

Saz Capital Securities (Private)  
Limited

Financial statements

For the year ended

June 30, 2018



## INDEPENDENT AUDITOR'S REPORT

To the members of SAZ CAPITAL SECURITIES (PRIVATE) LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statement of **SAZ CAPITAL SECURITIES (PRIVATE) LIMITED**, which comprise the statement of financial position as at **June 30, 2018** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow 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 and other comprehensive income, the statement of changes in equity and statement of cash flow 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, 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, 2018 and of the profit for the year then ended; and other comprehensive income, 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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 requirement of Companies Act, 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 operation, or has no realistic alternative but to do so.



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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**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;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income or the income and expenditure account, 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 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**

KARACHI

DATE: 26 SEP 2018

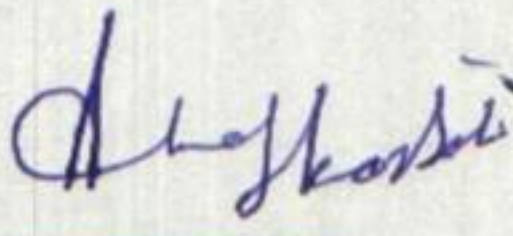


SAZ CAPITAL SECURITIES (PRIVATE) LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	12,092,052	13,123,762
Intangible assets	5	2,750,000	2,750,000
Investment - available for sale	6	21,353,582	41,163,833
Long term investment	7	9,000,000	9,000,000
Long term deposits	8	3,866,500	3,371,573
		49,062,134	69,409,168
<b>CURRENT ASSETS</b>			
Short term investment	9	21,338,740	-
Tax refundable		5,575,700	5,575,700
Trade debts - unsecured considered good	10	162,300	4,936,566
Advances, deposits, prepayments and other receivables	11	17,186,329	45,249,951
Cash and bank balances	12	172,789,971	148,315,228
		217,053,040	204,077,445
		<u>266,115,174</u>	<u>273,486,613</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital	13	92,500,000	92,500,000
Unappropriated profit		94,839,048	98,513,636
Surplus/(Deficit) on investment available for sale		10,541,642	25,134,303
		197,880,690	216,147,939
<b>CURRENT LIABILITIES</b>			
Trade and other payable	14	68,234,484	57,338,674
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	-	-
		<u>266,115,174</u>	<u>273,486,613</u>

The annexed notes form an integral part of these financial statements.

  
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CHIEF EXECUTIVE

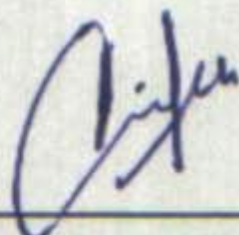
  
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DIRECTOR



SAZ CAPITAL SECURITIES (PRIVATE) LIMITED  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<i>Note</i>	June 30, 2018 (Rupees)	June 30, 2017 (Rupees)
Operating revenue	16	7,977,360	20,471,867
Impairment loss on investment		-	(12,500,000)
Operating and administrative expenses	17	(12,502,317)	(13,266,570)
Other income	18	4,956,649	46,943,191
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		<u>431,692</u>	<u>41,648,488</u>
Taxation - net	19	(4,106,281)	(12,624,914)
<b>NET PROFIT/(LOSS) AFTER TAXATION</b>		<u><u>(3,674,589)</u></u>	<u><u>29,023,574</u></u>

The annexed notes form an integral part of these financial statements.

