



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

**FRIENDLY SECURITIES
(PRIVATE) LIMITED**

Audited Financial Statements
For the year ended
June 30, 2018

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INDEPENDENT AUDITORS' REPORT**To the members of Friendly Securities (Private) Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **Friendly 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 profit 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.

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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 Dosani.

Muhammad Rafiq Dosani

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 28 SEP 2018

FRIENDLY SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Notes	2018 Rupees	2017 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	556,651	589,220
Intangible assets	6	2,750,000	4,335,425
Investment - Available for sale	7	21,353,582	41,163,833
Long term deposits	8	4,854,300	4,530,393
		29,514,533	50,618,871
Current assets			
Trade debts	9	73,455,055	38,193,113
Short term investment - Available-for-sale	10	124,683,364	667
Advances, deposits and other receivables	11	35,693,250	40,905,818
Cash and bank balances	12	6,244,052	30,576,831
		240,075,721	109,676,429
Total assets		269,590,254	160,295,300
EQUITIES AND LIABILITIES			
Capital and reserve			
<i>Authorized capital</i>			
7,500,000 (2017: 7,500,000) ordinary shares of Rs. 100/ each		75,000,000	75,000,000
<i>Issued, subscribed and paid up capital</i>			
7,500,000 (2017: 7,500,000) ordinary shares of Rs. 100/ each fully paid in cash		75,000,000	75,000,000
Unappropriated profit		44,952,070	34,712,707
Surplus on revaluation of Available-for-sale investment		22,184,013	36,798,193
		142,136,083	146,510,900
Current liabilities			
Trade and other payables	13	8,878,578	13,764,819
Accrued markup		2,239,376	19,581
Short term borrowing	14	116,336,217	-
		127,454,171	13,784,400
Contingencies and Commitment	15	-	-
Total equities and liabilities		269,590,254	160,295,300

The annexed notes from 1 to 29 form an integral part of these financial statements.



CHIEF EXECUTIVE




DIRECTOR

FRIENDLY SECURITIES (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018 Rupees	2017
Operating revenue	16	28,719,559	15,432,812
Capital gain on disposal of investments		5,106,696	60,333,039
OPERATING EXPENSES			
Administrative expenses	17	(11,679,984)	(48,549,636)
Finance cost	18	(5,943,205)	(1,636,208)
		(17,623,189)	(50,185,844)
Other income	19	2,326,818	2,222,081
Other operating expense	6	(1,585,425)	-
Profit before taxation		16,944,459	27,802,088
Taxation	20	(6,705,096)	(297,144)
Profit after taxation		10,239,363	27,504,944

The annexed notes from 1 to 29 form an integral part of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR

FRIENDLY SECURITIES (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	
Profit after taxation	10,239,363	27,504,944
<i>Other comprehensive (loss) / income</i>		
- Unrealized (loss) / gain on remeasurement of available-for-sale investments recognized during the year	(9,507,484)	36,798,193
- Reclassification of unrealized gain to profit or loss upon disposal of investment	(5,106,696)	-
	(14,614,180)	36,798,193
Total comprehensive (loss) / income for the year	(4,374,817)	64,303,137

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR

FRIENDLY SECURITIES (PRIVATE) LIMITED
 STATEMENT OF CASH FLOW
 FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,944,459	27,802,088
Adjustment for non-cash items		
Depreciation	173,919	2,778,207
Capital gain on disposal of investments	(5,106,696)	(60,333,039)
Impairment loss on TREC	1,585,425	-
Bad debts written off	230,013	-
Finance cost	5,943,205	1,636,208
	<u>2,825,866</u>	<u>(55,918,624)</u>
Cash flow before working capital changes	19,770,325	(28,116,536)
Changes in working capital		
<i>(Increase) /Decrease in Current Assets</i>		
Trade debtors	(35,261,942)	45,395,537
Advances, deposits and other receivable	4,650,080	(33,152,602)
	<u>(30,611,862)</u>	<u>12,242,935</u>
<i>Increase /(Decrease) in Current Liabilities</i>		
Trade & other payables	(4,886,241)	5,114,640
Cash flow from operating activities	(15,727,778)	(10,758,961)
Finance cost paid	(3,723,410)	(2,010,773)
Tax paid	(6,372,622)	(2,608,768)
Net cash out flow from operating activities	(25,823,810)	(15,378,502)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property & equipment	(141,350)	(233,500)
Purchase / sale of investments - net	(114,379,930)	66,903,039
Long term deposits	(323,907)	(671,284)
Net cash out flow from investing activities	(114,845,187)	65,998,255
Net (decrease) / increase in cash and cash equivalents	(140,668,997)	50,598,502
Cash and cash equivalents at beginning of the year	30,576,831	(20,021,671)
	<u>(110,092,165)</u>	<u>30,576,831</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR

FRIENDLY SECURITIES (PRIVATE) LIMITED
 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 at July 01, 2016	75,000,000	7,207,763	-	82,207,763
Profit after taxation	-	27,504,944	-	27,504,944
Other comprehensive income	-	-	36,798,193	36,798,193
Balance as at June 30, 2017	<u>75,000,000</u>	<u>34,712,707</u>	<u>36,798,193</u>	<u>146,510,900</u>
Balance as at July 01, 2017	75,000,000	34,712,707	36,798,193	109,712,707
Profit after taxation	-	10,239,363	-	10,239,363
Other comprehensive loss	-	-	(14,614,180)	(14,614,180)
Balance as at June 30, 2018	<u>75,000,000</u>	<u>44,952,070</u>	<u>22,184,013</u>	<u>105,337,890</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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 CHIEF EXECUTIVE



 DIRECTOR

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

1 STATUS AND ACTIVITIES

Friendly Securities (Private) Limited ('the Company') incorporated as a Private Limited Company under the repealed Companies Ordinance, 1984 on November 22, 2000. The Company is a corporate member of Pakistan Stock Exchange. The principal business of the Company is investments and trading of securities. The registered office of the company is located at Room No. 128-129, 3rd Floor, Karachi Stock Exchange Building. The Company has also acquired the membership of Pakistan Mercantile Exchange Limited.

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 unrealized loss on remeasurement of available-for-sale investment amounting to Rs. 14.61 million.
- The Company has incurred realized gain on disposal of available-for-sale investment amounting to Rs. 5.10 million.
- The Company has recognised an impairment loss in the value of Trading Right Entitlement Certificate amounting to Rs. 1.59 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 long and short term investments 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.

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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.
- 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 / 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 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.

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- 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'.

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

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4.1 Property and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

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

Subsequent costs are included in the carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property and equipment is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life. Depreciation on additions is charged from the day when asset is available for use till the date of disposal.

4.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Trading Rights Entitlement (TRE) Certificate / Membership card of Pakistan Mercantile Exchange Limited

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 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.

4.4 Financial assets

4.4.1 Classification

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) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

b) **Held to maturity financial assets**

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets as the management intends to dispose off the same within 12 months.

d) **Financial assets 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. in the short term. Assets in this category are classified as current assets.

4.4.2 Recognition, measurement and derecognition

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.

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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.

4.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

4.6 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.

4.7 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

4.8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.9 Share capital

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

4.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

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Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.11 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. If not, they are presented as non-current liabilities.

4.12 Taxation

The tax expense for the year comprises current and deferred 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

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.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.13 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.

4.14 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognizing of the financial assets and liabilities is taken to profit and loss account currently.

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4.15 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

4.16 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 commission income is 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.

4.17 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred except where such costs are directly attributable to the acquisition or construction of qualifying asset in which such costs are capitalized as part of the cost of that asset.

5 PROPERTY AND EQUIPMENT

	Office and Booths	Furniture & fixture	Motor & Vehicle	Office Equipments	Computer	Total
	----- Rupees -----					
As at July 01, 2017						
Opening net book value	-	94,632	20,368	129,395	269,064	513,459
Additions / transfers during the year (refer note 3.1)	2,620,468	-	-	-	233,500	2,853,968
Depreciation for the year	(2,620,468)	(27,268)	(4,074)	(19,409)	(106,988)	(2,778,207)
Closing net book value	-	67,364	16,294	109,986	395,576	589,220
Cost	2,620,468	3,210,519	33,500	416,771	2,827,753	9,109,011
Accumulated depreciation	(2,620,468)	(3,143,155)	(17,206)	(306,785)	(2,432,177)	(8,519,791)
Net book value	-	67,364	16,294	109,986	395,576	589,220
Year ended June 30, 2018						
Opening net book value	-	67,364	16,294	109,986	395,576	589,220
Additions during the year	-	-	-	-	141,350	141,350
Depreciation for the year	-	(10,105)	(3,259)	(16,498)	(144,057)	(173,919)
Closing net book value	-	57,259	13,035	93,488	392,869	556,651
Cost	2,620,468	3,210,519	33,500	416,771	2,969,103	9,250,361
Accumulated depreciation	(2,620,468)	(3,153,260)	(20,465)	(323,283)	(2,576,234)	(8,693,710)
Net book value	-	57,259	13,035	93,488	392,869	556,651
	5%	15%	20%	15%	30%	

6	INTANGIBLE ASSETS	Note	2018 Rupees	2017 Rupees
	Trading Rights Entitlement (TRE) Certificate			
	Cost		4,085,425	4,085,425
	Less: Impairment		(1,585,425)	-
		6.1	2,500,000	4,085,425
	Office and booth PSX		-	2,620,468
	Reclassified to operating fixed assets		-	(2,620,468)
			-	-
	Pakistan Mercantile Exchange Limited	6.2	250,000	250,000
			2,750,000	4,335,425

6.1 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.1,850,425 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.

