance as at June 30, 2018	**150,000,000**	**13,678,796**	**78,118,573**	**91,797,370**	**241,797,370**
Loss for the year	-	-	**(16,862,343)**	**(16,862,343)**	**(16,862,343)**
Loss on remeasurement of investment - At fair value - through other comprehensive income	-	**(9,469,937)**	-	**(9,469,937)**	**(9,469,937)**
	-	**(9,469,937)**	**(16,862,343)**	**(26,332,280)**	**(26,332,280)**
Balance as at June 30, 2019	**150,000,000**	**4,208,859**	**61,256,230**	**65,465,089**	**215,465,089**

	30 June 2019 Rupees	30 June 2018 Rupees
Break up of capital reserve :		
Long term investment	**3,243,582**	10,541,645
Short term investment	**965,277**	3,137,151
	4,208,859	10,541,645

The annexed notes from 1 to 38 form an integral part of these financial statements

Mariya

Chief Executive

Mariam

Director

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

	Note	30 June 2019 Rupees	30 June 2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(16,509,609)**	(11,974,805)
Adjustments for non cash items:			
Depreciation - investment property		**1,286,685**	1,429,650
Depreciation - property and equipment		**219,720**	246,681
Provision for doubtful debts		**818,440**	252,450
Trade debts written off		**676,664**	-
Loss on disposal of PMEX card		-	150,000
Loss on disposal of office equipment		**18,347**	18,182
Capital loss gain		**(18,726)**	(4,652,804)
Liabilities written back		-	(211,960)
Decline in value of TREC		-	2,500,000
Loss on remeasurement of short term investment		**11,503,745**	13,514,698
Dividend income		**(944,374)**	(1,816,320)
Finance cost		**20,995**	29,165
		13,581,496	11,459,742
Operating loss before working capital changes		**(2,928,113)**	(515,063)
Decrease / (Increase) in Current Assets			
Trade debts		**3,119,030**	17,820,991
Advances, deposits, prepayments & other receivables		**2,402,603**	22,248,653
(Decrease) / Increase in current liabilities			
Trade payables		**(5,165,262)**	(1,517,680)
Accrued expenses & other liabilities		**(1,938,559)**	(14,731,612)
		(1,582,188)	23,820,352
		(4,510,301)	23,305,289
Taxes paid		**(1,631,129)**	(3,137,417)
Finance cost paid		**(20,995)**	(29,165)
		(1,652,124)	(3,166,582)
Net cash (used in) / generated from operating activities		**(6,162,425)**	20,138,707
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits		**(500,000)**	19,250,036
Disposal of PMEX card		-	100,000
Short term investment - net		**1,904,491**	(7,276,659)
Long term investment - net		-	10,451,423
Dividend income received		**944,374**	1,816,320
Disposal of office equipment		**6,000**	8,000
Capital expenditure incurred		**(80,800)**	(191,820)
Net cash generated from investing activates		**2,274,065**	24,157,300
Net (decrease) / increase in cash and cash equivalents (A+B)		**(3,888,360)**	44,296,007
Cash and cash equivalents at the beginning of the year		**136,027,003**	91,730,996
Cash and cash equivalents at the end of the year	34	**132,138,643**	136,027,003

The annexed notes from 1 to 38 form an integral part of these financial statements

Mariya
Chief Executive

Mariam
Director

1 NATURE AND STATUS OF BUSINESS

GMI Capital Securities (Private) Limited (the Company) was incorporated in May 22, 2006 as private limited company. The registered office of the Company is situated at 705, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The Company is engaged in the business of financial consultancy, brokerage, underwriting and investment counseling. It is a Trading Right Holder of the Pakistan Stock Exchange Limited.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

(i) Total investment of the Company which comprises short and long term investments has decreased by 42.61% due to adverse Stock Market Performance.

(ii) The financial statements include disclosures requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 569 (I) / 2016 dated June 24, 2016.

3 BASIS OF PRESENTATION

3.1 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 of :

- International Financial reporting standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.

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

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

3.2 Basis of Measurements

These financial statements have been prepared under the historical cost convention, except for derivatives and investment.

3.3 Functional and presentation currency

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

3.4 *Use of estimates and judgments*

The preparation of financial statements is in conformity with the approved financial reporting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results on which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision effects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.5 *New or Amendments / interpretations to existing standards, interpretation and forth coming requirements:*

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July, 2018 other than those disclosed in note 4.1 are considered not to be relevant or do not have any significant effect on the company's financial statements and are therefore not stated in these financial statements.

