AUDITED FINANCIAL STATEMENTS
OF
MUHAMMAD MUNIR MUHAMMAD AHMED KHANANI SECURITIES (PRIVATE) LIMITED

FOR THE YEAR ENDED JUNE 30, 2018

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
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INDEPENDENT AUDITORS' REPORT

To the members of Muhammad Munir Muhammad Ahmed Khanani Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Muhammad Munir Muhammad Ahmed Khanani Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Cont'd… P/2

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 25 SEP 2018

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		—— Rupees ——	
ASSETS			
Non-current assets			
Property and equipment	5	**35,682,778**	14,476,325
Intangible assets	6	**2,519,774**	5,028,248
Long term investment - Available for sale	7	**23,353,580**	41,163,833
Long term deposits	8	**2,290,000**	2,500,000
Investment property	9	**23,867,199**	25,123,367
Deferred tax		**-**	30,231,711
		87,713,331	118,523,484
Current assets			
Short term investment - Held-for-trading	10	**1,321,276,936**	1,571,778,165
Trade debts	11	**659,625,692**	943,109,553
Advances, deposits and other receivable	12	**59,995,864**	84,580,302
Income tax refundable		**72,070,131**	110,299,599
Cash and bank balances	13	**512,783,681**	505,253,148
		2,625,752,304	3,215,020,767
Total assets		**2,713,465,635**	3,333,544,251
EQUITIES AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (2017: 50,000,000) ordinary shares of Rs.10/- each		**500,000,000**	500,000,000
Issued, subscribed and paid-up capital	14	**395,140,540**	395,140,540
Unappropriated profit		**1,123,359,679**	1,433,766,568
Surplus of revaluation on 'Available-for-sale' Investment		**2,193,496**	25,134,303
		1,520,693,715	1,854,041,411
Current liabilities			
Short term borrowings	15	**620,521,139**	923,654,682
Trade and other payables	16	**557,495,229**	533,135,773
Accrued markup		**14,755,552**	22,712,385
		1,192,771,920	1,479,502,840
Contingencies and commitments	17	**-**	-
Total equity and liabilities		**2,713,465,635**	3,333,544,251

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	5	**35,682,778**	14,476,325
Intangible assets	6	**2,519,774**	5,028,248
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Contingencies and commitments	17	**-**	-
Total equity and liabilities		**2,713,465,635**	3,333,544,251

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		Rupees	
Comission, dividend and other revenue	18	193,796,588	290,762,576
Capital (loss) / gain on sale of investments		(334,414,572)	886,098,692
Impairment loss on TREC	6.2	(2,500,000)	(39,926,170)
Administration expenses	19	(60,640,158)	(57,230,871)
Finance costs	20	(48,464,890)	(176,273,159)
		(109,105,048)	(233,504,030)
		(252,223,032)	903,431,068
Appreciation / (dimunition) in fair value of short term	10	28,626,532	(185,463,408)
Other income / (charges)-net	21	11,848,110	(57,614,200)
(Loss) / profit before taxation		(211,748,390)	660,353,460
Taxation	22	(107,006,643)	(118,919,184)
(Loss) / profit after taxation		(318,755,033)	541,434,276
(Loss) / earnings per share	23	(8.07)	13.70

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	
(Loss) / profit after taxation	**(318,755,033)**	541,434,276
Other comprehensive income		
Unrealised (loss) / gain on remeasurement of available-for -sale investments during the year	**(14,592,663)**	25,134,303
Total comprehensive (loss) / income for the year	**(333,347,696)**	566,568,579

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed & paid up capital	Unappropriated profit	Surplus on revaluation of 'Available-for-sale' Investment	Total
	Rupees			
Balance as on July 01, 2016	395,140,540	892,332,292	-	1,287,472,832
Profit after taxation	-	541,434,276	-	541,434,276
Other comprehensive income	-	-	25,134,303	25,134,303
Balance as on June 30, 2017	395,140,540	1,433,766,568	25,134,303	1,854,041,411
Balance as at July 01, 2017	**395,140,540**	**1,433,766,568**	**25,134,303**	**1,854,041,411**
Loss after taxation	-	**(318,755,033)**	-	**(318,755,033)**
Other comprehensive loss	-	-	**(14,592,663)**	**(14,592,663)**
Reclassification of surplus on revaluation upon reclassifiaction of long term investment to short term investment	-	**8,348,144**	**(8,348,144)**	-
Balance as on June 30, 2018	**395,140,540**	**1,123,359,679**	**2,193,496**	**1,520,693,715**