6.2 This represents cost of membership card of Pakistan Mercantile Exchange Limited with indefinite useful life.

7	INVESTMENT - Available-for-sale	Note	2018 Rupees	2017 Rupees
	<i>Investment in quoted equity securities</i>		21,353,582	41,163,833
	<i>Cost of investment</i>			
	Opening balance		4,365,640	4,365,640
	Reclassification of cost of long term investment to short term investment		(1,425,622)	-
			2,940,018	4,365,640
	<i>Surplus on revaluation</i>			
	Opening balance		36,798,193	-
	Reclassification of surplus on revaluation upon reclassification of long term investment to short term investment		(11,973,149)	-
	(Loss) / gain recognized during the year		(6,411,480)	36,798,193
			18,413,564	36,798,193
		7.1	21,353,582	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.

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In 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 frozen. 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 unfrozen 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.

8	LONG TERM DEPOSIT	2018	2017
		Rupees	
	Pakistan Stock Exchange Limited	200,000	376,093
	Central Depository Company	100,000	100,000
	PMEX deposit	750,000	750,000
	NCCPL Future Basic Deposit	1,000,000	500,000
	Office deposit (NCEL)	2,500,000	2,500,000
	National Clearing Company	300,000	300,000
	Warid Telecom	2,300	2,300
	Deposit to supplier of water	2,000	2,000
		<u>4,854,300</u>	<u>4,530,393</u>

9 TRADE DEBTS

Trade debts - considered good	<u>73,455,055</u>	<u>38,193,113</u>
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9.1 This includes receivable from related parties amounting to Rs. 69.86 million (2017: Rs. 35.64 million).

9.2 The Company holds equity securities with fair value amounting to Rs. 168.22 million (2017: Rs. 272.37 million) as collateral against receivables under ready market.

10	SHORT TERM INVESTMENTS - Available-for-sale	2018	2017
		Rupees	
	Investment in quoted equity shares	<u>124,683,364</u>	<u>667</u>
	<i>Cost:</i>		
	Opening balance	667	667
	Reclassification of cost from long term investment to short term investment	1,425,622	-
	Investment made during the year	120,033,094	-
	Investment disposed off during the year	(546,468)	-
		<u>120,912,915</u>	<u>667</u>
	<i>Surplus on revaluation:</i>		
	Opening balance	-	-
	Reclassification of surplus from long term investment to short term investment	11,973,149	-
	Investment disposed off during the year	(4,589,532)	-
	Change in fair value recognized during the year - net	(3,613,168)	-
		<u>3,770,449</u>	<u>-</u>
		<u>124,683,364</u>	<u>667</u>

	2018		2017	
	No of shares pledged	Value of shares pledged Rupees	No of shares pledged	Value of shares pledged Rupees
<i>Pledge with Banks</i>				
Clients	2,123,800	154,043,797	1,778,670	94,590,902
Brokerage house	1,045,900	111,565,282	-	-
<i>Pledge with PSX / NCCPL</i>				
Clients	1,847,100	32,386,312	89,500	2,460,815
Brokerage house	35,000	5,914,300	1,602,953	39,608,968

	Note	2018	2017
		Rupees	
11 ADVANCE, DEPOSITS AND OTHER RECEIVABLES			
Advance tax	11.1	5,928,724	6,261,199
Advance to staff		8,000	243,780
Base minimum capital		-	15,823,907
PSX deposits and Receivable		29,756,526	18,576,932
		<u>35,693,250</u>	<u>40,905,818</u>
11.1 Advance Tax			
Tax deducted at source		12,656,001	6,558,343
Less: Provision for taxation		(6,727,277)	(297,144)
		<u>5,928,724</u>	<u>6,261,199</u>
12 CASH AND BANK BALANCES			
Cash in hand		5,000	5,000
Cash at bank		6,239,052	30,571,831
		<u>6,244,052</u>	<u>30,576,831</u>
12.1	This includes a balance of Rs. 6.16 million (2017: Rs. 13.20 million) held in a separate bank account designated to clients.		

	2018	2017
	Rupees	
13 TRADE AND OTHER PAYABLES		
Creditors	7,772,131	13,196,186
Accrued expenses	1,106,447	568,633
	<u>8,878,578</u>	<u>13,764,819</u>

14 SHORT TERM BORROWING

This represents the short term running finance facility obtained M/s. JS Bank Limited under mark up arrangement with limit of Rs. 100 million (2017: Rs. 100 million). Mark up payable is charge at 3 months KIBOR + 2%. The arrangement is secured against personal guarantee of all directors.

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15 CONTINGENCIES AND COMMITMENT

No contingencies and commitments existed at the balance sheet date (2017: Nil).

16 OPERATING REVENUE	Note	2018	2017
		Rupees	
Commission income		47,391,841	19,794,004
Less: Commission expense		<u>(19,089,380)</u>	<u>(4,805,363)</u>
		28,302,461	14,988,641
Dividend income		360,621	440,846
Subscription commission income		<u>56,477</u>	<u>3,325</u>
		<u><u>28,719,559</u></u>	<u><u>15,432,812</u></u>
17 ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		2,694,484	2,344,177
Director remuneration	17.1	1,200,000	1,200,000
PSX rent, electricity and service charges		3,106,113	2,157,367
Printing and stationery		74,085	51,757
Fees and subscription		453,991	11,080
Legal and professional		-	385,741
Software expenses		147,260	126,288
Communication expenses		-	418,183
Traveling and conveyance expenses		39,050	29,270
Audit fees		250,000	250,000
Entertainment expense		81,586	84,728
Repair and maintenance		2,368,000	19,220
Bad debts written off		230,013	38,568,134
Miscellaneous expense		785,996	66,931
Depreciation		173,919	2,778,207
General expenses		<u>75,487</u>	<u>58,553</u>
		<u><u>11,679,984</u></u>	<u><u>48,549,636</u></u>

17.1 Directors' Remuneration

	Chief Executive		Directors		Total	
	2018	2017	2018	2017	2018	2017
----- Rupees -----						
Managerial remuneration	377,464	377,464	377,464	377,464	754,928	754,928
House allowance	121,515	121,515	121,515	121,515	243,030	243,030
Utility allowance	101,021	101,021	101,021	101,021	202,042	202,042
	<u>478,485</u>	<u>600,000</u>	<u>377,464</u>	<u>600,000</u>	<u>754,928</u>	<u>754,928</u>
Number of persons	1	1	1	1	2	2

18 FINANCE COST	2018	2017
----- Rupees -----		
Bank mark-up	5,509,840	1,401,616
Bank charges	433,365	234,592
	<u><u>5,943,205</u></u>	<u><u>1,636,208</u></u>

	2018	2017
	————— Rupees —————	
19 OTHER INCOME		
Profit on cash margin	771,295	70,265
CDC transaction / custodian fee	1,505,661	2,151,816
Profit on PLS account	49,862	-
	<u>2,326,818</u>	<u>2,222,081</u>

20 TAXATION		
Current	6,727,277	297,144
Prior	(22,181)	-
	<u>6,705,096</u>	<u>297,144</u>

20.1 Relationship of tax expense with accounting profit

Accounting profit before tax	<u>16,944,459</u>	<u>27,802,088</u>
Tax at applicable rate 30% (2017: 31%)	5,083,338	8,618,647
Tax effect of income taxed under presumptive tax regime	1,643,939	(8,321,503)
Effect of change in prior tax	(22,181)	-
	<u>6,705,096</u>	<u>297,144</u>

20.2 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	297,144	274,963
June 30, 2016	2016	614,198	614,198
June 30, 2015	2015	883,298	883,298

21 CASH AND CASH EQUIVALENT

As at the balance sheet date, cash and cash equivalents comprise as follows:

	2018	2017
	————— Rupees —————	
Cash and bank balances	6,244,052	30,576,831
Short term borrowings	(116,336,217)	-
	<u>(110,092,165)</u>	<u>30,576,831</u>

22 RELATED PARTY TRANSACTIONS

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 17.1 to the financial statements. During the year there have been no transactions with the related party of the Company other than those disclosed elsewhere in these financial statements.

23 FINANCIAL RISK MANAGEMENT

23.1 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:

- Market risk
- Credit risk
- Liquidity risk

a) 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.

i) 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.

ii) 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 before tax
June 30, 2018	146,036,946	5% change	7,301,847
June 30, 2017	41,164,500	5% change	2,058,225

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iii) 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 and long term borrowings from banks and term 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 liabilities				
Short term borrowings	8%	-	116,336,217	-

b) 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:

	Note	2018	2017
		----- Rupees -----	
Long term deposits	8	4,854,300	4,530,393
Trade debts	9	73,455,055	38,193,113
Advances, deposits and other receivables	11	35,693,250	40,905,818
Bank balances	12	6,239,052	30,571,831
		<u>120,241,657</u>	<u>114,201,155</u>

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 recognised. None of the other financial assets are either past due or impaired.