  
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**CHIEF EXECUTIVE**

  
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**DIRECTOR**



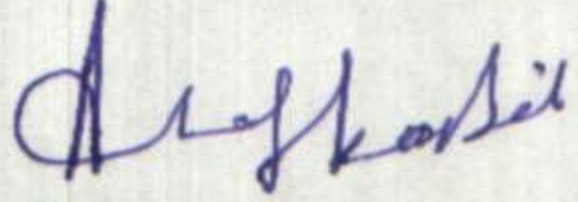
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**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Issued, subscribed and paid-up capital	Accumulated Profit	Surplus/(Defi cit) on investment available for sale	Total
	-----Rupees-----			
Balance as at July 01, 2016	92,500,000	69,490,062	-	161,990,062
Profit for the year ended June 30, 2017	-	29,023,574	-	29,023,574
Surplus/(Deficit) on investment available for sale			25,134,303	25,134,303
<b>Balance as at June 30, 2017</b>	<b>92,500,000</b>	<b>98,513,636</b>	<b>25,134,303</b>	<b>216,147,939</b>
Profit/(Loss) for the year ended June 30, 2018	-	(3,674,589)	-	(3,674,589)
Surplus/(Deficit) on investment available for sale		-	(14,592,662)	(14,592,662)
<b>Balance as at June 30, 2018</b>	<b>92,500,000</b>	<b>94,839,048</b>	<b>10,541,642</b>	<b>197,880,690</b>

The annexed notes form an integral part of these financial statements.

  
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**CHIEF EXECUTIVE**

  
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**DIRECTOR**



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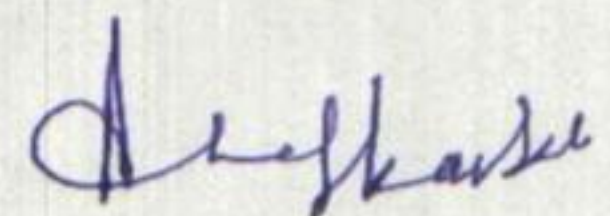
**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	June 30, 2018	June 30, 2017
	(Rupees)	(Rupees)
Profit/(loss) for the period	(3,674,589)	29,023,574
Surplus/(Deficit) on investment available for sale	(14,592,662)	25,134,303
<b>Total Comprehensive Income</b>	<u><u>(18,267,250)</u></u>	<u><u>54,157,877</u></u>

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



SAZ CAPITAL SECURITIES (PRIVATE) LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		431,692	41,648,488
<b><u>Adjustment for non-cash items:</u></b>			
Depreciation		1,031,710	1,327,437
Capital Gain - Investment available for sale		-	(42,837,484)
Dividend income		(540,738)	(440,812)
Capital Gain on short term investment		7,737,004	(582,837)
Unrealized Gain on Reclassification of investment		(5,087,150)	-
Gain on disposal of fixed assets		-	(270,000)
Impairment-TREC		-	12,500,000
Operating profit before working capital changes		3,140,826	(30,303,696)
<b><u>Changes in working capital</u></b>			
(Increase)/Decrease in trade debts		4,774,266	28,243,813
(Increase)/Decrease in advances, deposits and prepayments		28,218,566	(29,166,949)
(Increase)/Decrease in long term deposits		(494,927)	(2,005,073)
Increase/(Decrease) in trade and other payable		10,895,810	32,895,197
<b>Net changes in working capital</b>		43,393,715	29,966,988
Taxes paid		(4,261,225)	(8,142,004)
<b>Net cash generated from operating activities</b>		42,705,008	33,169,776
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		-	(3,987,000)
Proceeds from investment available for sale		-	66,881,784
Proceeds from sale of property and equipment		-	270,000
Dividend received		540,738	440,812
Short term investment		(18,771,005)	5,676,262
<b>Net cash generated from investing activities</b>		(18,230,266)	69,281,858
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash generated from financing activities</b>		-	-
Net increase in cash and cash equivalent		24,474,742	102,451,634
Cash and cash equivalent at beginning of the year		148,315,229	45,863,595
Cash and cash equivalent at end of the year		172,789,971	148,315,229

The annexed notes form an integral part of these financial statements.

  
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CHIEF EXECUTIVE

  
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DIRECTOR



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**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1 Legal Status and Nature of Business**

Saz Capital Securities (Private) limited was incorporated under the repealed Companies Ordinance, 1984 on June 20, 2001 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange (Guarantee) Limited. The registered office of the company is located at room no. 608, 6<sup>th</sup> floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company are to carry on the business of share brokerage, under writing of public issues, investment and portfolio management.