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(211,748,390)	660,353,460
Adjustments for :			
Depreciation		3,780,325	3,303,347
Amortization of software		8,474	12,106
Gain on sale of investment property		(3,493,088)	(2,073,482)
Impairment of intangible asset		2,500,000	39,926,170
Gain on sale of long term investment		-	(38,349,216)
Appreciation / (dimunition) in fair value of short term investments		(28,626,532)	185,463,408
Financial charges		48,464,890	176,273,159
		22,634,069	364,555,491
Operating profit before working capital changes		(189,114,321)	1,024,908,951
Change in working capital			
(Increase)/decrease in current assets			
Trade debts		283,483,861	899,648,992
Advances, deposits and other receivable		24,584,438	(67,708,802)
		308,068,299	831,940,189
Increase/(decrease) in current liabilities			
Trade and other payables		24,359,456	119,612,859
Cash generated from operations		143,313,434	1,976,461,999
Financial charges paid		(56,421,724)	(200,016,436)
Income tax paid		(38,545,464)	(165,764,195)
Net cash flow from operating activities		48,346,246	1,610,681,368
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(23,730,610)	(3,237,000)
Purchase / sale of investments-net		282,345,352	(7,260,650)
Sale proceeds of investment property		3,493,088	2,073,482
Proceeds from sale of Long term investment		-	62,393,516
Long term deposits		210,000	(1,210,000)
Net cash inflow from investing activities		262,317,830	52,759,348
Net increase in cash and cash equivalents		310,664,076	1,663,440,716
Cash and cash equivalents at the beginning of the year		(418,401,534)	(2,081,842,250)
Cash and cash equivalents at the end of the year	24	(107,737,458)	(418,401,534)

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt) Limited ('the Company') is a private limited Company incorporated under the repealed Companies Ordinance, 1984 on March 02, 2006. The Company is a Trading Right Entitlement Certificate Holder of thr Pakistan Stock Exchange Limited. The registered office of the Company is located at room No. 624-627, Karachi Stock Exchange Building, Karachi Stock Exchange Road, Karachi. The Company is principal activity of the Company is to carry on the business of stock, brokerage, underwriting and investment etc.

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

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The Company has incurred capital loss amounting to Rs. 334.4 million.
- The Company has incurred unrealized gain on remeasurement of held-for-trading investment amounting to Rs.28.6 million.
- The Company has incurred unealized loss on remeasurement of available-for-sale investment amounting to Rs.14.5 million.
- The Company has incurred capital expenditure amounting to Rs. 23.7 million.

3 BASIS OF PREPARATION

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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments in equity instruments which are stated at fair value.

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are involved or where judgment was exercised in application of accounting policies are as follows:

- Useful lives and residual values of property and equipment
- Useful lives and residual values of intangible asset
- Provision for taxation

3.5 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The Third and Fifth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Third and Fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company, management assessment of sufficiency of tax provision in the financial statements , change in salary threshold for identification of executives, additional disclosure requirements for related parties etc.

3.6 Amendments / interpretations to existing standards and forthcoming requirements

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

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 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.

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in its revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

  IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- 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.

- 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.

- *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 for 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

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

4.1 Property and equipment

Owned

Property and equipments are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises expenditure that is directly attributable to the acquisition of the asset including borrowing costs. Depreciation on additions is charged from the day asset put to use till the date of disposal.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalized.

Depreciation on all property, plant and equipment is charged using reducing balance method in accordance with the rates specified in note 5 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Depreciation on additions is charged from the date when the assets become available for use till the date of disposal.

4.2 Intangible assets

Computer software

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

Trading Rights Entitlement (TRE) Certificate

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

4.3 Investment property

Investment property, which is property held to earn rentals and for capital appreciation, is measured at its cost, including transaction costs.

4.4 Trade debts and other receivables

Trade debts and other receivables are recognised 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 amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.5 Cash and Cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, deposits in bank and short term borrowings.

4.6 Trade and other payables

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

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

4.7 Taxation

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

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

4.8 Provisions

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

4.9 Financial instruments

4.9.1 *Classification of financial assets*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) 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 if expected to be settled within twelve months, otherwise, they are classified as non-current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities longer than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise of ' trade receivables', 'advances, deposits, prepayments and other receivables ' , ' accrued interest' and ' cash and bank balances' in the balance sheet.

c) Held to maturity

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held to maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any impairment losses.

d) Available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. 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. They are included in non-current assets unless the investment matures or management intends to dispose off it within 12 months of the end of the reporting date.