3.6 *Standards, interpretations and amendments to published approved accounting standards that are not yet effective:*

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:

3.6.1 IFRS 16 'Leases' (effective for annual periods 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. The management is in the process of analyzing the potential impacts on adoption of this standard.

3.6.2 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 the Company's financial statements.

3.6.3 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 amortized 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 amortized 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.

3.6.4 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 the Company's financial statements.*

3.6.5 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 the Company's financial statements.

3.6.6 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.

3.6.7 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.

3.6.8 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 crystallize. 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.

3.6.9 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 Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company 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 periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

4 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 *Changes in significant accounting policies*

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 *IFRS 15 'Revenue from Contracts with Customers'*

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

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 amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as Brokerage Commission from Customers is recognized on origination of invoice to Customers when the related services are rendered.

4.1.2 *IFRS 9 'Financial Instruments'*

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

i ***Classification and measurement of financial assets and financial liabilities***

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

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

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial assets are stated in note 4.6 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018 and 01 July 2017

As at 30 June 2018	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original Carrying Amount* *Rupees*	*New Carrying Amount* *Rupees*
Long term investment	Available for sale	At fair value - through other comprehensive income	**21,353,585**	**21,353,585**
Short term investment - PSX Shares	Available for sale	At fair value - through other comprehensive income	**6,354,741**	**6,354,741**
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	**25,944,085**	**25,944,085**
Long term deposits	Loans and receivables	Amortized cost	**1,710,000**	**1,710,000**
Trade receivables	Loans and receivables	Amortized cost	**8,933,642**	**8,933,642**
Advances to staff	Loans and receivables	Amortized cost	**16,000**	**16,000**
Exposure deposit	Loans and receivables	Amortized cost	**38,841,315**	**38,841,315**
Other receivables	Loans and receivables	Amortized cost	**1,101,600**	**1,101,600**
Cash and bank balances	Loans and receivables	Amortized cost	**136,027,003**	**136,027,003**
Total			**240,281,971**	**240,281,971**

As at 01 July 2017	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original Carrying Amount* *Rupees*	*New Carrying Amount* *Rupees*
Long term investment	Available for sale	At fair value - through other comprehensive income	41,163,837	41,163,837
Short term investment - Other Equity investment	Held for trading	At fair value - through profit or loss	40,469,010	40,469,010
Long term deposits	Loans and receivables	Amortized cost	20,960,036	20,960,036
Trade receivables	Loans and receivables	Amortized cost	26,754,633	26,754,633
Advances to staff	Loans and receivables	Amortized cost	141,000	141,000
Exposure deposit	Loans and receivables	Amortized cost	57,578,300	57,578,300
Other receivables	Loans and receivables	Amortized cost	4,740,718	4,740,718
Cash and bank balances	Loans and receivables	Amortized cost	91,730,996	91,730,996
Total			283,538,530	283,538,530

ii ***Classification and measurement of financial assets and financial liabilities***

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

4.2 ***Property and equipment***

4.2.1 ***Owned***

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 acquisition of the assets including borrowing costs.

Where major components of an item of property and equipment have different useful life, they are accounted for as separate items of property and equipment.

Subsequent costs are included in the carrying amount 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Disposal of an item of property and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gain or loss on disposal are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating income" in the statement of profit or loss.

Depreciation is charged to statement of profit or loss applying the reducing balance method.

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

4.3 ***Intangible assets***

These stated at the cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into account residual value, useful life and amortization methods are reviewed and adjusted, if appropriate, at reporting date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain or loss on disposal, If any are included in the statement of profit or loss.

Trading right entitlement certificate and Room

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 it's recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to it's estimated recoverable amount.

4.4 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, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at it's cost, including related transaction cost and borrowing costs, if any. Subsequent to initial recognition investment property is measured at cost less accumulated depreciation.

4.5 Impairment of non-financ

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss

4.6 Financial assets

Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

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

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

4.7 *Investments*

- Investment in Shares of Pakistan Stock Exchange (PSX) are classified as "**At Fair Value - through Other Comprehensive Income**" and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss

- Investment in Listed Shares other than shares of PSX are classified as **"At Fair Value - Through Profit or Loss"** and is initially measured at cost and subsequently is measured at fair value determined using the market value at each reporting date. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

4.8 *Settlement date accounting*

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

4.9 *Trade debts and other receivables*

Trade debts and other receivable are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the company will not be able to collect all amount due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. The receivable in respect of securities sold on behalf of clients are recorded at settlement date of transaction.

4.10 *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.

4.11 *Cash and cash equivalents*

Cash and cash equivalents in the statement of cash flow includes cash in hand and balances with banks.