Aging analysis of trade debts is as follows:

	2018		2017	
	----- Rupees -----			
	Gross	Impairment	Gross	Impairment
Upto 14 days	73,305,624		18,354,245	
More than 14 days	149,431		19,838,868	
	<u>73,455,055</u>	-	<u>38,193,113</u>	-

c) 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				
Trade and other payables	8,878,578	8,878,578	8,878,578	-
Accrued markup	2,239,376	2,239,376	2,239,376	-
Short term borrowing	116,336,217	116,336,217	116,336,217	-
	<u>127,454,171</u>	<u>127,454,171</u>	<u>127,454,171</u>	<u>-</u>
	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Trade and other payables	13,764,819	13,764,819	-	13,764,819
Accrued markup	19,581	19,581	19,581	-
	<u>13,784,400</u>	<u>13,784,400</u>	<u>19,581</u>	<u>13,764,819</u>

23.2 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:

June 30, 2018	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets				
- At Available for Sale				
Quoted equity securities	146,036,946	-	-	146,036,946
	<u>146,036,946</u>	<u>-</u>	<u>-</u>	<u>146,036,946</u>
June 30, 2017	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets				
- At Available for Sale				
Quoted equity securities	41,164,500	-	-	41,164,500
	<u>41,164,500</u>	<u>-</u>	<u>-</u>	<u>41,164,500</u>

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23.3 Financial instruments by category

	2018			
	Loans and receivables	Available for sale	At fair value through profit or loss	Other financial liabilities
June 30, 2018	----- (Rupees) -----			
Financial assets				
Investment - Available for sale	-	21,353,582	-	-
Long term deposits	4,854,300	-	-	-
Trade debts	73,455,055	124,683,364	-	-
Short term investment - Available-for-sale	-	-	-	-
Advances, deposits and other receivables	35,693,250	-	-	-
Cash and bank balances	6,244,052	-	-	-
	<u>120,246,657</u>	<u>146,036,946</u>	-	-
Financial liabilities				
Trade and other payables	-	-	-	8,878,578
Accrued markup	-	-	-	2,239,376
Short term borrowing	-	-	-	116,336,217
	-	-	-	<u>127,454,171</u>
	----- (Rupees) -----			
	2017			
	Loans and receivables	Available for sale	At fair value through profit or loss	Other financial liabilities
June 30, 2017	----- (Rupees) -----			
Financial assets				
Investment - Available for sale	-	41,163,833	-	-
Long term deposits	4,530,393	-	-	-
Trade debts	38,193,113	-	-	-
Short term investment - Available-for-sale	-	667	-	-
Advances, deposits and other receivables	40,905,818	-	-	-
Cash and bank balances	30,576,831	-	-	-
	<u>114,206,155</u>	<u>41,164,500</u>	-	-
Financial liabilities				
Trade and other payables	-	-	-	13,764,819
Accrued markup	-	-	-	19,581
	-	-	-	<u>13,784,400</u>

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 by CDC is calculated as follows;

	2018	2017
	————— Rupees —————	
Total assets	269,590,254	160,295,300
Total liabilities	(127,454,171)	(13,784,400)
Revaluation reserve (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	<u>142,136,083</u>	<u>146,510,900</u>

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.

25 PATTERN OF SHAREHOLDING

Name of shareholders	2018		2017	
	Shares held	% of holding	Shares held	% of holding
Mr. Tariq Janoo	4,928,250	65.71%	4,587,000	61.16%
Mrs. Shehla Tariq	2,571,000	34.28%	2,571,000	34.28%
Mr. Jawad Janoo	750	0.01%	750	0.01%
Mr. Muhammad Azeem	-	0.00%	341,250	4.55%
	<u>7,500,000</u>	<u>100%</u>	<u>7,500,000</u>	<u>100%</u>

- 25.1 There is no agreement with shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

26 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 :

Reclassification from component	Reclassification to component	Rupees
Commission expense (Administrative expense)	Commission expense (Operating revenue)	<u>4,805,363</u>

27	NUMBER OF EMPLOYEES	2018	2017
	Number of employees	<u>10</u>	<u>10</u>
	Average Number of employees	<u>10</u>	<u>10</u>

28 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors and authorized for issue on 28 SEP 2018.

29 GENERAL

Figures have been rounded off to the nearest rupee.

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 CHIEF EXECUTIVE



 DIRECTOR