Pearl Securities Limited

Financial Statements

For the year ended 30 June 2018

Muniff Ziauddin & Co.
Chartered Accountants
An independent member firm of BKR International

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To the members of Pearl Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pearl Securities Limited** ("the Company") which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows, the statement of changes in equity 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, statement of other comprehensive income, statement of cash flows and the statement of changes in equity 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 **30 June 2018** and of the profit, the cash flows and the changes in equity 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 and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. 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.

2. 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.

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

4. 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.

5. 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 other comprehensive, the statement of cash flows and the statement of changes in equity 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 period were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is ***Sohail Saleem***.

Chartered Accountants

Karachi

Date: 06 OCT 2018

Pearl Securities Limited

Statement of Financial Position

As at 30 June 2018

	Note	2018	2017
		(Rupees)	
SHARE CAPITAL & 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	5	**144,136,000**	144,136,000
Unappropriated profit		**164,547,489**	175,067,105
Unrealized (loss) / gain on available-for-sale investments		**(50,546,935)**	363,410,972
		258,136,554	682,614,077
NON-CURRENT LIABILITIES			
Term finance facility - secured	6	**650,000,000**	150,000,000
Gratuity provision	7	**20,197,602**	17,454,000
Deferred tax	8	**-**	5,326,882
CURRENT LIABILITIES			
Trade creditors, accrued and other liabilities	9	**235,034,458**	444,194,368
Accrued markup		**46,468,040**	51,323,396
Short term borrowings	10	**1,992,447,894**	2,312,483,884
Taxation - net		**1,137,552**	-
		2,275,087,944	2,808,001,648
Contingencies and commitments	11		
		3,203,422,100	3,663,396,607
NON-CURRENT ASSETS			
Property and equipment	12	**184,252,001**	71,211,837
Intangible assets	13	**5,785,000**	5,785,000
Long term investments	14	**32,250,822**	62,182,322
Deferred tax	8	**2,329,982**	-
Long term deposits	15	**11,345,000**	12,850,079
		235,962,805	152,029,238
CURRENT ASSETS			
Short term investments	16	**865,766,934**	1,624,742,939
Receivable against margin financing transactions		**108,693,232**	434,538,232
Trade debts	17	**1,825,472,754**	1,233,102,456
Advances, deposits, prepayments and other receivables	18	**39,944,473**	32,463,595
Taxation - net		**-**	5,084,514
Cash and bank balances	19	**127,581,902**	181,435,633
		2,967,459,295	3,511,367,369
		3,203,422,100	3,663,396,607

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

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Chief Executive

Director

Pearl Securities Limited

Statement of Profit or Loss

For the year ended June 30, 2018

	Note	**2018**	2017
		(Rupees)	
Operating revenue	*20*	**147,440,280**	321,689,582
Capital gain on short term investment		**77,678,270**	150,471,836
Administrative and operating expenses	*21*	**(191,237,547)**	(204,933,972)
Operating profit		**33,881,003**	267,227,446
Finance cost	*22*	**(78,394,500)**	(216,889,758)
		(44,513,497)	50,337,688
Other income	*23*	**86,786,283**	83,590,839
Profit before taxation		**42,272,786**	133,928,527
Taxation			
- Current		**(24,600,528)**	(53,158,533)
- Prior years		**(7,021,539)**	(17,472,697)
- Deferred		**7,656,864**	(5,340,623)
	24	**(23,965,203)**	(75,971,853)
Profit after taxation		**18,307,584**	57,956,674
Earnings per share - basic and diluted	*25*	**1.27**	4.02

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

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Chief Executive

Director

Pearl Securities Limited

Statement of Other Comprehensive Income

For the year ended June 30, 2018

	2018	2017
	(Rupees)	
Profit after taxation for the year	**18,307,584**	57,956,674
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit and loss account		
- Unrealised (loss) / gain on available-for-sale investments	**(413,957,907)**	92,686,034
Total comprehensive (loss) / income for the year	**(395,650,323)**	150,642,708

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

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Chief Executive

Director

Pearl Securities Limited

Statement of Cash flows

For the year ended June 30, 2018

	Note	2018	2017
		---------------- (Rupees) ----------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**42,272,786**	133,928,527
Adjustments for:			
- Depreciation		**6,144,081**	5,729,965
- Amortization		**-**	1,242,273
- Unrealized loss on held-for-trading investments		**22,258,641**	13,388,588
- Provision for gratuity		**2,743,602**	17,454,000
- (Gain) / loss on disposal of fixed assets		**(601,645)**	438,832
- Finance cost		**78,394,499**	216,889,758
Cash generated from operating activities before working capital changes		**108,939,178**	255,143,416
(Increase) in current assets			
Trade debts		**(592,370,298)**	(183,826,947)
Receivable against margin finance transactions		**325,845,000**	(112,690,940)
Advances, deposits, prepayments and other receivables		**(7,480,877)**	(22,360,198)
(Decrease) / increase in current liabilities			
Trade creditors, accrued and other liabilities		**(209,159,911)**	226,155,929
Short term borrowings		**(320,035,991)**	150,638,806
		(803,202,077)	57,916,650
Financial charges paid		**(82,112,299)**	(204,370,701)
Gratuity paid		**-**	(324,000)
Taxes paid		**(26,537,554)**	(44,263,961)
Net cash (used in) / generated from operating activities		**(760,639,966)**	198,029,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(3,145,100)**	(10,329,728)
Additions to capital work in progress		**(116,650,000)**	(23,250,000)
Proceeds from disposal of property and equipment		**1,212,500**	76,101
Net proceeds on sale of short term and long term investment		**352,690,956**	157,133,094
Long term deposits		**1,505,079**	(661,933)
Net cash generated from investing activities		**235,613,435**	122,967,534
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(28,827,200)**	(36,034,000)
Proceeds / (repayments) from long term loan - net		**500,000,000**	(218,000,000)
Net cash generated from / (used in) financing activities		**471,172,800**	(254,034,000)
Net (decrease) / increase in cash and cash equivalents		**(53,853,731)**	66,963,466
Cash and cash equivalents at the beginning of the year		**181,435,633**	114,472,167
Cash and cash equivalents at the end of the year	*26*	**127,581,902**	181,435,633