4.12 *Impairment of financial assets*

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an mount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward - looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.13 *De-recognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership

4.14 *Financial liabilities*

Financial liabilities are classified as measured at amortized cost or 'At Fair Value - Through Profit or Loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.15 *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously

4.16 *Borrowing / debt*

Borrowings / debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings / debt under the effective interest method. Markup / profit on borrowings / debt is calculated using the effective interest method and is recognized in the statement of profit or loss.

4.17 *Share Capital*

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

4.18 *Trade and Other payables*

Trade and other payable are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost using an effective interest method. Trade payable in respect of securities purchased are recorded at settlement date of transaction.

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

4.19 *Taxation*

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

4.19.1 *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 statement of financial position date, and any adjustment to tax payable in respect of previous year.

4.19.2 *Deferred*

Deferred tax is recognized using balance sheet method, providing for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to 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 recognized only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. 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 benefits will be realized.

4.20 *Provisions*

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

4.21 *Revenue recognition*

Revenue is recognized to the extent that is probable that the 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.

1. Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided based on settlement date accounting.

2. Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.

3. Gains / (losses) arising on sale of investment are included in the statement od profit or loss for the period which they arise.

4. Unrealized capital gains / (losses) arising from mark to market of investments classified as "financial assets at fair value through profit or loss - held for trading" are included in the statement of profit or loss for the period in which they arise.

5. Rental income from investment properties is recognized on accrual basis.

6. Other income is recognized on receipt basis.

4.22 *Related Party Transactions*

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and condition as third party transactions using valuations models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so and accordingly directors are allowed trading in shares free of commission.

6 *PROPERTY AND EQUIPMENT*

6.1 *The following is the statement of property and equipment*

Description	*Owned Assets* Furniture and fixtures	*Office Premises*	*Vehicles*	*Office equipment*	*Computers*	*Total*
	---------- Rupees ----------					
Year ended June 30, 2019						
Net carrying value basis						
Opening net book value (NBV)	**147,771**	**496,867**	**250,282**	**107,495**	**289,786**	**1,292,201**
Additions (at cost)	-	-	-	**61,600**	**19,200**	**80,800**
Disposals						
Cost	-	-	-	**39,000**	-	**39,000**
Depreciation	-	-	-	**(14,653)**	-	**(14,653)**
Net Book value	-	-	-	**(24,347)**	-	**(24,347)**
Depreciation charge	**(22,164)**	**(49,687)**	**(37,542)**	**(19,160)**	**(91,166)**	**(219,720)**
Closing net book value	**125,607**	**447,180**	**212,740**	**125,588**	**217,820**	**1,128,934**
Gross carrying value basis						
Cost	**601,889**	**1,500,000**	**1,110,700**	**426,903**	**1,893,580**	**5,533,072**
Accumulated depreciation	**(476,282)**	**(1,052,820)**	**(897,960)**	**(301,315)**	**(1,675,761)**	**(4,404,138)**
Net book value	**125,607**	**447,180**	**212,740**	**125,588**	**217,819**	**1,128,934**
Year ended June 30, 2018						
Net carrying value basis						
Opening net book value (NBV)	142,331	552,074	294,450	107,829	276,560	1,373,244
Additions (at cost)	28,200	-	-	41,300	122,320	191,820
	170,531	552,074	294,450	149,129	398,880	1,565,064
Disposals (NBV)						
Cost	-	-	-	36,000	-	36,000
Depreciation	-	-	-	(9,818)	-	(9,818)
	-	-	-	26,182	-	26,182
Depreciation charge	(22,760)	(55,207)	(44,168)	(15,452)	(109,094)	(246,681)
Closing net book value	147,771	496,867	250,282	107,495	289,786	1,292,201
Gross carrying value basis						
Cost	601,889	1,500,000	1,110,700	404,303	1,874,381	5,491,273
Accumulated depreciation	(454,118)	(1,003,133)	(860,418)	(296,808)	(1,584,595)	(4,199,072)
Net book value	147,771	496,867	250,282	107,495	289,786	1,292,201
Depreciation rate	**15%**	**10%**	**15%**	**15%**	**30%**	

	Note	30 June 2019 Rupees	30 June 2018 Rupees

7 INVESTMENT PROPERTY

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Cost	7.1	**17,650,000**	17,650,000
Accumulated depreciation			
Opening at July 01		**(4,783,150)**	(3,353,500)
Charge for the year	22	**(1,286,685)**	(1,429,650)
Closing		**(6,069,835)**	(4,783,150)
NBV at June 30		**11,580,165**	12,866,850
Rate of depreciation		**10%**	10%