**2 Basis of Preparation**

**2.1 Statement of Compliance**

The financial statements is prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, 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) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

**2.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention unless otherwise specifically specified.

**2.3 Functional and Presentation Currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

**2.4 Critical Accounting Estimates and Judgments**

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about 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 are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, value of intangibles and provision for doubtful receivables.

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2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 New and Amended Standards and interpretations

The adoption of the new and amended standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.5.2 Standards, Interpretation and Amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

	Description effective for periods	Effective for periods beginning on or after
IFRS 2	Share-based Payment - Amendments relating to classification and measurement of Share-based Payment Transactions	January 01, 2018
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or contribution of Assets between an investor and its Associate or Joint Venture	Not yet finalized
IAS 7	Statement of Cash Flows - Amendments relating to Disclosure Initiative	January 01, 2017
IAS 12	Income Taxes - Amendments relating to recognition of Deferred Tax Assets for unrealized losses	January 01, 2017
IRFS 4	Insurance Contract: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2018
IAS 40	Investment Property: Transfer of Investment Property (Amendments)	January 01, 2018
IFRIC 22	Foreign Currency Transaction and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 16	Leases	January 01, 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

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Description effective for periods		Effective for periods beginning on or after
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contract	January 01, 2021

### 3 Summary of Significant Accounting Policies

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

#### 3.1 Taxation

Income tax expense comprises of current, and prior year. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### 3.1.1 Current

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

##### 3.1.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

However the company is subject to taxation from next year that is based on transaction volume. As the tax is not levied on the basis of profits therefore deferred tax liability/asset is not recognized.

#### 3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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 its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from



use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Reducing balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

**3.3 Intangible Assets**

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet 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 and losses on disposal of such assets, if any, are included in the profit and loss account.

**3.4 Impairment**

**3.4.1 Financial Assets**

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

**3.4.2 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 is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pretax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no

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impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit and loss account.

### 3.5 Financial Instruments

#### 3.5.1 Financial Assets

The Company classifies its financial assets at initial recognition in the following categories depending on the nature and purpose for which the financial assets were acquired:

##### At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

##### 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 those having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, interest accrued, other receivables, cash and bank balances.

##### Held to maturity

These are financial assets with fixed or determinable payment and fixed maturity which the Company has positive intent and ability to hold to the maturity.

##### Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At each balance sheet date, these investments are re-measured at fair value and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired at which time these are transferred to the profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Pakistan Stock Exchange. The investments, for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised and derecognised on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are

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carried at amortized cost using the effective interest rate method.

The Company assesses at each reporting date whether there is objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognised in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

**3.5.2 Financial Liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

**3.6 Trade and Other Receivables**

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Trade debts and other receivable considered irrecoverable are written off.

**3.7 Trade and Other Payables**

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

**3.8 Provisions**

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

The amount recognized as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

**3.9 Revenue Recognition**

- Brokerage income is recognized as and when transaction is executed.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

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**3.12 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balance, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change.

**3.13 Related Party Transactions**

Transactions in relation to sales purchase and services with related parties are made at arm's length price which is determined in accordance with the comparable uncontrolled price method. The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees.