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

Farah

Chief Executive

Director

Pearl Securities Limited

Statement of Changes in Equity

For the year ended 30 June 2018

	Issued, subscribed & paid-up capital	Unappropriated profit	Unrealised (loss) / gain on available-for-sale investments	Total Equity
	(Rupees)			
Balance as at 01 July 2016	144,136,000	153,144,431	270,724,938	568,005,369
Profit after taxation for the year	-	57,956,674	-	57,956,674
Other comprehensive income				
Unrealised gain on available-for-sale investments	-	-	92,686,034	92,686,034
Transactions with owners				
Final dividend for the year ended 30 June 2016 at the rate of Rs. 2.50 per share	-	(36,034,000)	-	(36,034,000)
Balance as at 30 June 2017	144,136,000	175,067,105	363,410,972	682,614,077
Total comprehensive loss for the year ended 30 June 2018				
Profit after taxation for the year	-	**18,307,584**	-	**18,307,584**
Other comprehensive income				
Unrealised loss on available-for-sale investments	-	-	**(413,957,907)**	**(413,957,907)**
Transactions with owners				
Final dividend for the year ended 30 June 2017 at the rate of Rs. 2.50 per share	-	**(28,827,200)**	-	**(28,827,200)**
Balance as at 30 June 2018	**144,136,000**	**164,547,489**	**(50,546,935)**	**258,136,554**

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

Farah

Chief Executive

Director

Pearl Securities Limited
Notes to the Financial Statements
For the year ended 30 June 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Pearl Securities Limited (the Company) was incorporated as a private limited company on May 8, 2000 under the Companies Ordinance, 1984 and was subsequently converted into a public limited Company on April 27, 2009. The Company is a corporate member of Pakistan Stock Exchange Limited (PSX).

The Company is a Trading Right Entitlement Certificate (TREC) holder of PSX and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities, commodities and other financial instruments, securities research, financial consultancy and underwriting. The registered office of the Company is situated at Office No. 204, 2nd floor, Business and Finance Centre I. I. Chundrigar Road, Karachi.

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

During the current year, the deteriorating political and economical conditions had adverse effects on the equity market which subsequently resulted in lower profits on short term investments and also affected the trading volumes. This is evident from lower profits during the current year as reflected in profit and loss account.

During the current year, the Company has made significant capital expenditure and paid 60% of the total amount for property purchased as stated in note 12.2 to these financial statements.

During the year ended 30 June 2018, the Company has netted of part of finance cost with settlement charges recovered from clients. The settlement charges recovered have decreased by 96.3% whereas the finance cost has decreased by 73.3%. The above stated adjustment is made as the related short term borrowings are obtained for clients to finance the purchase of shares which are then pledged against financing obtained. The income of the Company is the split difference of finance cost paid to banks and interest charged to clients against settlement services which has been adjusted for in the current year.

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:

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

- provisions of and directives issued under the Companies Act 2017.

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

3.2 Basis of measurement

These financial statements have been prepared under historical cost convention except financial assets and financial liabilities which have been stated at their fair values.

3.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

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3.4 Use of critical accounting 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 involved or where judgment was exercised in application of accounting policies are as follows:

	Note
a) Useful life of property and equipment	4.1.
b) Carrying amount of intangible assets	4.2
c) Impairment of financial assets	4.6
d) Provision against trade debts	4.9
e) Provision for current and deferred taxation	4.10
f) Creditor, accrued and other liabilities	4.14

3.5 New and amended standards and interpretations

3.5.1 Amendments / interpretation to existing standard and forthcoming requirements.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 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 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 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 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 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- 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 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 Company's financial statements.

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

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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 12.1. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis.

4.2 Intangible assets

These represent TREC of Pakistan Stock Exchange Limited and membership cards of Pakistan Mercantile Exchange Limited. These intangible assets have indefinite useful life and are stated at revalued amount.

The carrying amount of intangible assets are reviewed at each balance sheet date to assess whether they are in excess of their recoverable. Provisions are made for decline in values, other than temporary, of these assets where the carrying values exceed estimated recoverable amounts.

Amortization is charged from the month of addition to the month proceeding the month of retirement / disposal, by applying reducing balance method at the rates specified in note 13.2.

4.3 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

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4.4 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instruments. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortized cost as the case may be.

4.5 Off-setting for financial assets and financial liabilities

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

4.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. 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, if no impairment loss had been recognised.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. 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, if no impairment loss had been recognised.

4.7 Investments

Investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investments, except in case of held for trade investments, in which case the transaction costs are charged off to the profit and loss account.

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

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The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held-for-trade'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trade'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held-to-maturity investments

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 accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are remeasured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed off or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of term finance certificates, units of open end mutual funds and government securities are determined on the basis of rates notified by Mutual Funds Association of Pakistan for term finance certificates, relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

4.8 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.9 Trade debts

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

4.10 Taxation

Current

The Company's business income is assessable under Section 233A 'Collection of tax by a stock exchange registered in Pakistan' of the Income Tax Ordinance, 2001 and in accordance with Letter No. 4(1) ITP / 2004 - SE of the Revenue Division, Central Board of Revenue dated July 03, 2004. However, provision for other taxable income (excluding dividend & property rental income) is based at current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

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

4.11 Revenue recognition

- Brokerage and commission income is recognised as and when such services are provided.
- Dividend income is recognised at the time when the right to receive dividend is established
- Interest income is recognised on a time proportion basis that takes into account the effective yield
- Income on continuous funding system is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Gains / (loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held-for-trading' are included in profit and loss account in the period in which they arise.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'available-for-sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivates to fair value are taken to profit and loss account into other income / other
- All other incomes are recognised on an accrual basis.

4.12 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

4.13 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an 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. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.14 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.15 Dividend

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are

4.16 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks.