7.1 These represents two offices in old stock exchange building.

8 INTANGIBLE ASSET

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Trading Rights Entitlement Certificate		**2,500,000**	5,000,000
Less: Decline in value		**-**	(2,500,000)
		2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited	8.2	**-**	-
		2,500,000	2,500,000

9 LONG TERM INVESTMENT - AT FAIR VALUE - THROUGH OTHER COMPREHENSIVE INCOME

30 June 2019 Number of Shares	30 June 2018 Number of Shares		30 June 2019 Rupees	30 June 2018 Rupees
1,081,194	1,081,194	Investment in shares of Pakistan Stock Exchange Limited - at fair value - through other comprehensive income	**10,811,940**	10,811,940
		Unrealized gain on remeasurement	**3,243,582**	10,541,645
1,081,194	1,081,194		**14,055,522**	21,353,585

9.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs.10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member the breakup of which is as follows:

9.2 Break up of shares received and transacted is as follows:

	Note	Number of shares
Shares transferred to Chinese consortium		**1,602,953**
Shares sold to general public		**1,001,477**
Shares in hand	9.3	**1,402,953**
		4,007,383

9.3 Shares in hand

	Note	
Long term investment - At fair value - through other comprehensive income	9.4	**1,081,194**
Short term investment - At fair value - through other comprehensive income		**321,759**
		1,402,953

9.4 Currently these are not available for trading and are classified as long term investment - At fair value through - other comprehensive income.

10 LONG TERM DEPOSITS

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Pakistan Stock Exchange Limited	10.1	**10,000**	10,000
National Clearing Company of Pakistan Limited	10.2	**1,600,000**	1,600,000
Central Depository Company of Pakistan		**100,000**	100,000
Base Minimum Capital		**500,000**	-
		2,210,000	1,710,000

10.1 This represents Railway land deposit with Pakistan Stock Exchange Limited.

10.2 National Clearing Company of Pakistan Limited

	30 June 2019 Rupees	30 June 2018 Rupees
- Security Deposit - Basic	**200,000**	200,000
- Security Deposit - BTB	**100,000**	100,000
- Security Deposit transferred from PSX	**200,000**	200,000
- Security Deposit - DFC	**1,000,000**	1,000,000
- IPO Exposure	**100,000**	100,000
	1,600,000	1,600,000

11 DEFERRED TAX - ASSET / (LIABILITY)

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Relating to taxable temporary difference			
Accelerated tax depreciation		**(162,955)**	(21,013)
Relating to deductible temporary difference			
Carried forward Assessed tax losses		**3,166,425**	2,498,802
Unabsorbed tax depreciation		**971,403**	1,089,657
Minimum tax		**263,549**	263,549
Alternative corporate tax		**1,774,989**	1,774,989
Provision for doubtful debts		**609,112**	431,636
		6,785,479	6,058,634
		6,622,524	6,037,621
Unrecognized deferred tax asset	11.1	**(6,622,524)**	(6,037,621)
		-	-

11.1 Deferred tax asset of Rs. 6.62 (2018: Rs. 6.038) Million has not been recognized owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

	Note	30 June 2019 Rupees	30 June 2018 Rupees
12 TRADE RECEIVABLES			
Clients - Considered good		**5,153,012**	8,933,642
Considered doubtful		**2,100,387**	1,438,787
	12.1	**7,253,399**	10,372,429
Provision for doubtful debts	12.3	**(2,100,387)**	(1,438,787)
Written off		**(676,664)**	-
		4,476,348	8,933,642

12.1 The total value of securities pertaining to clients are Rs. 50.324 (2018: Rs. 91.436) million held in sub - accounts of the company.

	Note	30 June 2019 Rupees	30 June 2018 Rupees
12.2 Value of Pledge Securities			
House			
- With NCCPL		**3,287,100**	6,701,525
- With Financial Institutions		**-**	-
	12.2.1	**3,287,100**	6,701,525

12.2.1 The securities are valued using market rate at the year end.

12.3 Provision for doubtful debts

Opening balance		**1,438,787**	1,438,787
Provision made during the year	24	**661,600**	-
Closing balance		**2,100,387**	1,438,787

13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to staff		**8,000**	16,000
Exposure deposit	13.1	**36,995,976**	38,841,315
Other receivables	13.2	**395,495**	1,101,600
		37,399,471	39,958,915

13.1 Exposure deposit

Ready Market		**17,500,000**	17,500,000
Future Market exposure and loss		**19,495,976**	21,341,315
	13.1.1	**36,995,976**	38,841,315

13.1.1 These represent amount of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

13.2 This includes amount of Rs. 140,365 in respect of CGT of clients collected by NCCPL at the close of the business at the year end which is being subsequently transferred to the client ledgers.