4.9.2 *Recognition and measurement of financial assets*

All financial assets are recognised at the time when the Company becomes a party to the contractual position of the instrument. Regular way purchases and sales of financial assets are recognised on the 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 for all financial assets not carried 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 to the profit or loss in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all 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 financial assets are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in the profit or loss in the statement of comprehensive income within 'other income / expenses' in the period in which they arise. Gains or losses on sale of investments at 'fair value through profit or loss' are recognised in the profit or loss in the statement of comprehensive income as 'gains and losses from investment securities'.

Gains or losses from changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When investment classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are taken to profit or loss in the statement of comprehensive income as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss in the statement of comprehensive income as part of 'other income'.

Interest on available-for-sale investment calculated using the effective interest method is recognised in the profit and loss account as part of other income.

4.9.3 *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investment classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the profit or loss in the statement of comprehensive income. Impairment losses recognised in the profit or loss in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed. Impairment testing of trade debts and other receivables is carried out by the company on annual basis and the related impairment is recognised in the profit and loss account.

4.9.4 *Financial liabilities*

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

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 or loss in the statement of comprehensive income.

4.9.5 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to setoff the recognised amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.10 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4.11 Revenue recognition

Revenue is recognised to the extent that it 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 recognised on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognised as and when such services are provided.

- Income from bank deposits is recognised at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Rental income from investment property is recognized on accrual basis.

5 PROPERTY AND EQUIPMENT

	Office Premises	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Total
As at June 30, 2016						
Cost	7,500,000	2,111,513	13,811,008	327,659	5,092,655	28,842,835
Accumulated depreciation	(404,688)	(1,328,770)	(10,884,162)	(180,398)	(2,824,428)	(15,622,446)
Net book value	**7,095,312**	**782,743**	**2,926,846**	**147,261**	**2,268,227**	**13,220,389**
Year ended June 30, 2017						
Opening net book value	7,095,312	782,743	2,926,846	147,261	2,268,227	13,220,389
Additions during the year	-	-	515,000	-	2,722,000	3,237,000
Depreciation for the year	(354,766)	(78,274)	(936,468)	(14,726)	(596,830)	(1,981,064)
Closing net book value	**6,740,546**	**704,469**	**2,505,378**	**132,535**	**4,393,397**	**14,476,325**
As at June 30, 2017						
Cost	7,500,000	2,111,513	14,326,008	327,659	7,814,655	32,079,835
Accumulated depreciation	(759,454)	(1,407,044)	(11,820,630)	(195,124)	(3,421,258)	(17,603,510)
Net book value	**6,740,546**	**704,469**	**2,505,378**	**132,535**	**4,393,397**	**14,476,325**
Year ended June 30, 2018						
Opening net book value	6,740,546	704,469	2,505,378	132,535	4,393,397	14,476,325
Additions during the year	-	802,750	1,597,500	-	21,330,360	23,730,610
Depreciation for the year	(337,027)	(115,093)	(864,532)	(13,254)	(1,194,251)	(2,524,157)
Closing net book value	**6,403,519**	**1,392,126**	**3,238,346**	**119,281**	**24,529,506**	**35,682,778**
As at June 30, 2018						
Cost	7,500,000	2,914,263	15,923,508	327,659	29,145,015	55,810,445
Accumulated depreciation	(1,096,481)	(1,522,137)	(12,685,162)	(208,378)	(4,615,509)	(20,127,667)
Net book value	**6,403,519**	**1,392,126**	**3,238,346**	**119,281**	**24,529,506**	**35,682,778**
Annual rates of depreciation	5%	10%	30%	10%	20%	

		Note	2018	2017
6	**INTANGIBLE ASSETS**		Rupees	
	Computer software	6.1	**19,774**	28,248
	Trading Rights Entitlement (TRE) Certificate			
	- Cost		**44,926,170**	44,926,170
	- Impairment		**(42,426,170)**	(39,926,170)
		6.2	**2,500,000**	5,000,000
			2,519,774	5,028,248

6.1 Computer Software

	2018	2017
Cost		
Opening as at July 1	**1,000,000**	1,000,000
Additions during the year	-	-
Closing balance	**1,000,000**	1,000,000
Accumulated amortization		
Opening as at July 1	**(971,752)**	(959,646)
Charge for the year	**(8,474)**	(12,106)
Closing balance	**(980,226)**	(971,752)
Net book value as at June 30	**19,774**	28,248
Amortisation rate	30%	30%

6.2 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 ('the Act'), the Company has received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. The right has been carried at cost less impairment.

During the year, the Company has recorded a further impairment loss of Rs.2,500,000 on the TREC in order to value it at the nominal value of TREC for the Base Minimum Capital purpose notified by PSX vide its notice no. PSX/N-7178, dated November 10, 2017.