4.17 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

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5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

			Note	2018	2017
				---------------- (Rupees) ----------------	

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

2018	2017			
------ (No. of shares) ------				
14,413,600	14,413,600	Issued for cash	**144,136,000**	144,136,000

5.1

Categories of shareholders	Shareholders	Shares Held	Percentage
Members			
Mrs Fatima Usman	1	**4,418,600**	**30.656%**
Mrs. Naik Perveen	1	**972,555**	**6.747%**
Mr. Muhammad Arfeen Dhedhi	1	**972,625**	**6.748%**
Mr. Amir Nazeer Dhedhi	1	**972,625**	**6.748%**
Ms. Alia Dhedhi	1	**972,625**	**6.748%**
Mr. Sajid Anwar	1	**500**	**0.003%**
Government of KPK GPI Fund	1	**5,670,300**	**39.340%**
Directors and their spouse(s) and minor children			
Ms. Farah Zubair	1	**500**	**0.003%**
Mr. Pervez Mirza Chaghtai	1	**500**	**0.003%**
Mr. M Asadullah Sheikh	1	**500**	**0.003%**
Mrs Farzana Asad	1	**432,270**	**2.999%**
Total		**14,413,600**	**100.00%**

6. TERM FINANCE FACILITY - SECURED

	Note	2018	2017
Silk Bank Limited	*5.1*	**150,000,000**	150,000,000
Summit Bank Limited	*5.2*	**150,000,000**	-
Saudi Pak Agricultural & Investment Company Limited	*5.3*	**350,000,000**	-
		650,000,000	150,000,000

6.1 The Company obtained term finance facility from Silk Bank Limited amounting to Rs.150 million (2017: Rs. 150 million) repayable in two installments of Rs.37.5 million and Rs.112.5 million in July 2019 and October 2019 respectively. The said facility carries mark-up rate of 3-months Karachi Inter Bank Offered Rate (KIBOR) plus 2.5% per annum which at the year end stood at 9.42% per annum (2017: 8.64%), payable on quarterly basis. The facility is secured by first pari passu charge of Rs. 1.14 billion on receivables of the Company.

6.2 During the year ended 30 June 2018, the Company obtained term finance facility of Rs. 150 million from Summit Bank Limited to finance long term investment in listed companies shares for a period of two years. The prinicipal repayment is to be done by one off repayment in December 2019. Markup will be charged on 3 months KIBOR plus 2% per annum which at the year end stood at 8.92% per annum. The facility is secured against first pari passu charge over receivable with 30% in favor of the bank and personal guarantee of the Chief Executive Officer of the Company.

6.3 During the year ended 30 June 2018, the Company obtained approval for extention of already availed financing facility from Saudi Pak Industrial and Agricultural Investment Company Limited. The maturity period has been extended to further 13/14 months in addition to already approved period of 3, 6, 9, 12 and 15 months. The said facility carries markup at the rate of 3 months KIBOR plus 300 bps per annum, subject to quarterly revision, which at the year end stood at 9.92% per annum (2017: 9.14% per annum). The facility matures in different dates subsequent to the year end and is secured by shares of the listed companies along with 35% (2017: 35%) margin and personal guarantee of one director of the Company.

7. STAFF RETIREMENT BENEFITS

7.1 During the year ended 30 June 2017, the Company started making provisions for unfunded employees gratuity scheme, details of which are given below:

7.2 Principal actuarial assumptions

The latest actuarial valuations of the unfunded gratuity scheme was carried out by the valuers Akhtar & Hassan Company as at 30 June 2018. The principal actuarial assumptions based on acturial report for the year ended 30 June 2018 are as follows:

Discount rate	**10.00%**	9.25%
Salary increase rate	**8.75%**	8.00%

	2018	2017
	(Rupees)	

7.3 The amounts recognized in balance sheet

Present value of defined benefit obligations	**20,197,602**	17,454,000
Fair value of plan assets	**-**	-
Deficit	**20,197,602**	17,454,000

7.4 Movement in present value of defined benefit obligations

Present value of obligations as at 01 July	**17,454,000**	14,155,000
Current service cost	**3,287,000**	2,759,000
Interest cost on defined benefit obligation	**1,724,602**	1,407,000
Re-measurement Loss	**(2,268,000)**	(543,000)
Actual benefits paid during the year	**-**	(324,000)
Present value of obligation as at 30 June	**20,197,602**	17,454,000

7.5 Cost recognized in profit and loss account

Current service cost	**3,287,000**	2,759,000
Net Interest	**1,724,602**	1,407,000
	5,011,602	4,166,000

7.6 Sensitivity analysis on significant actuarial assumptions: Pension Fund

Current Liability	**20,197,602**	17,454,000
Discount rate: +0.5%	**19,210,000**	16,574,000
Discount rate: -0.5%	**21,264,000**	18,407,000
Long term salary increase: +0.5%	**21,272,000**	18,414,000
Long term salary increase: -0.5%	**19,194,000**	16,560,000

8. DEFERRED TAXATION

	2018		
	Opening balance	**Charge / (reversal)**	**Closing balance**
		(Rupees)	
Taxable temporary difference:			
Accelerated depreciation allowance	**(1,785,506)**	**(3,758,988)**	**(5,544,494)**
Deductible temporary difference:			
Provision for bad debts	**1,875,702**	**(60,507)**	**1,815,195**
Provision for gratuity	**(5,417,078)**	**11,476,359**	**6,059,281**
	(5,326,882)	**7,656,864**	**2,329,982**

	2017		
	Opening balance	Charge / (reversal)	Closing balance
		(Rupees)	
Taxable temporary difference:			
Accelerated depreciation allowance	(1,922,467)	136,961	(1,785,506)
Deductible temporary difference:			
Provision for bad debts	-	1,875,702	1,875,702
Provision for gratuity	-	(5,417,078)	(5,417,078)
Lease liability	1,936,208	(1,936,208)	-
	13,741	(5,340,623)	(5,326,882)

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	Note	2018	2017
		-------------- (Rupees) --------------	

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

		2018	2017
Creditors for purchase of shares		**115,989,111**	170,213,369
Creditors of PMEX- Client		**6,143**	6,143
Payable for money market transactions		**99,366,181**	253,648,635
Sindh sales tax on brokerage services		**730,128**	1,565,485
Commission payable to traders		**9,109,588**	11,253,134
Accrued and other liabilities		**9,833,307**	7,507,602
		235,034,458	444,194,368

10. SHORT TERM BORROWINGS

	Note	2018	2017
From banking companies - secured			
Summit Bank Limited	*10.1*	**319,555,952**	216,203,762
NIB Bank Limited	*10.2*	**-**	242,893,807
Silk Bank Limited	*10.3*	**500,934,251**	285,005,886
Sindh Bank Limited	*10.4*	**630,171,360**	642,995,665
Askari Bank Limited	*10.5*	**93,496,631**	375,899,114
From investment companies - secured			
Saudi Pak Industrial & Agricultural Investment Company Limited	*10.6*	**-**	400,000,000
Pak Oman Investment Company Limited	*10.7*	**448,289,700**	149,485,650
		1,992,447,894	2,312,483,884

10.1 This includes three (2017: two) running finance facilities against readily marketable shares of quotes companies, personal guarantee of the Chief Executive Officer of the Company and first pari passu charge over receivables of the Company with 30% margin amounting to Rs. 350 million, Rs. 50 million and Rs. 50 million (2017: Rs. 350 million & 100 million). These facilities carry markup at the rate of 3 months KIBOR plus 200 bps per annum and 1 month KIBOR plus 300 bps per annum respectively, which at the year end stood at 8.92% and 9.92% per annum respectively (2017: 8.14% and 9.14% per annum). Rs. 350 million facility will expire in March 2019 and Rs. 50 million facilities will expire in July 2018.