	Note	30 June 2019 Rupees	30 June 2018 Rupees
14 TAX REFUNDS DUE FROM GOVERNMENT - NET			
Opening		**7,157,654**	7,224,326
Tax deducted during the year		**1,631,129**	3,137,419
Less: Current tax	26	**(427,470)**	(3,028,017)
Less: Prior tax		**74,736**	(176,074)
Closing		**8,436,049**	7,157,654

15 SHORT TERM INVESTMENT

	Note	30 June 2019 Rupees	30 June 2018 Rupees
At fair value - through profit or loss			
Listed equity securities	15.1	**30,871,252**	32,775,742
Unrealized loss		**(18,316,677)**	(6,831,657)
Market value		**12,554,575**	25,944,085
At fair value - through other comprehensive income			
Shares of PSX	9.3	**3,217,590**	3,217,590
Unrealized gain		**965,277**	3,137,151
Market value	15.2	**4,182,867**	6,354,741
		16,737,442	32,298,826

15.1 At fair value - through profit or loss - listed equity securities

30 June 2019 Number of Shares	30 June 2018 Number of Shares		30 June 2019 Rupees	30 June 2018 Rupees
14,000	14,000	Attock Refinery Limited	**1,081,780**	3,014,340
40,000	40,000	D.G. Khan Cement Company Limited	**2,265,600**	4,579,600
10,000	15,000	Engro Fertilizer Limited	**639,700**	1,123,650
10,000	10,000	Engro Foods Limited	**583,300**	890,600
100,000	100,000	Fauji Cement Company Limited	**1,573,000**	2,285,000
12,500	12,500	Fauji Fertilizer Bin Qasim Limited	**227,875**	482,500
12,500	12,500	Fauji Fertilizer Company Limited	**1,090,000**	1,236,125
-	10,000	Gul Ahmed Textile Mills Limited	-	429,300
7,000	7,000	Ghandhara Nissan Limited	**367,010**	1,257,690
7,000	7,000	The General Tyre & Rubber Company of Pakistan Limited	**360,570**	1,163,400
2,000	2,000	Honda Atlas Cars Pakistan Limited	**296,640**	632,780
10,000	10,000	Hi-Tech Lubricants Limited	**276,600**	1,013,200
250,000	250,000	K-Electric Limited	**1,097,500**	1,420,000
10,000	10,000	National Refinery Limited	**1,134,700**	4,430,100
10,000	10,000	Oil & Gas Development Company Ltd.	**1,314,900**	1,556,200
15,000	15,000	TRG Pakistan Limited Class "A"	**245,400**	429,600
510,000	525,000		**12,554,575**	25,944,085

15.2 *At fair value - through other comprehensive income - shares of Pakistan Stock Exchange Limited*

30 June 2019	30 June 2018		30 June 2019	30 June 2018
Number of Shares			Rupees	Rupees
321,759	321,759	Pakistan Stock Exchange Limited	**4,182,867**	6,354,741

15.3 *The market value of each security at the year end is as follows:*

	30 June 2019	30 June 2018
Attock Refinery Limited	**77.27**	215.31
D.G. Khan Cement Company Limited	**56.64**	114.49
Engro Fertilizer Limited	**63.97**	74.91
Engro Foods Limited	**58.33**	89.06
Fauji Cement Company Limited	**15.73**	22.85
Fauji Fertilizer Bin Qasim Limited	**18.23**	38.60
Fauji Fertilizer Company Limited	**87.20**	98.89
Gul Ahmed Textile Mills Limited	**47.12**	42.93
Ghandhara Nissan Limited	**52.43**	179.67
The General Tyre & Rubber Company of Pakistan Limited	**51.51**	166.20
Honda Atlas Cars Pakistan	**148.32**	316.39
Hi-Tech Lubricants Limited	**27.66**	101.32
K-Electric Limited	**4.39**	5.68
National Refinery Limited	**113.47**	443.01
Oil & Gas Development Company Limited	**131.49**	155.62
TRG Pakistan Limited Class "A"	**16.36**	28.64
Pakistan Stock Exchange Limited	**13.00**	19.75

16 *CASH AND BANK BALANCES*

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Cash in hand		**80**	18,190
Cash at bank - Current accounts	16.1	**132,138,563**	136,008,813
		132,138,643	136,027,003

16.1 *Bank balance pertains to:*

- Clients	**14,854,519**	20,019,780
- Brokerage house	**117,284,043**	115,989,032
	132,138,563	136,008,813

17 *ISSUED, SUBSCRIBED AND PAID - UP CAPITAL*

30 June 2019	30 June 2018			
Number of shares				
1,500,000	1,500,000	Ordinary shares of Rs. 100 each fully paid in cash	**150,000,000**	150,000,000
1,500,000	1,500,000		**150,000,000**	150,000,000

17.1 The share holders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All the shares carry "one vote" per share without any restriction.