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4 PROPERTY AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V.
	As at July 01, 2017	Additions / (Deletions)	As at June 30, 2018		As at July 01, 2017	For the year	As at June 30, 2018	As at June 30, 2018
Office Building	12,700,000	-	12,700,000	5%	3,318,337	469,083	3,787,420	8,912,580
Furniture & Fixtures	600,000	-	600,000	15%	529,622	10,557	540,179	59,821
Office Equipments	33,000	-	33,000	15%	27,690	797	28,487	4,514
Computers	1,494,332	-	1,494,332	30%	1,485,583	2,625	1,488,208	6,124
Motor Vehicle	6,311,000	-	6,311,000	15%	2,653,338	548,649	3,201,987	3,109,013
<b>June 30, 2018 (Rupees)</b>	<b>21,138,332</b>	<b>-</b>	<b>21,138,332</b>		<b>8,014,570</b>	<b>1,031,710</b>	<b>9,046,280</b>	<b>12,092,052</b>
<b>June 30, 2017 (Rupees)</b>	<b>18,151,332</b>	<b>2,987,000</b>	<b>21,138,332</b>		<b>7,687,133</b>	<b>1,327,437</b>	<b>8,014,570</b>	<b>13,123,762</b>

2018                      2017  
(Rupees)

5. INTANGIBLE ASSETS

Trading Right Entitlement Certificate PSX  
Membership Cards Rights - PMEX

2,500,000	2,500,000
250,000	250,000
-	
<b>2,750,000</b>	<b>2,750,000</b>

6. INVESTMENT - Available for Sale

Shares of Pakistan Stock Exchange Ltd

6.1                      **21,353,582**                      **41,163,833**

6.1 This respect 1,081,194 shares of Pakistan Stock Exchanges acquired in pursuance of Corporatisation, Demutualization and integration Act, 2012.

7. LONG TERM INVESTMENTS

Investment in unlisted securities  
Impairment loss

7.1                      **18,000,000**                      18,000,000  
**(9,000,000)**                      (9,000,000)  
**9,000,000**                      **9,000,000**

7.1 The company has an investment of Rs. 18 million (2017: Rs.18 million) in shares of Platinum Capital Management (Private) Limited (PCMPL). PCMPL is incorporated in Pakistan as private limited company with a paid-up capital of Rs. 150 million as at 30 June 2017. The company owns 180,000 shares of Rs. 100 each (2015: 180,000 shares) representing 12% ownership. Break-up value per share of this investment is Rs.75.03 This break-up value per share is based on audited financial statements of PCMPL for the period ended 30 June 2016. The company is currently in operative therefore the impairment loss in not reversed.



2018

2017

(Rupees)

## 8 LONG TERM DEPOSITS

Deposits - PSX	210,000	214,809
Deposits - PMEX (Membership)	750,000	750,000
Central Depository Company Of Pakistan	100,000	100,000
National Clearing Company Of Pakistan	200,000	200,000
Mobilink deposits	6,500	6,500
BMC deposits	2,500,000	2,000,264
Pakistan Mercantile Exchange Limited	100,000	100,000
	<u>3,866,500</u>	<u>3,371,573</u>

## 9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	9.1.	<u>21,338,740</u>	-
9.1. Investment in various equity shares carried at market value.			

## 10. TRADE DEBTS

Trade debts	162,300	4,936,566
Provision for doubtful debts	-	-
	<u>162,300</u>	<u>4,936,566</u>

## 11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	8,202,447	8,047,503
Other Receivables	1,433,882	7,715,080
Exposure Deposit	3,500,000	-
Receivable from PSX	-	6,004,173
Receivable from PSX	-	4,488,268
Future Deposit-NCCPL	1,000,000	15,994,927
Advance for office	3,050,000	3,000,000
	<u>17,186,329</u>	<u>45,249,951</u>

## 12. CASH AND BANK BALANCES

Cash at bank - In current accounts	100,063,132	89,704
' - In pls and deposit accounts	72,726,839	148,225,524
	<u>172,789,971</u>	<u>148,315,228</u>

## 13 SHARE CAPITAL

## AUTHORIZED SHARE CAPITAL

2018                      2017  
Number of Shares

15,000,000                      15,000,000

ordinary shares of  
Rs. 10 each

2017  
(Rupees)

150,000,000

2016  
(Rupees)

150,000,000



**ISSUED SUBSCRIBED AND PAID-UP**

ordinary shares of  
Rs. 100 each fully paid  
in cash

<u>925,000</u>	<u>925,000</u>	<u>92,500,000</u>	<u>92,500,000</u>
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**PATTERN OF SHAREHOLDING**