This also includes short term finance facility under repurchase arrangement with a limit of Rs. 300 million (2017: Rs. 300 million), secured by readily marketable securities of quoted companies with minimum 30% margin. As at balance sheet date, the Company had availed Rs. Nil (2017: Nil).

In addition to the above facilities the Company has also availed Intra Day Finance facility with a limit of Rs. 150 million (2017: Rs. 150 million) for the purpose of settlement of intra-day demands payable to NCCPL and release of shares pledged with Bank. This facility is repayable and adjustable on the same day on which the facility is availed and valid till December 2018. Intra-day facility fee at the rate of 5% (exclusive of Sindh Sales Tax) on the consolidated amount utilized by customer for all debit transactions / value of shares released is charged and payable on weekly basis.

10.2 The running finance facility from NIB Bank Limited has matured during the year.

10.3 This represents running finance facility with a limit of Rs. 545 million (2017: Rs.315 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 250 bps per annum subject to quarterly revisions, which at the year end stood at 9.42% per annum (2017: 8.64% per annum). The facility is secured with first pari passu charge of Rs. 1.14 billion on receivables of the Company. The facility is payable on demand through customer's own sources.

10.4 This represents running finance facility with a limit of Rs. 650 million (2017: Rs. 650 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 375 bps per annum subject to quarterly revisions, which at the year end stood at 10.67% per annum (2017: 10% per annum). The facility is secured by pledge of shares of listed companies with 35% margin. The facility will expire in June 2019.

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10.5 This represents running finance facility with a limit of Rs. 400 million (2017: Rs. 400 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 200 bps per annum payable on quarterly basis, which at the year end amounted to 8.92% per annum (2017: 8.14% per annum). The facility is secured by pledge of shares with 30% to 40% margin. The facility expires in November 2018.

10.6 During the year ended 30 June 2018, the Company obtained approval for extention of already availed financing facility from Saudi Pak Industrial and Agricultural Investment Company Limited. The maturity period has been extended to further 13/14 months in addition to already approved period of 3, 6, 9, 12 and 15 months. The said facility carries markup at the rate of 3 months KIBOR plus 300 bps per annum, subject to quarterly revision, which at the year end stood at 9.92% per annum (2017: 9.14% per annum). The facility matures in different dates subsequent to the year end and is secured by shares of the listed companies along with 35% (2017: 35%) margin and personal guarantee of one director of the Company.

10.7 This represents short term finance facility under re-purchase arrangement with investment company on three PIB's and one T-Bill (2017: One PIB) amounting to Rs. 150 million, Rs. 100 million, Rs. 50 million & Rs. 148.289 million respectively (2017: Rs. 100 million). PIB's have maturity of 10 years and T-Bill has maturity of 3 months (2017: 10 years PIB of Rs. 100 million) maturing in July 2018 respectively (2017: July 2017) carrying markup at the rates ranging from 6.5% to 7% per annum (2017: 6.5% per annum).

11. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as 30 June 2018 (2017: Nil).

12. PROPERTY AND EQUIPMENTS

	Note	2018	2017
		(Rupees)	
Property & equipments	*12.1*	**44,352,001**	47,961,837
Capital work-in-progress	*12.2*	**139,900,000**	23,250,000
		184,252,001	71,211,837

12.1

	30 June 2018					
	Office Premises	**Furniture and fixtures**	**Office equipment**	**Computers**	**Vehicles**	**Total**
	(Rupees)					
COST						
As at 1 July 2017	**15,396,625**	**8,486,801**	**5,903,075**	**14,885,226**	**29,645,251**	**74,316,978**
Additions	**-**	**11,000**	**211,100**	**663,000**	**2,260,000**	**3,145,100**
Disposals	**-**	**(24,088)**	**(95,678)**	**-**	**(1,557,500)**	**(1,677,266)**
As at 30 June 2018	**15,396,625**	**8,473,713**	**6,018,497**	**15,548,226**	**30,347,751**	**75,784,812**
ACCUMULATED DEPRECIATION						
As at 1 July 2017	**-**	**4,615,482**	**2,198,619**	**9,552,773**	**9,988,267**	**26,355,141**
For the year	**-**	**387,232**	**377,797**	**1,161,779**	**4,217,273**	**6,144,081**
On disposals	**-**	**(14,109)**	**(39,542)**	**-**	**(1,012,760)**	**(1,066,411)**
As at 30 June 2018	**-**	**4,988,605**	**2,536,874**	**10,714,552**	**13,192,780**	**31,432,811**
Written down value	**15,396,625**	**3,485,108**	**3,481,623**	**4,833,674**	**17,154,971**	**44,352,001**

	30 June 2017					
	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	(Rupees)					
COST						
As at 1 July 2016	15,396,625	8,441,144	5,364,898	14,258,473	22,113,251	65,574,391
Additions	-	99,005	1,560,970	1,137,753	7,532,000	10,329,728
Disposals	-	(53,348)	(1,022,793)	(511,000)	-	(1,587,141)
As at 30 June 2017	15,396,625	8,486,801	5,903,075	14,885,226	29,645,251	74,316,978
ACCUMULATED DEPRECIATION						
As at 1 July 2016	-	4,226,493	2,420,065	8,866,139	6,184,687	21,697,384
For the year	-	422,932	333,502	1,169,951	3,803,580	5,729,965
On disposals	-	(33,943)	(554,948)	(483,317)	-	(1,072,208)
As at 30 June 2017	-	4,615,482	2,198,619	9,552,773	9,988,267	26,355,141
Written down value	15,396,625	3,871,319	3,704,456	5,332,453	19,656,984	47,961,837

12.2 This represents partial payment made for the purchase of property worth Rs 232,500,000

12.3 Particulars of equipments disposed off during the year ended 30 June 2018 are as follows:

Particulars	Cost	Book value	Sale proceed	(Loss) / gain on disposal	Mode of disposal	Particulars of buyer
Furniture and fixtures	24,088	9,979	3,000	(6,979)	Negotiation	Sold in market
Office equipment	95,678	56,136	14,500	(41,636)	Negotiation	Sold in market
Vehicles	1,557,500	544,740	1,195,000	650,260	Negotiation	Sold in market
	1,677,266	610,855	1,212,500	601,645		

	Note	2018	2017
		------- (Rupees) -------	
13. INTANGIBLE ASSETS			
Trading Right Entitlement Certificate (TREC)	*13.1*	**5,535,000**	5,535,000
Pakistan Mercantile Exchange Limited - membership card		**250,000**	250,000
Software	*13.2*	**-**	-
		5,785,000	5,785,000

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

13.2 Amortization of software

	2018	2017
As at July 01	-	905,933
Additions during the year	-	336,340
Total	-	1,242,273
Charge for the year	-	(1,242,273)
As at 30 June	-	-

14. LONG TERM INVESTMENTS

Available-for-sale investment

	Note	2018	2017
Shares in Pakistan Stock Exchange	*14.1*	**32,250,822**	62,182,322

14.1 Under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received 4,007,383 equity shares of Rs.10 each of PSX, whereby, 40% equity shares i.e. 1,602,953 shares were actually received by the Company and the remaining 60% shares (i.e. 2,404,430 shares) were transferred to CDC sub-account in the Company's name under the PSX's participant ID with the CDC. The said shares will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

During March 2017, 1,602,953 (40%) shares of PSX were sold under the share purchase agreement between PSX and an Anchor investor and additional 801,477 (20%) shares under Initial Public Offering in June 2017 at the rate of Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription.

Given the above, the investment to the extent of 40.75% has been classified as long term investment while the remaining investment in PSX has been classified under short term investment.

15. LONG TERM DEPOSITS

	Note	2018	2017
Pakistan Stock Exchange Limited	*15.1*	**5,700,000**	7,705,079
National Clearing Company of Pakistan Limited		**1,300,000**	800,000
Pakistan Mercantile Exchange Limited	*15.2*	**3,250,000**	3,250,000
Central Depository Company of Pakistan Limited		**100,000**	100,000
Others		**995,000**	995,000
		11,345,000	12,850,079

15.1 This represents deposit placed with PSX for taking exposure in regular and future market.

15.2 This represents deposit placed with PMEX for taking exposure in commodity market.

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16. SHORT TERM INVESTMENT

	Note	2018	2017
		---------------- (Rupees) ----------------	
Financial assets classified as available-for-sale			
Shares of listed companies - at cost	*16.1*	**878,312,534**	1,069,158,251
10 Years 12% Pakistan Investment Bonds - at cost		**-**	111,503,941
Less: Unrealized gain on revaluation of available-for-sale investments	*16.1*	**(76,447,623)**	311,269,104
		801,864,911	1,491,931,296
Financial assets classified as fair value through profit and loss - held-for-trading			
Shares of listed companies - at cost	*16.2*	**86,160,664**	146,200,232
Less: Unrealized loss on revaluation of held-for-trading investments	*16.2*	**(22,258,641)**	(13,388,589)
		63,902,023	132,811,643
		865,766,934	1,624,742,939

	30 June 2018		30 June 2017	
	Average Cost	Market Value	Average Cost	Market Value
	------------------------- (Rupees) -------------------------			
16.1 Financial assets classified as available-for-sale				
Al-Shaheer Corporation Limited 914,642 (2017: 914,642) ordinary shares of Rs. 10 each fully paid	**67,825,019**	**24,923,995**	67,825,019	36,686,291
Al-Ameen Islamic Active Allocation PlanVIII 24,180 (2017: 24,180) ordinary shares of Rs. 10 each fully paid	**2,418,029**	**2,178,622**	2,418,029	2,342,308
Ansari Sugar Mills Limited 2,062,285 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**41,241,232**	**42,441,825**	-	-
First Capital Securities Corporation Limited 4,080,000 (2017:4,080,000) ordinary shares of Rs. 10 each fully paid	**14,361,600**	**9,792,000**	14,361,600	15,830,400
First Capital Equities Limited 997,000 (2017:997,000) ordinary shares of Rs. 10 each fully paid	**35,084,430**	**8,374,800**	35,084,430	9,970,000
Gadoon Textile Limited Nil (2017: 1,500) ordinary shares of Rs. 10 each fully paid	**-**	**-**	349,485	316,500
Ghandhara Industries Limited 4,450 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**3,324,150**	**3,144,770**	-	-
Gul Ahmed Textile Mills Limited Nil (2017: 80,000) ordinary shares of Rs. 10 each fully paid	**-**	**-**	3,784,755	3,278,400
Honda Atlas Cars Limited 4,200 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**2,730,000**	**1,328,838**	-	-
Mughal Iran & Steels Limited Nil (2017: 308,000) ordinary shares of Rs. 10 each fully paid	**-**	**-**	22,659,012	24,864,840

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	30 June 2018		30 June 2017	
	Average Cost	**Market Value**	Average Cost	Market Value
	------------------------- **(Rupees)** -------------------------			
NIB Bank Limited Nil (2017: 5,210,000) ordinary shares of Rs. 10 each fully paid	**-**	**-**	11,685,461	8,961,200
Nishat Chunian Power Limited Nil (2017: 13,500) ordinary shares of Rs. 10 each fully paid	**-**	**-**	638,415	601,425
Pakistan Stock Exchange Limited 275,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**6,793,650**	**5,431,250**	-	-
Power Cement Limited 355,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**3,906,949**	**2,964,250**	-	-
Power Cement Limited-LOR Freeze Nil (2017: 325,000) ordinary shares of Rs. 10 each fully paid	**-**	**-**	4,291,000	4,348,500
Summit Bank Limited 1,822,946 (2017: 50,000,000) ordinary shares of Rs. 10 each fully paid	**386,683,951**	**251,169,334**	150,487,110	206,000,000
Summit Bank Limited - Preference Shares Nil (2017: 15,691,404) ordinary shares of Rs. 10 each fully paid	**-**	**-**	146,030,628	156,914,040
Sui Northern Gas Pipelines Limited 370,600 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**51,680,538**	**37,141,532**	-	-
Sui Southern Gas Company Limited 200,000 (2017: 237,000) ordinary shares of Rs. 10 each fully paid	**9,341,216**	**6,564,000**	11,069,341	8,629,170
Silk Bank Limited Nil (2017: 57,000,000) ordinary shares of Rs. 10 each fully paid	**-**	**-**	228,000,000	95,760,000
The Universal Insurance Company Limited 75,043 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**750,430**	**566,575**	-	-
TPL Properties Limited 2,584,500 (2017: 5,500,000) ordinary shares of Rs. 10 each fully paid	**31,418,370**	**24,035,850**	66,636,000	67,375,000
TPL Insurance Limited (formerly TPL Direct Ins Ltc 49,500 (2017: 45,000) ordinary shares of Rs. 10 each fully paid	**1,076,440**	**1,062,270**	1,076,440	1,107,000
TRG Pakistan Limited 13,294,169 (2017: 18,394,669) ordinary shares of Rs. 10 each fully paid	**219,676,530**	**380,745,000**	302,761,525	737,442,280
	878,312,534	**801,864,911**	1,069,158,251	1,380,427,354