		Note	2018	2017
			Rupees	
7	**LONG TERM INVESTMENT- Available-for-sale**			
	Investment in shares of Pakistan Stock Exchange Limited:			
	Cost of investment		**10,811,940**	16,029,530
	Surplus on revaluation			
	Opening balance		**25,134,303**	-
	(Loss) / gain recognized during the year		**(14,592,663)**	25,134,303
			10,541,640	25,134,303
		7.1	**21,353,580**	41,163,833
	Investment in mutual funds:			
	AKD Islamic income fund		**1,000,000**	-
	AKD Islamic stock fund		**1,000,000**	-
			2,000,000	-
			23,353,580	41,163,833

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

In March 2017, the Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share.

As of June 30, 2017, the entire investment in 1,602,953 ordinary shares of PSX was held with CDC in an account marked as freezed. Hence, the same had been classified as long term investment in the financial statements for the year ended June 30, 2017. However, during the year, the Company got 521,759 shares unfreezed from CDC which it intends to dispose off within twelve months from the reporting date. Thus, as of June 30, 2018, 1,081,194 shares have been classified as a long term investment and 521,759 shares have been classified as a short term investment.

	Note	2018	2017
8 LONG TERM DEPOSITS		Rupees	
Deposit placed with			
Central Depository Company- Basic deposit		**100,000**	100,000
National Clearing Company of Pakistan- Basic deposit		**200,000**	200,000
National Clearing Company of Pakistan- IPO deposit		**100,000**	100,000
National Clearing Company of Pakistan- Broker to broker		**100,000**	100,000
National Clearing Company of Pakistan- Future		**1,200,000**	1,200,000
Pakistan Mercantile Exchange Limited- Basic deposit		**500,000**	500,000
Others		**90,000**	300,000
		2,290,000	2,500,000

9 INVESTMENT PROPERTY

As at June 30, 2016	
Cost	27,476,000
Accumulated depreciation	(1,030,350)
Net book value	**26,445,650**
Year ended June 30, 2017	
Opening net book value	26,445,650
Disposal during the year	
Cost	(1,626,518)
Accumulated depreciation	1,626,518
	-
Depreciation for the year	(1,322,283)
Closing net book value	**25,123,367**
As at June 30, 2017	
Cost	25,849,482
Accumulated depreciation	(726,115)
Net book value	**25,123,367**
Year ended June 30, 2018	
Opening net book value	25,123,367
Disposal during the year	
Cost	(250,000)
Accumulated depreciation	250,000
	-
Depreciation for the year	(1,256,168)
Closing net book value	**23,867,199**
As at June 30, 2018	
Cost	25,599,482
Accumulated depreciation	(1,732,283)
Net book value	**23,867,199**
Annual rate of depreciation	**5%**

9.1 This represents a shop having a covered area of 1889 which has been let on rent to M/S. Habib Bank Limited. The shop is located at showroom No.102, The Residence, Plot no. D-18, Block-8, Chowdhery Khaliq uz Zaman Road, Clifton, Karachi.

	Note	2018	2017
		Rupees	
10 SHORT TERM INVESTMENTS- Held-for-trading			
Investment in quoted securities			
Cost of investment		**1,494,195,141**	1,773,322,902
(Deficit) on revaluation			
Opening balance		**(201,544,737)**	(16,081,329)
Gain / (Loss) recognized during the year		**28,626,532**	(185,463,408)
		(172,918,205)	(201,544,737)
		1,321,276,936	1,571,778,165
Pledged with Banks			
Clients		**268,683,434**	489,542,544
Brokerage House		**825,511,962**	996,122,065
		1,094,195,396	1,485,664,609
Pledged with PSX / NCCPL			
Clients		**18,761,640**	54,393,616
Brokerage House		**260,883,187**	426,909,457
		279,644,827	481,303,073

	Note	2018	2017
11 TRADE DEBTORS			
Considered good- secured		**222,424,282**	237,454,091
Considered doubtful- unsecured		**65,779,230**	65,779,230
		288,203,512	303,233,321
Less: Provision for doubtful debts	*11.1*	**(65,779,230)**	(65,779,230)
		222,424,282	237,454,091
Receivable against Margin Financing		**437,201,410**	705,655,462
		659,625,692	943,109,553

11.1 This relates to provision on trade debts due for more than 5 days whose collateral value adjusted by VAR exceeding its outstanding balance.