18 TRADE PAYABLES

	Note	30 June 2019 Rupees	30 June 2018 Rupees
- Related parties (Directors)			
- Ms. Maria Ghulam Muhammad.		**9,325,562**	654,839
- Mrs. Mariam Ghulam Muhammad.		**163,670**	-
	18.1	**9,489,232**	654,839
- Others			
- Clients		**5,365,287**	19,364,942
		14,854,519	20,019,781

18.1 The maximum aggregate amount outstanding at any time during the year with reference to month end balances:

S.no.	*Name*	*30 June 2019 Rupees*	*30 June 2018 Rupees*
1	Ms. Maria Ghulam Muhammad.	**(11,142,495)**	17,783,732
2	Mrs. Mariam Ghulam Muhammad.	**164,008**	(5,481,184)

19 ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses	**316,280**	247,651
SST payable	**26,686**	47,904
Other liabilities	**-**	1,985,970
	342,966	2,281,525

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There are no contingencies at the year end (2018: Nil).

20.2 Commitments

Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end:

	30 June 2019 Rupees	*30 June 2018 Rupees*
For purchase of shares	**9,132,607**	36,312,631
For sale of shares	**3,683,502**	16,619,319

	Note	30 June 2019 Rupees	30 June 2018 Rupees
21 OPERATING REVENUE			
Brokerage commission	21.1	**6,752,772**	8,680,226
Custody / Laga / NCSS Fees		**2,125,801**	3,250,886
Dividend income	21.2	**944,374**	1,816,320
		9,822,947	13,747,432
21.1 Brokerage commission			
Gross commission		**7,630,468**	9,808,659
Sales tax / Federal excise duty		**(877,695)**	(1,128,433)
		6,752,772	8,680,226
21.1.1 Brokerage commission pertains to			
Retail customers		**7,630,468**	9,808,659
21.2 Dividend income			
From			
- PSX		**-**	475,738
- Other equity investment		**944,374**	1,340,582
		944,374	1,816,320
22 ADMINISTRATIVE EXPENSES			
Directors' remuneration	30	**1,800,000**	1,200,000
Salaries and other benefits		**5,357,413**	6,354,571
Service and transaction charges		**810,834**	1,060,195
Utilities		**438,940**	410,341
Printing and stationery		**42,694**	36,270
Fees and subscription		**26,950**	36,165
Legal and professional charges		**380,480**	621,995
I.T expenses		**801,738**	545,012
Entertainment		**328,829**	359,438
Postage and courier		**9,430**	11,855
Traveling and conveyance		**10,905**	299,725
Rent, rates and taxes		**177,100**	349,226
Repair and maintenance		**242,105**	189,138
Depreciation - investment property	7	**1,286,685**	1,429,650
Depreciation - property and equipment	6	**219,720**	246,681
General expenses		**1,041,612**	845,919
		12,975,435	13,996,180
23 FINANCE COST			
Bank charges		**20,995**	29,165

24 OTHER CHARGES

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Decline in the value of TREC	8	-	2,500,000
Provision for other reeivable	24.1	**818,440**	252,450
Trade debts written off		**676,664**	-
Charity & donation	24.2	**3,538,852**	2,471,717
Audit fee	24.3	**283,500**	332,280
Brokerage on disposal of PMEX card		-	33,000
		5,317,456	5,589,447

24.1 *Provision for doubtful debts*

	30 June 2019 Rupees	30 June 2018 Rupees
Against		
- Other receivable	**156,840**	252,450
- Trade debts	**661,600**	-
	818,440	252,450

24.2 This amount represents food distributed to different needy people, Each receiving food items of less than the limits specified under Fifth Schedule.