	30 June 2018		30 June 2017	
	Average Cost	**Market Value**	Average Cost	Market Value
	------------------------- **(Rupees)** -------------------------			
16.2 Financial assets classified as fair value through profit and loss - held-for-trading				
Aisha Steels Limited 195,000 (2017: 174,500) ordinary shares of Rs. 10 each fully paid	**4,232,906**	**3,075,150**	4,071,562	3,549,330
Askari General Insurance Limited Nil (2017: 10,350) ordinary shares of Rs. 10 each fully paid	-	-	352,271	308,948
Attock Refinery Limited 16,500 (2017: 14,700) ordinary shares of Rs. 10 each fully paid	**6,171,050**	**3,552,615**	6,728,615	5,623,926
The Bank of Punjab 475,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**5,937,022**	**5,733,250**	-	-
Dewan Farooq Motors Limited 64,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**2,844,521**	**1,819,520**	-	-
Dewan Cement Limited 716,500 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**20,189,738**	**12,897,000**	-	-
Dost Steel Limited 120,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**1,464,966**	**949,200**	-	-
Engro Polymer Limited 78,000 (2017: 187,000) ordinary shares of Rs. 10 each fully paid	**2,910,156**	**2,446,080**	7,352,680	6,825,500
Engro Polymer Limited - Right 36,995 (2017: Nil) ordinary shares of Rs. 10 each fully paid	-	**326,295**	-	-
Fauji Foods Limited 130,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**5,009,014**	**4,196,400**	-	-
Fauji Fertilizer Company Limited Nil (2017: 140,000) ordinary shares of Rs. 10 each fully paid	-	-	14,587,616	11,569,600
Ghani Global Glass Limited Nil (2017: 86,500) ordinary shares of Rs. 10 each fully paid	-	-	2,309,328	1,729,135
Golden Arrow Selected Stock Fund 10,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**95,001**	**90,000**	-	-
Glaxo Consumers Healthcare Pakistan Limited 1,700 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**785,427**	**688,585**	-	-

	30 June 2018		30 June 2017	
	Average Cost	**Market Value**	Average Cost	Market Value
	(Rupees)			
Gul Ahmed Textile Mills Limited Nil (2017: 41,000) ordinary shares of Rs. 10 each fully paid	-	-	2,019,031	1,680,180
Honda Atlas Cars Pakistan Limited 3,800 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**2,073,996**	**1,202,282**	-	-
Hub Power Company Limited Nil (2017: 77,600) ordinary shares of Rs. 10 each fully paid	-	-	10,049,809	9,112,568
International Steels Limited 48,500 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**6,014,378**	**4,932,450**	-	-
K-Electric Company Limited 374,000 (2017: 515,000) ordinary shares of Rs. 10 each fully paid	**2,410,625**	**2,124,320**	4,946,406	3,553,500
Pakistan Oxygen Ltd (Formerly Linde Pakistan Ltd) 12,514 (2017: 7,500) ordinary shares of Rs. 10 each fully paid	**3,448,871**	**3,003,360**	2,485,351	1,807,650
Maple Leaf Cement Limited Nil (2017: 5,900) ordinary shares of Rs. 10 each fully paid	-	-	700,189	657,024
Mughal Iron & Steels Limited 42,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**3,135,135**	**2,579,640**	-	-
Nishat Chunian Power Limited Nil (2017: 94,500) ordinary shares of Rs. 10 each fully paid	-	-	5,481,000	4,209,975
Oil & Gas Development Company Limited Nil (2017: 74,000) ordinary shares of Rs. 10 each fully paid	-	-	13,309,839	10,411,060
Pakistan International Bulk Terminal Limited Nil (2017: 100,000) ordinary shares of Rs. 10 each fully paid	-	-	3,011,086	2,316,000
Pakistan Oil Field Limited Nil (2017: 19,000) ordinary shares of Rs. 10 each fully paid	-	-	10,604,669	8,704,850
Pakistan Refinery Limited 102,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**6,024,825**	**3,540,420**	-	-
Pakistan Stock Exchange Limited Nil (2017: 375,000) ordinary shares of Rs. 10 each fully paid	-	-	10,470,000	9,630,000

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	30 June 2018		30 June 2017	
	Average Cost	**Market Value**	Average Cost	Market Value
	(Rupees)			
Power Cement Limited 25,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**232,500**	**208,750**	-	-
Singer Pakistan Limited Nil (2017: 20,000) ordinary shares of Rs. 10 each fully paid	-	-	1,521,118	1,244,800
Sui Northern Gas Pipelines Limited Nil (2017: 240,000) ordinary shares of Rs. 10 each fully paid	-	-	27,552,019	35,740,800
Sui Southern Gas Company Limited 95,000 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**3,424,010**	**3,117,900**	-	-
Searle Pakistan Limited Nil (2017: 10,110) ordinary shares of Rs. 10 each fully paid	-	-	6,711,376	5,176,118
Summit Bank Limited Nil (2017: 131,500) ordinary shares of Rs. 10 each fully paid	-	-	688,810	541,780
TRG Pakistan Limited 205,500 (2017: 210,000) ordinary shares of Rs. 10 each fully paid	**8,260,642**	**5,885,520**	11,247,457	8,418,900
Tristar Polyster Limited 92,311 (2017: Nil) ordinary shares of Rs. 10 each fully paid	**1,495,881**	**1,533,286**		
	86,160,664	**63,902,023**	146,200,232	132,811,643

16.3 Fair value of shares pledged with banking companies against various short term running finance facilities as at June 30, 2018 amounted to Rs. 2,001 million (2017: Rs. 3,403 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