	Note	2018	2017
		Rupees	
12 ADVANCES AND OTHER RECEIVABLES			
Advances			
Advance against property		-	251,012
Advance against right shares		**3,389,900**	37,512,981
Advance against subscription in IPO		**2,823,639**	-
Advance to PMEX against offices		**10,000,000**	7,500,000
Other receivables			
Receivable from PSX against profit held on Delieverable Futures Contracts		**11,003,880**	12,450,740
MTS concentration margin placed with NCCPL		**6,008,285**	12,218,542
Markup on margin financing		**22,985,092**	-
Rent receivable		**1,182,774**	632,500
Others		**2,602,294**	14,014,527
		59,995,864	84,580,302

2018 2017

13 INCOME TAX REFUNDABLE

	2018 Rupees	2017 Rupees
Advance tax - opening	**110,299,599**	93,686,299
Advance tax paid during the year	**38,244,045**	165,764,195
Paid against demand income tax under section- 137 for the tax year 2016	**150,694**	-
Paid against demand income tax under section- 137 for the tax year 2017	**150,725**	-
Less: Provision for taxation - current	**(36,198,507)**	(149,150,895)
Less: Provision for taxation - prior	**(40,576,425)**	-
Balance refundable	**72,070,131**	110,299,599

13 CASH AND BANK BALANCES

	2018	2017
Cash in hand	**418,237**	430,907
Cash at banks - current accounts	**1,653,706**	554,779
Cash at banks - saving accounts	**510,711,738**	504,267,462
	512,783,681	505,253,148

13.1 The return on these balances is 5% to 6% (2017: 5% to 5.5%) per annum on daily product basis.

13.2 The cash at bank pertaining to client accounts amounting to Rs 512,355,444 (2017: 504,670,758).

14 ISSUED, SUBSCRIBED & PAID UP CAPITAL

2018 (Number of shares)	2017 (Number of shares)		2018 Rupees	2017 Rupees
39,514,054	39,514,054	Ordinary shares of Rs.10/- each fully paid in cash	**395,140,540**	395,140,540

14.1 PATTERN OF SHAREHOLDING

Categories of shareholders	2018 Number of shares held	2018 % of Shares held	2017 Number of shares held	2017 % of Shares held
Individuals				
Muhammad Munir Khanani	**39,513,854**	**99.9995%**	39,513,854	99.9995%
Manzoor Ahmed	**100**	**0.0003%**	100	0.0003%
Mohammad Arif	**100**	**0.0003%**	100	0.0003%
	39,514,054	**100.00%**	39,514,054	100.00%

15 SHORT TERM BORROWING

	Note	2018 Rupees	2017 Rupees
Askari Bank Limited	*15.1*	**69,814,912**	230,026,876
The Bank of Khyber Limited	*15.2*	-	19,895,786
Sindh Bank Limited	*15.3*	-	40,490,146
Summit Bank Limited	*15.4*	**48,549,473**	17,206,089
MCB Bank Limited	*15.5*	-	73,949,303
JS Bank Limited	*15.6*	**502,156,754**	542,086,482
		620,521,139	923,654,682

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15.1 This represents short term running finance facilities amounting to Rs. 500 million (2017: Rs. 500 million) from Askari Bank Limited for working capital requirement at a markup of 3 month kibor + 2% per annum (2017: 1 month kibor +1% per annum) which is secured by:

> Pledge of shares / Third party shares as per Bank's approved list.
> Persoanl guarantee of all directors.

The facility is due to expire on December 31, 2018.

15.2 This represents short term running finance facilities amounting to Rs. 250 million (2017: Rs. 250 million) from Bank of Khyber Limited for working capital requirement at a markup of 3 month kibor + 2% per annum (2017: 3 month kibor +2% per annum) which is secured by:

> Pledge of shares / Third party shares as per Bank's approved list.
> Persoanl guarantee of all directors.

The facility expired on December 31, 2017.

15.3 This represents short term running finance facilities amounting to Rs. 500 million (2017: Rs. 500 million) from Sind Bank Limited for working capital requirement at a markup of 3 month kibor + 2.5% per annum (2017: 3 month kibor +2.5% per annum) which is secured by:

> Pledge of shares / Third party shares as per Bank's approved list.
> Persoanl guarantee of all directors.

The facility expired on February 28, 2018.

15.4 This represents short term running finance facilities amounting to Rs. 500 million (2017: Rs. 500 million) from Summit Bank Limited for working capital requirement at a markup of 3 month kibor + 2.0% per annum (2017: 3 month kibor +2.0% per annum) which is secured by:

> Pledge of shares as per Bank's approved list.
> Persoanl guarantee of Mr. Muhammad Munir Khanani

The facility is due to expire on February 20, 2019.

15.5 This represents short term running finance facilities amounting to Rs. 600 million (2017: Rs. 600 million) from MCB Bank Limited for working capital requirement at a markup of 3 month kibor + 2.0% per annum (2017: 3 month kibor +2.0% per annum) which is secured by:

> Pledge of shares as per Bank's approved list.
> Persoanl guarantee of Mr. Muhammad Munir Khanani

The facility expired on May 25, 2018.