24.3 *Audit fee*

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Reanda Haroon Zakaria & Co.			
- Statutory audit		**162,000**	148,500
- Certifications		**121,500**	138,780
		283,500	287,280
Pkf F.R.A.N.T.S & Co.			
- System audit		-	45,000
		283,500	332,280

25 OTHER INCOME

	Note	30 June 2019 Rupees	30 June 2018 Rupees
From financial assets			
Profit on PSX deposit		**2,251,320**	1,152,394
Profit on 10% retention money from PSX		-	254,328
IPO commission		**1,420**	388
		2,252,740	1,407,111
From non - financial assets			
Rental income		**1,231,956**	1,303,560
Liabilities written back		-	211,960
Loss on disposal of PMEX card	8.2	-	(150,000)
Loss on disposal of office equipment		**(18,347)**	(18,182)
		1,213,609	1,347,338
		3,466,349	2,754,449

	Note	30 June 2019 Rupees	30 June 2018 Rupees
26 TAXATION			
Current	26.1	**427,470**	3,028,017
Prior		**(74,736)**	176,074
		352,734	3,204,091

26.1 Current tax

	Note	30 June 2019 Rupees	30 June 2018 Rupees
- Normal	26.2	**285,814**	237,120
- FTR	26.3	**141,656**	2,774,092
- Capital gain tax		**-**	16,805
		427,470	3,028,017

26.2 This represents tax on property income as business losses cannot be utilized against it. (2018: Tax on property income).

26.3 FTR	30 June 2019 Rupees	30 June 2018 Rupees
- Tax on Dividend	**141,656**	272,448
- Tax under Sec 233A (1) (a), (b)	**-**	2,501,644
	141,656	2,774,092

26.4 Income tax returns of the company have been finalized up to and including the tax year 2018, which is deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

An assessment can only be amended within 5 years from the end of the financial year in which the commissioner has issued or treated to have the original assessment order.

The commissioner of income tax may in any of the previous 6 years select the deemed assessment for audit.

27 PROVISION FOR IMPAIRMENT LOSSES & TREATMENT OF RECEIVABLES

The aging of trade debts as at the statement of financial position date is summarized below: -

	2019		2018	
	Gross	Impairment	Gross	Impairment
	------------------- Rupees -------------------			
Balance Outstanding				
Past due 1 - 14 days	**997,324**	**-**	2,931,318	-
Past due 15 - 30 days	**6,022**	**-**	3,035,722	-
Past due 31 - 60 days	**55,223**	**-**	1,973,860	-
Past due 61 - 90 days	**638,017**	**-**	239,184	-
365 days or more	**5,556,813**	**(1,438,787)**	2,192,346	(1,438,787)
	7,253,399	**(1,438,787)**	10,372,429	(1,438,787)

27.1 Treatment of receivables

Receivables are recorded on settlement basis of accounting and provision is made based on market practices and past performance.

28 PATTERN OF SHAREHOLDING

Following is the Pattern of Shareholding as at June 30, 2019:

Name of Shareholder	*No. of Shares Held*	*Percentage %*
Ms. Maria Ghulam Muhammad	**1,484,999**	**99%**
Other	**15,001**	**1%**
	1,500,000	**100%**

29 LOSS PER SHARE

	30 June 2019	*30 June 2018*
- Basic and diluted		
Loss after taxation	**(16,862,343)**	(15,178,896)
Weighted average number of shares issued up to the end of the year	**15,000,000**	1,500,000
Loss per share	**(1.12)**	(10.12)

There is no dilutive effect on the basic loss per share of the company.

30 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

	2019		*2018*	
	Directors	***Chief Executive***	*Directors*	*Chief Executive*
Managerial remuneration	**600,000**	**1,200,000**	-	1,200,000
Number of person(s)	**1**	**1**	1	1

30.1 In addition to above chief executive and director are also allowed trading of shares without commission charges and reimbursement of various house hold expenses.

31 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

Financial Instrument by Category

	2019			
	At fair value - through profit or loss	***At fair value - through other comprehensive income***	***Other financial assets***	***Total***
	- - - - - - - - - - Rupees - - - - - - - - - -			
Financial Assets				
Long term investment	**-**	**14,055,522**	**-**	**14,055,522**
Long term deposits	**-**	**-**	**2,210,000**	**2,210,000**
Short term investments	**12,554,575**	**4,182,867**	**-**	**16,737,442**
Trade receivables	**-**	**-**	**4,476,348**	**4,476,348**
Advances to staff	**-**	**-**	**8,000**	**8,000**
Exposure deposits	**-**	**-**	**36,995,976**	**36,995,976**
Cash and bank balances	**-**	**-**	**132,138,643**	**132,138,643**
	12,554,575	**18,238,389**	**175,828,967**	**206,621,931**

	2018			
	At fair value - through profit or loss	*At fair value - through other comprehensive income*	*Other financial assets*	*Total*
	------------------ Rupees ------------------			
Financial Assets				
Long term investment	-	21,353,585	-	21,353,585
Long term deposits	-	-	1,710,000	1,710,000
Short term investments	25,944,085	6,354,741	-	32,298,826
Trade receivables	-	-	8,933,642	8,933,642
Advances to staff	-	-	16,000	16,000
Exposure deposits	-	-	38,841,315	38,841,315
Other receivables	-	-	1,101,600	1,101,600
Cash and bank balances	-	-	136,027,003	136,027,003
	25,944,085	27,708,326	186,629,560	240,281,971

32 *FINANCIAL RISK MANAGEMENT*

The Boar of Directors of the company has overall responsibility for establishment and oversight of the company's risk management framework. The Company has exposure to the following risks from its use of financial instrument:

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

32.1 *Market Risk*

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

32.1.1 *Interest rate risk*

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the company's loss by Rs. Nil and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis. Currently, The company is not exposed to interest rate risk.

32.1.2 *Foreign currency risk*

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

32.1.3 *Equity Price Risk*

Equity price risk is that risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for the shares and liquidity in the market. Management of the company estimates that a 1% increase in overall equity prices in the market with all other factors remaining constant would increase the company's profit by Rs. 307,930/- and a 1% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

32.2 *Liquidity Risk*

Liquidity risk is the risk that the company will encounter difficulty in meeting it's financial obligation associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of possibility that the Company could required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2019	
	Carrying Amount	***Within one year***
	-------- Rupees --------	
Financial Liabilities		
Creditors, accrued expense and other liabilities	**15,170,799**	**15,170,799**

	2018	
	Carrying Amount	*Within one year*
	-------- *Rupees* --------	
Financial Liabilities		
Creditors, accrued expense and other liabilities	22,253,402	22,253,402

32.3 *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

32.3.1 *Exposure to Credit Risk*

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of the financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper 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 and investment and operational guidelines approved by the Board of Directors. In addition, credit is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	30 June 2019 Rupees	*30 June 2018 Rupees*
Long term investment	**14,055,522**	21,353,585
Long term deposits	**2,210,000**	1,710,000
Short term investments	**16,737,442**	32,298,826
Trade receivables	**4,476,348**	8,933,642
Advances to staff	**8,000**	16,000
Short term deposits	**36,995,976**	38,841,315
Other receivable	**-**	1,101,600
Bank balances	**132,138,563**	136,008,813
	206,621,851	240,263,781

32.4 Operational Risk

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

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

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

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

2) Requirements for the reconciliation and monitoring of transactions;

3) Compliance with regulatory and other legal requirements;

4) Documentation of control and procedures;

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

6) ethical and business standards;

7) Risk mitigation, including insurance where this is effective.

Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analysis financial 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.

	2019			
	Level 1	*Level 2*	*Level 3*	*Total*
	------------------ Rupees ------------------			
At fair value - through profit or loss				
Listed securities	**12,554,575**	-	-	**12,554,575**
At fair value - through other comprehensive income				
Investment in shares of Pakistan Stock Exchange Limited	**18,238,389**	-	-	**18,238,389**
	30,792,964	-	-	**30,792,964**

	2018			
	Level 1	*Level 2*	*Level 3*	*Total*
	------------------ Rupees ------------------			
At fair value - through profit or loss				
Listed securities	25,944,085	-	-	25,944,085
At fair value - through other comprehensive income				
Investment in shares of Pakistan Stock Exchange Limited	27,708,326	-	-	27,708,326
	53,652,411	-	-	53,652,411

33 *CAPITAL MANAGEMENT*

The primary objective of the company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finance its operations through equity.

34 *CASH AND CASH EQUIVALENTS*

	30 June 2019 Rupees	30 June 2018 Rupees
Cash in hand	**80**	18,190
Cash at bank	**132,138,563**	136,008,813
	132,138,643	136,027,003

35 *RELATED PARTY TRANSACTIONS*

Parties are considered to be related if any one party has the ability to control the other party a exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel.

Detail of transactions with related parties during the year is as follows:

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Transactions during the year			
Remuneration to Director and Chief Executive	30	**1,800,000**	1,200,000
Year End Balances			
Rent receivable against investment property		**-**	1,101,600
Trade payable	18	**9,489,232**	654,839

36 *NUMBER OF EMPLOYEES*

The total number of employees including dealers at year end were 12 (2018: 17) and average number of employees including dealers during the year was 14 (2018: 17).

37 DATE OF AUTHORIZATION TO ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 11 SEP 2019.

38 GENERAL

Figures have been rounded off to the nearest rupee.

Mariya

Chief Executive

Mariam

Director