	June 30, 2018		June 30, 2017	
	No. of securities	**Amount (Rupees)**	No. of securities	Amount (Rupees)
Client	**417,594,800**	**1,179,173,628**	385,209,500	2,032,440,105
House	**196,396,096**	**821,651,488**	156,198,520	1,370,966,258
Total	**613,990,896**	**2,000,825,116**	541,408,020	3,403,406,363

	Note	2018	2017
		(Rupees)	
17. TRADE DEBTS			
Considered good	*17.1*	**1,825,472,754**	1,233,102,456
Considered doubtful		**6,050,650**	6,050,650
		1,831,523,404	1,239,153,106
Less: Provision against doubtful debts	*17.2*	**(6,050,650)**	(6,050,650)
		1,825,472,754	1,233,102,456

17.1 This includes an amount of Rs.364,283,694 (2017: Rs.70,707,786) receivable from NCCPL against trade of clients

M7

	Note	2018	2017
		---------------- (Rupees)	----------------

17.2 Provision against doubtful debts

As at July 1	**6,050,650**	6,050,650
Charge / (reversal) for the year	**-**	-
As at June 30	**6,050,650**	6,050,650

17.3 Treatment of amount receivable from customers

Trade debts and other receivables are recognized at fair value less provision for doubtful debts. The provision is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivable. Trade debts and other receivables considered irrecoverable are written off.

17.4 The Company holds equity securities having fair value of Rs.4.301 billion (30 June 2017: 3.368 billion) owned by its clients as collaterals against trade debts. The aging analysis for amounts receivable from clients for more than five days is as follows:

Amount due from clients for more than 5 days	**1,086,374,547**	1,016,646,403
Value of listed shares (collateral) after applying haircut on the basis of VAR	**1,023,771,704**	864,149,442
Amount Receivable from clients exceeding the collateral held from such customer	**62,606,843**	152,496,961

17.5 This includes an amount of Rs. 52,631 (2017: Rs. Nil) receivable from related parties of the Company. The breakup of which is as follows:

	Amount receivable	
Name of client	**2018**	2017
	---------------- (Rupees)	----------------
Mr. Pervez Mirza Chaghtai	**75**	-
Mrs. Farzana Asad	**52,556**	-
	52,631	-

18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	*Note*	**2018**	2017
		---------------- (Rupees)	----------------
Advances to staff - unsecured		**2,170,410**	3,547,942
Trade deposit	*18.1*	**28,940,188**	20,948,382
Prepayments		**3,215,347**	1,335,533
Dividend receivable		**301,200**	-
Other receivables		**5,317,328**	6,631,738
		39,944,473	32,463,595

18.1 This also includes deposits with PSX against ready and future exposures and with PMEX for taking exposure in commodity market.

19. CASH AND BANK BALANCES

Cash in hand		**2,405,792**	1,717,684
At banks:			
- Client accounts (current)		**122,562,357**	170,444,513
- Current accounts		**1,331,486**	3,912,092
- Saving accounts	*19.1*	**1,282,267**	5,361,344
		127,581,902	181,435,633

	Note	2018	2017
		-------- (Rupees) --------	

20. OPERATING REVENUE

	Note	2018	2017
Brokerage commission		**129,598,110**	184,090,804
Inter-bank brokerage commission		**14,640,196**	14,085,427
Settlement charges		**5,377,726**	145,897,384
Underwriting & consultancy		**17,061,475**	1,293,103
less: Sales tax on income		**(19,237,227)**	(23,677,136)
		147,440,280	321,689,582

21. ADMINISTRATIVE AND OPERATING EXPENSE

	Note	2018	2017
Salaries, benefits and other allowances		**71,319,317**	71,900,053
Directors' remuneration		**2,100,000**	3,348,336
Insurance		**954,525**	777,502
Utilities		**2,073,093**	2,719,079
Printing and stationery		**1,032,728**	855,855
Entertainment		**1,834,977**	2,026,259
Communication		**5,037,554**	5,662,731
Vehicle running		**3,356,416**	3,005,876
Repairs and maintenance		**2,337,059**	3,658,163
Traveling and conveyance		**2,235,902**	4,841,453
Legal and professional charges		**4,600,788**	8,571,235
Fee and subscriptions		**6,635,369**	5,003,016
Auditors' remuneration	*21.1*	**420,000**	420,000
Rent, rates and taxes		**6,621,567**	6,292,520
Depreciation	*12.1*	**6,144,081**	5,729,965
Amortization	*13.2*	-	1,242,273
Transaction and settlement cost		**14,953,463**	16,010,898
Bank charges		**186,784**	223,912
Unrealized loss on held-for-trading investments		**22,258,641**	13,388,588
Business promotion		**5,274,898**	4,461,127
Donations & charity	*21.2*	**570,000**	-
Miscellaneous		**4,427,377**	5,059,901
Commission to traders		**26,863,008**	38,254,357
Bad debts expense		-	1,042,041
Loss on disposal of fixed assets		-	438,832
		191,237,547	204,933,972

21.1 Auditors' remuneration

		2018	2017
Statutory audit fee		**370,000**	350,000
Sindh sales tax @ 8% (2017: 8%)		**31,111**	28,000
Out-of-pocket expenses		**18,889**	42,000
		420,000	420,000

21.2 Donations do not include any donee in whom any director or his spouse has any interest.

22. FINANCE COST

		2018	2017
Markup on short term borrowings		**52,398,301**	196,034,486
Markup on long term borrowings		**25,996,199**	20,834,098
Mark-up on borrowing of securities		-	21,174
		78,394,500	216,889,758

M3

	Note	2018	2017
		-------- (Rupees) --------	

23. OTHER INCOME

	2018	2017
Income from financial assets		
Return on short term investment	**1,193**	728,443
Return on margin financing & MTS	**72,929,717**	67,924,154
Dividend income	**6,453,350**	4,766,320
Return on cash margins with PSX & PMEX	**734,041**	794,100
Profit from profit and loss sharing account	**205,815**	170,064
	80,324,116	74,383,081
Income from non-financial assets		
Gain on disposal of fixed assets	**601,645**	-
Expenses recovered from customers	**5,682,030**	4,208,132
Miscellaneous	**178,492**	4,996,607
IPO commission	**-**	3,019
	6,462,167	9,207,758
	86,786,283	83,590,839

24. TAXATION

24.1 The Company has filed income tax return for the tax year 2017 (financial year ended June 30, 2017) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

25. EARNING PER SHARE - BASIC AND DILUTED

		2018	2017
Profit after taxation for the year	*Rupees*	**18,307,584**	57,956,674
Weighted average number of ordinary shares	*Number of shares*	**14,413,600**	14,413,600
Earning per share	*Rupees*	**1.27**	4.02

25.1 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2018 and June 30, 2017 which would have any effect on the earnings per share.