	No of shares	%
i Muhammad Asif	386,248	41.8%
ii Muhammad Rizwan	1	0.0%
iii Abdul Hafiz	1	0.0%
iv Muhammad Ashraf	138,750	15.0%
v Muhammad Aslam Motiwala	400,000	
	<u>925,000</u>	

No change in shareholding above 5 %

**14 TRADE AND OTHER PAYABLE**

Credit balances of clients  
Other liabilities  
Client future profit withheld  
Auditors remuneration

14.1.

66,306,810	52,659,532
58,742	2,757,579
1,543,932	1,721,563
400,000	200,000
<u>68,309,484</u>	<u>57,338,674</u>

14.1 Credit balances of clients held by the company

52,659,532

14.2 Value of Securities of client held by the company

521,925,980

14.3 Number of Securities of client held by the company

32,502,546

14.4 No Securities of clients is pledged with Financial Institution.

-

14.5 No Securities of the company is pledged with Financial Institution.

-

2018

2017

(Rupees)

**15 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2018.

2018

2017

(Rupees)

**16. OPERATING REVENUE**

Brokerage commission  
Commission on IPO  
Return on cash margin on future contract

16.1

7,909,999	20,352,138
4,550	2,474
62,811	117,255
<u>7,977,360</u>	<u>20,471,867</u>



17. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and allowances		8,883,600	8,511,516
PSX rent, electricity and service charges		1,379,798	1,659,153
Fees and subscription		269,047	266,916
Legal and professional		244,350	239,480
Communication Expenses		422,341	376,442
Auditors remuneration	17.1	200,000	248,600
Fuel, Water and Power		-	421,713
Insurance, Rent, Rates and Taxes		73,600	75,353
Repair and maintenance		72,871	53,500
Depreciation	4	1,031,710	1,327,437
Others		-	86,460
		<u>12,577,317</u>	<u>13,266,570</u>

17.1 AUDITORS REMUNERATION

System audit fee		-	48,600
Statutory audit fee		200,000	200,000
		<u>200,000</u>	<u>248,600</u>

18. OTHER INCOME

Gain/loss on investment held for trading		(7,737,004)	582,837
Realized Gain /Loss on investment available for sale		-	42,837,484
Reclassification Gain on investment		5,087,150	-
Dividend income		540,738	440,812
Gain on sale of fixed assets		-	270,000
Profit on bank deposit		6,088,075	2,812,058
Other		977,690	-
		<u>4,956,649</u>	<u>46,943,191</u>

19. TAXATION

The Company has filed return for the tax year 2017. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Current		4,106,281	94,501
Deferred	19.1	-	12,530,413
		<u>4,106,281</u>	<u>12,624,914</u>

19.1. Deferred tax asset is not recognized as the company is suffering loss from operations

20 CAPITAL ADEQUACY LEVEL

Total Assets	266,115,174
Less: Total Liabilities	(68,309,484)
Less: Revaluation Reserves	-
Capital Adequacy Level.	<u>197,805,690</u>



21. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

21.1 Financial instrument by category

21.1.1 Financial assets

	2018			
	At fair value through profit or loss held for trading	Available for sale	Loans and Receivables	Total
Long term loan, advances and deposits	-	-	3,866,500	3,866,500
Long term investment	-	9,000,000	-	9,000,000
Short term investment	21,338,740	-	-	21,338,740
Trade debts	162,300	-	-	162,300
Advances, deposits and prepayments	-	-	17,186,329	17,186,329
Bank balances	-	-	172,789,971	172,789,971
	<u>21,501,040</u>	<u>9,000,000</u>	<u>193,842,800</u>	<u>224,343,840</u>