15.6 This represents short term running finance facilities amounting to Rs. 1.1 billion (2017: Rs. 1.1 billion) from JS Limited for working capital requirement at a markup of 3 month kibor + 2.0% per annum (2017: 3 month kibor +2.0% per annum) which is secured by:

> Pledge of shares as per Bank's approved list.
> Persoanl guarantee of Mr. Muhammad Munir Khanani
> Equitable mortgage of residential bungalow at plot no. B-18,NHS, Karsaz, Dalmia. Road, Karachi.

The facility is due to expire on June 30, 2018.

		2018	2017
		Rupees	

16 TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	**511,105,506**	503,763,526
Accrued expenses	**1,354,579**	1,443,775
Sind sales tax payable	**1,449,700**	2,377,388
Withholding income tax payable	**618,240**	1,067,116
Payable to agents	**13,041,632**	20,489,124
Future profit withheld	**8,762,845**	3,994,844
UIN net demand- Deliverable futures contracts	**13,146,414**	-
UIN net demand- Margin trading system	**8,016,313**	-
	557,495,229	533,135,773

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The Taxation Officer Inland Revenue has created Demand of Rs. 33,588,759/- on the account of tax demand for the tax year 2014 which is duly challenged before the Appellate Tribunal Inland Revenue Karachi which is pending adjudication. In addition to this, the company has also filed Honorable Sindh High Court, Karachi C.P.No. D-4552 of 2017 seeking stay for recovery of tax demand which is duly granted to the Company. The Sindh High Court has passed the interim order and directed not to enforce recovery till next date of hearing.

17.2 Commitment

	Note	2018	2017
		Rupees	
Bank guarantee provided in favour of NCCPL against deliverable futures contracts		**45,000,000**	45,000,000

18 COMISSION, DIVIDEND AND OTHER REVENUE

	2018	2017
Commission income	**189,544,150**	389,406,247
Less: Commission paid	**(84,258,590)**	(184,750,642)
Net commission earned	**105,285,560**	204,655,605
Commission on share application	**1,319,093**	2,650,087
Dividend income	**28,909,261**	29,241,879
Profit on Future cash margin	**363,491**	1,423,102
Profit on MTS margin	**344,136**	-
Markup on Margin Financing	**27,382,960**	4,489,520
Markup overdue on Margin financing	**22,985,092**	-
Others	**7,206,995**	48,302,383
	193,796,588	290,762,576

19 ADMINISTRATIVE EXPENSES

	Note	2018 Rupees	2017 Rupees
Staff salaries & allowances		**8,608,224**	7,915,600
Directors' remuneration	*19.1*	**600,000**	600,000
KSE charges		**9,509,239**	14,443,887
CDC charges		**8,015,921**	11,124,271
NCSS & UIN charges		**10,940,440**	8,257,436
IKATS & gateway charges		**209,467**	409,716
Entertainment		**-**	65,614
Traveling & Conveyance		**149,100**	-
Telephone & fax bills		**495,334**	429,070
Insurance		**1,150,950**	607,929
Communication		**1,580,610**	1,264,993
Repair & Maintenance		**184,128**	-
Legal and professional charges		**1,374,180**	462,940
Printing & stationary		**233,436**	296,432
Electricity bills		**1,069,081**	876,242
Office service charges		**264,121**	232,055
General expense		**1,531,518**	1,127,731
Auditors' remuneration	*19.2*	**500,000**	297,000
Water charges		**211,200**	226,720
Postage and courier		**302,660**	311,801
Software charges		**1,537,547**	1,818,781
Fees and subscription		**860,050**	645,550
Rent, rates and taxes		**3,224,153**	101,650
Donation	*19.3 /19.4*	**4,300,000**	2,400,000
Amortization of software		**8,474**	12,106
Depreciation on investment property	*9*	**1,256,168**	1,322,283
Depreciation on property and equipment	*5*	**2,524,157**	1,981,064
		60,640,158	57,230,871

19.1 Chief Executive, Director and Executives Remuneration

	Chief Executive 2018	Chief Executive 2017	Directors 2018	Directors 2017	Total 2018	Total 2017
	Rupees					
Basic salary	-	-	**400,000**	400,000	**400,000**	400,000
House allowance	-	-	**160,000**	160,000	**160,000**	160,000
Utility allowance	-	-	**40,000**	40,000	**40,000**	40,000
	-	-	**600,000**	600,000	**600,000**	600,000
Number of persons	-	-	**1**	1	**1**	**1**