26. CASH AND CASH EQUIVALENTS

	Note	2018	2017
Cash and bank balances	*19*	**127,581,902**	181,435,633

27. REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the Chief Executive and Directors of the Company are given below:

	2018		2017	
	Chief Executive	**Director**	Chief Executive	Director
	(Rupees)			
Managerial remuneration	**2,100,000**	**-**	1,802,736	1,545,600
	Number			
No. of person(s)	**1**	**4**	1	4

27.1 The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company's policy.

27.2 The total number of employees as at year end were 76 (2017: 70), whereas, average number of employees during the year were 73 (2017: 69).

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28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

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

28.1 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 into 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 placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits accordingly to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery.

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

		Carrying amount	
		2018	2017
	Note	---------------- **(Rupees)** ----------------	
Long term deposits	*15*	**11,345,000**	12,850,079
Receivable against Margin Financing Transactions		**108,693,232**	434,538,232
Trade debts	*17*	**1,825,472,754**	1,233,102,456
Advances, deposits and other receivables	*18*	**36,729,125**	31,128,062
Bank balances	*19*	**125,176,110**	179,717,949
		2,107,416,220	1,891,336,778

All balances are denominated in local currency.

Bank balances

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from A1+ to A assigned by reputable credit rating agencies.

Investment in units of Mutual Funds

The Company has investments in units of mutual fund having rating of 5-Star at reporting date.

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28.2 Liquidity risk

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

	2018					
	Carrying amount	**Contractual cash flows**	**Less than six months**	**Up to one year**	**One to two years**	**Two to five years**
	----------------------------		**Rupees**	----------------------------		
Financial liabilities						
Term finance facility	**650,000,000**	**650,000,000**	**-**	**37,500,000**	**612,500,000**	**-**
Trade creditors, accrued and other liabilities	**235,034,458**	**235,034,458**	**235,034,458**	**-**	**-**	**-**
Accrued mark-up	**46,468,040**	**46,468,040**	**46,468,040**	**-**	**-**	**-**
Short term borrowings	**1,992,447,894**	**1,992,447,894**	**413,052,583**	**1,579,395,311**	**-**	**-**
	2,923,950,393	**2,923,950,393**	**694,555,081**	**1,616,895,311**	**612,500,000**	**-**

	2017					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to two years	Two to five years
	----------------------------		Rupees	----------------------------		
Financial Liabilities						
Term finance facility	150,000,000	150,000,000	-	-	150,000,000	-
Trade creditors, accrued and other liabilities	444,194,368	444,194,368	444,194,368	-	-	-
Accrued mark-up	51,323,396	51,323,396	51,323,396	-	-	-
Short term borrowings	2,312,483,884	2,312,483,884	501,209,648	1,811,274,236	-	-
	2,958,001,648	2,958,001,648	996,727,412	1,811,274,236	150,000,000	-

28.3 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 a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

28.3.1 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. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Carrying amount	
	2018	2017
	------------- **(Rupees)** -------------	
Variable rate instruments		
- Bank balances in profit and loss sharing accounts	**1,282,267**	5,361,344

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Sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss.

28.3.2 Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than 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 factors affecting all similar financial instruments traded in the market.

The Company's investments in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.

28.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak

Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at the year end was as follows:

	Rate		Carrying values	
	2018	2017	**2018**	2017
			---------- (Rupees) ----------	
Financial assets				
Receivable against margin financing	**10% to 15%**	10% to 13%	**108,693,232**	434,538,232
Bank balances	**5% to 8%**	4% to 6%	**1,282,267**	5,361,344
			109,975,498	439,899,576
Financial liabilities				
Term finance facility	**9% to 12%**	9% to 12%	**650,000,000**	150,000,000
Short term borrowing	**8% to 12%**	8% to 12%	**1,992,447,894**	2,312,483,884
			2,642,447,894	2,462,483,884
Cumulative gap			**(2,532,472,396)**	(2,022,584,308)

28.4 Operational risk

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

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

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective

28.5 Fair value of financial assets and liabilities

The Company measures fair value of its financial and non-financial assets that are measured at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Level 2: Valuation techniques based on observable inputs

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

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

29. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, 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 to reduce the cost of capital. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

30. SHARES OF CLIENTS APPEARING IN CDC HOUSE ACCOUNT

	30 June 2018		
	appearing in CDC House A/c	**Shares of the Company**	**Shares of the clients held by the Company**
	No. of shares		
AKD Capital Limited	**200,000**	**-**	**200,000**
TRG Pakistan Limited	**13,501,225**	**13,499,669**	**1,556**
	13,701,225	**13,499,669**	**201,556**

	30 June 2017		
	appearing in CDC House A/c	Shares of the Company	Shares of the clients held by the Company
	No. of shares		
AKD Capital Limited	200,000	-	200,000
Highnoon Laboratories Limited	168	-	168
Reliance Insurance Company Limited	25	-	25
TRG Pakistan Limited	18,606,225	18,604,669	1,556
	18,806,418	18,604,669	201,749

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31. **TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of chief executive, directors and executives are disclosed in note 26 to these financial statements. Receivables from related parties are disclosed in 17.5 to these financial statements.

32. **OPERATING SEGMENTS**

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker.

There were no changes in the reportable segments during the year.

All non-current assets of the Company as at June 30, 2018 and June 30, 2017 are located in Pakistan.

33 **NON - ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The board of directors in meeting held on Oct 06, 2018 has proposed a final cash dividend in respect of the year ended Jun 30, 2018 at Re. 0.5 (2017 Rs. 2.50) per share for the approval by the members of the company in the forthcoming Annual General Meeting. The financial statements for the year ended Jun 30, 2018 do not include the effect of this final dividend @ Re. 0.5 per share, which will be accounted for in the financial statements for the year ending Jun 30, 2019

34. **GENERAL**

- The corresponding figures have been rearranged / reclassified, wherever necessary, for better presentation.
- These financial statements have been authorized for issue by the Board of Directors of the Company on 06 OCT 2018.

Chief Executive

Director