	2017			
	At fair value through profit or loss held for trading	Available for sale	Loans and Receivables	Total
Long term loan, advances and deposits	-	-	3,371,573	3,371,573
Long term investment	-	9,000,000	-	9,000,000
Short term investment	-	-	-	-
Trade debts	4,936,566	-	-	-
Advances, deposits and prepayments	-	-	45,249,951	45,249,951
Bank balances	-	-	148,315,228	148,315,228
	<u>4,936,566</u>	<u>9,000,000</u>	<u>196,936,752</u>	<u>205,936,752</u>

21.1.2 Financial Liabilities

	2018	
	Amount	Total
Trade and other Payables	68,309,484	68,309,484
	<u>68,309,484</u>	<u>68,309,484</u>

	2017	
	Amount	Total
Trade and other Payables	57,338,674	57,338,674
	<u>57,338,674</u>	<u>57,338,674</u>

21.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees of risk.

The Board of Directors of the company has overall responsibility for the establishment and oversight of the

Credit risk

Liquidity risk

Market risk

Operational risk

4



21.2.1 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 in to account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

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 financial assets represents the maximum credit exposure. The company did not allow credits to its customers and trade are executed on 100% margin.

Credit risk is minimised due to the fact that the company invest only in high quality financial assets, all transactions are settled/paid for upon delivery. The company doesnot expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	<i>Rupees</i>	
Long term deposits	3,866,500	3,371,573
Long term investments	30,353,582	50,163,833
Short term investments	21,338,740	-
Trade debts	162,300	4,936,566
Bank Balances	172,789,971	148,315,228
	<u>228,511,093</u>	<u>206,787,200</u>

21.2.1.1 Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2018	2017
	<i>Rupees</i>	
A1+	65,220	65,220
A-1	172,709,750	148,235,007
A1	15,000	15,000
	<u>172,789,970</u>	<u>148,315,228</u>

21.2.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations

	2018				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
<b>Financial Liabilities</b>					
Trade and other payables	68,309,484	68,309,484	68,309,484	-	-
	<u>68,309,484</u>	<u>68,309,484</u>	<u>68,309,484</u>		



2017

	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
<b>Financial Liabilities</b>					
Trade and other payables	57,338,674	57,338,674	57,338,674	-	-
	<u>57,338,674</u>	<u>57,338,674</u>	<u>57,338,674</u>		

On the balance sheet date, the company has cash and bank balances of Rs.172.8 million (2017:148.3 million) and short term investments of Rs 21.3 million (2017: Nil million) for repayment of liabilities

### 21.2.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

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

#### Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

#### Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices( other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instrument traded in the market.

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made through surplus funds.

The company is exposed to other price risk on investment in listed shares. The company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

~



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	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2018	4,269,232	(4,269,232)
as at 30th June 2017	4,116,383	(4,116,383)

**21.3 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 value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

The company annually hold listed assets amounting to Rs 42 million (2017: 41 million) that are recorded at quoted price.

The carrying value of remaining financial assets and liabilities reflected in these financial statements approximate to their fair value.

**21.4 Capital risk management**

The primary objective of the company's capital risk management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample 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 finances its operations through 100% equity with a view to maintain an appropriate mix between various sources of finance to minimise risk.

**22. NUMBER OF EMPLOYEES**

2018                      2017  
(Number of employees)


Total number of employees at June 30	17	17
--------------------------------------	----	----

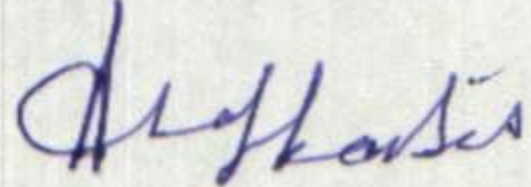
**23. DATE OF AUTHORIZATION**

These financial statements have been authorized for issue on 26 SEP 2018 by the Board of Directors of the company.

**24. GENERAL**

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

  
\_\_\_\_\_  
CHIEF EXECUTIVE

  
\_\_\_\_\_  
DIRECTOR