19.2 Auditors' remuneration

	2018 Rupees	2017 Rupees
Audit fee	**500,000**	297,000

19.3 None of the directors or their spouses have any interest in donees.

19.4 This includes donation to Child Life Foundation amounting to Rs. 1,000,000.

20 FINANCE COSTS

	2018	2017
Markup	**47,318,686**	174,105,690
Bank charges	**1,146,204**	2,167,469
	48,464,890	176,273,159

21	OTHER INCOME / (CHARGES)	Note	2018	2017
			Rupees	
	Profit on saving account		**768**	866
	Gain on disposal of investment property		**3,493,088**	2,073,482
	Rental income		**8,099,926**	5,692,500
	Income On escrow account		**254,328**	-
	Liability no longer payable written back		**-**	398,182
	Provision for doubtful debts	*11.1*	**-**	(65,779,230)
			11,848,110	(57,614,200)

22 TAXATION

	2018	2017
Current	**36,198,507**	149,150,895
Prior year	**40,576,425**	-
Deferred tax	**30,231,711**	(30,231,711)
	107,006,643	118,919,184

22.1 Reconciliation of tax expense with accounting profit / (loss)

	2018	2017
Accounting (loss) / profit before tax	**(211,748,390)**	660,353,460
Tax at applicable rate 30%(2017: 31%)	**-**	204,709,573
Tax effect of exempt income and income taxed at lower rate		(85,790,389)
Tax effect of income taxed under presumptive tax regime	**36,198,507**	-
Effect of change in prior tax	**40,576,425**	-
Effect of reversal of defeered tax asset	**30,231,711**	
	107,006,643	118,919,184

22.2 The income tax assessments of the Company have been finalised up to and including the tax year 2017. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit. Further, comparison of last three years of income tax provision with tax assessed is presented below:

Accounting year	Tax year	Provision for taxation	Tax assessed
		Rupees	
June 30, 2017	2017	118,919,184	149,150,895
June 30, 2016	2016	18,227,132	18,227,132
June 30, 2015	2015	29,669,890	26,004,245

23 (LOSS) / EARNINGS PER SHARE

	2018	2017
(Loss) / profit after taxation	**(318,755,033)**	541,434,276
Weighted average number of shares	**39,514,054**	39,514,054
(Loss) / profit per share	**(8.07)**	13.70

24 CASH AND CASH EQUIVALENTS

	2018	2017
Cash and bank balances	**512,783,681**	505,253,148
Short term borrowings	**(620,521,139)**	(923,654,682)
	(107,737,458)	(418,401,534)

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25 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of key management personnel of the Company, directors and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the director is disclosed in note 19.1 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of the related party and relationship with company		2018	2017
		Rupees	
Key Management Personnel	Brokerage commission earned during the year on sale and purchase of securities	2,667,555	14,855,718
	Balance payable at year end	-	1,338,318
	Balance receivable at year end	373,195	-

26 FINANCIAL INSTRUMENTS

26.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. Cash is held only with banks with high quality credit worthiness.

The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	Rupees	
Long term deposits	2,290,000	2,500,000
Trade debts	659,625,692	943,109,553
Advances, deposits and other receivable	59,995,864	84,580,302
Bank balances	512,365,444	504,822,241
	1,234,277,000	1,535,012,096

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for the provision already recognized. None of the other financial assets are either past due or impaired. The aging of trade debts at the reporting date is as follows:

	2018	2017
	Rupees	
Upto five days	104,103,198	37,317,916
More than five days	184,100,314	265,915,405
	288,203,512	303,233,321

(ii) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and the Company could be required to pay its liabilities earlier than expected or face difficulty in raising funds to meet commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The following are the contractual maturities of financial liabilities, including interest payments:

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Short term borrowings	620,521,139	620,521,139	620,521,139	-
Trade and other payables	557,495,229	557,495,229	557,495,229	-
Accrued markup	14,755,552	14,755,552	14,755,552	-
	572,250,781	572,250,781	572,250,781	-

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Short term borrowings	923,654,682	923,654,682	923,654,682	-
Trade and other payables	533,135,773	533,135,773	533,135,773	-
Accrued markup	22,712,385	22,712,385	22,712,385	-
	1,479,502,840	1,479,502,840	1,479,502,840	-

(iii) **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 a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and price risk.

(a) **Currency risk**

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

(b) **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 interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and deposits held with banks in PLS accounts.

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

	2018	2017	2018	2017
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Bank deposits - PLS *account*	5% - 6%	5%-5.5%	510,711,738	504,267,462
Financial liabilities				
Short term borrowings	3 Months KIBOR + 2%-2.5%	3 Months KIBOR + 2%-2.5%	620,521,139	923,654,682

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(c) **Price risk**

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in levels of Pakistan Stock Exchange Index and the value of individual shares.

The table below summarises the Company's equity price risk as at June 30, 2018 and shows the effect of a hypothetical 5% increase or decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenario.

	Fair value	Hypothetical price change	Hypothetical increase (decrease) in profit / (loss) before tax
June 30, 2018	**1,344,630,516**	**5% change**	**67,231,526**
June 30, 2017	1,612,941,998	5% change	80,647,100

26.2 Financial instruments by category

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

	2018			
	Loans and receivables	**Available for sale**	**At fair value through profit or loss**	**Financial liabilities at amortised cost**
June 30, 2018				
Financial assets				
Long term investment - Available for sale	-	23,353,580	-	-
Long term deposits	2,290,000	-	-	-
Short term investment - Held-for-trading	-	-	1,321,276,936	-
Trade debts	659,625,692	-	-	-
Advances, deposits and other receivable	59,995,864	-	-	
Cash and bank balances	512,783,681	-	-	-
	1,234,695,237	23,353,580	1,321,276,936	-
Financial liabilities				
Short term borrowings	-	-	-	620,521,139
Trade and other payables	-	-	-	557,495,229
Accrued markup	-	-	-	14,755,552
	-	-	-	1,192,771,920

	2017			
	Loans and receivables	**Available for sale**	**At fair value through profit or loss**	**Financial liabilities at amortised cost**
June 30, 2017				
Financial assets				
Long term investment - Available for sale	-	41,163,833	-	-
Long term deposits	2,500,000	-	-	-
Short term investment - Held-for-trading	-	-	1,571,778,165	-
Trade debts	943,109,553	-	-	-
Advances, deposits and other receivable	84,580,302	-	-	-
Cash and bank balances	505,253,148	-	-	-
	1,535,443,003	41,163,833	1,571,778,165	-
Financial liabilities				
Short term borrowings	-	-	-	923,654,682
Trade and other payables	-	-	-	533,135,773
Accrued markup	-	-	-	22,712,385
	-	-	-	1,479,502,840

26.3 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1	Level 2	Level 3	Total
June 30, 2018	Rupees			
Long term investments	**23,353,580**	-	-	**23,353,580**
Short term investments	**1,321,276,936**	-	-	**1,321,276,936**

	Level 1	Level 2	Level 3	Total
June 30, 2017	Rupees			
Long term investments	41,163,833	-	-	41,163,833
Short term investments	1,571,778,165	-	-	1,571,778,165

27 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

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

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

The Capital Adequacy Level as required to be disclosed by Central Depository Company of Pakistan Limited is calculated as follows;

	2018	2017
	Rupees	
Total assets	**2,713,465,635**	3,333,544,251
Total liabilities	**1,192,771,920**	1,479,502,840
Capital adequacy level	**1,520,693,715**	1,854,041,411

While determining the value of the total assets of the Company, notional value of the TRE Certificate as determined by Pakistan Stock Exchange Limited has been considered.

28 NUMBER OF EMPLOYEES

	2018	2017
	Number	
Total number of employees as at June 30,	**14**	14
Average number of employees during the year	**14**	14

29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation. Reclassifications made in the financial statements are as follows :

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Reclassification from component	Reclassification to component	Rupees
Long term deposits	**Long term deposits**	
KSE Clearing House	National Clearing Company of Pakistan- Basic deposit	200,000
NCCPL	National Clearing Company of Pakistan- Broker to broker	100,000
NCCPL	National Clearing Company of Pakistan- Future	1,200,000
KSE provisional	National Clearing Company of Pakistan- IPO deposit	100,000
KSE railway land	Others	10,000
Telephone	Others	75,000
HBL locker	Others	5,000
Advances and other receivables	**Advances and other receivables**	
Receivable from PSX	Receivable from PSX against profit held on Deliverable Futures Contracts	12,450,740
Receivable from PSX	MTS concentration margin placed with NCCPL	12,218,542
Other receivable	Rent receivable	632,500
Other receivable	Others	14,014,527
Trade and other payables	**Trade and other payables**	
Audit fee payayble	Accrued expenses	297,000
Other certifiactions	Accrued expenses	324,000
Other payables	Payable to agents	20,489,124
Other payables	Future profit withheld	3,994,844
Capital (loss) / gain on sale of short term investment	**Capital (loss) / gain on sale of short term investment**	
Comission, dividend and other income	Capital (loss) / gain on sale of short term investment	886,098,692

30 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors of the Company in their meeting held on ~~25 SEP 2018~~.

31 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR