



INDEPENDENT AUDITORS' REPORT

To the members of **ASA Stocks (Private) Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of ASA Stocks (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2018, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and 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 (collectively, 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, to the best of our information and according to the explanations given to us, 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 forming part thereof conform with 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 its profit or loss and other comprehensive income, 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 accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017). Management is also responsible 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, any



related matters, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional 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, determine 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and assess 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.

Report on Other Legal and Regulatory Requirements

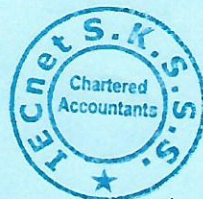
Based on our audit, we further report that, in our opinion:

- 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and
- e) The Company was in compliance with the requirements of section 78 of the Securities Act 2015, and the relevant requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the balance sheet was prepared.

The financial statements of the company for the year ended June 30, 2017 were audited by the outgoing auditors, Baker Tilly Mehmood Idrees Qamar Chartered Accountants.

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

IECnet S.K.S.S.S.
Chartered Accountants
Lahore



Date: October 02, 2018

ASA STOCKS (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

| | June 30, 2018 | June 30, 2017 |
|--------------------------------------------|----------------------|-------------------|
| | ----- (Rupees) ----- | |
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property and equipment | 7 6,272,697 | 2,342,903 |
| Intangible assets | 8 7,578,768 | 4,000,000 |
| Long-term investments - available for sale | 9 15,259,068 | 9,553,797 |
| Long-term deposits | 10 1,690,000 | 6,268,768 |
| | 30,800,533 | 22,165,468 |
| CURRENT ASSETS | | |
| Trade debts | 11 9,285,973 | 10,735,703 |
| Loans and advances | 12 33,000 | 28,500 |
| Trade deposits and short-term prepayments | 13 8,944,652 | 3,297,136 |
| Other receivables | 14 10,860,801 | 8,625,995 |
| Advance tax | 15 1,250,968 | 404,086 |
| Short-term investments | 16 19,727,060 | 18,466,340 |
| Cash and bank balances | 17 4,338,173 | 329,590 |
| | 54,440,627 | 41,887,350 |
| Total Assets | 85,241,160 | 64,052,818 |
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Share capital | 18 17,500,000 | 17,500,000 |
| Reserves | 5,705,271 | - |
| Unappropriated loss | (26,399,161) | (11,347,206) |
| Total equity | (3,193,890) | 6,152,794 |
| Advance against issue of shares | 19 27,500,000 | 27,515,000 |
| | 24,306,110 | 33,667,794 |
| Non-current liabilities | | |
| Long-term loans | 20 23,990,000 | - |
| Current liabilities | | |
| Trade and other payables | 21 16,623,771 | 13,385,543 |
| Provision for taxation | 22 2,221 | 37,633 |
| Accrued mark-up | 392,017 | 175,145 |
| Short-term running finance | 23 19,927,041 | 16,786,703 |
| | 36,945,050 | 30,385,024 |
| Contingencies and Commitments | | |
| | 24 | - |
| | 60,935,050 | 30,385,024 |
| | 85,241,160 | 64,052,818 |

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer



Director

ASA STOCKS (PRIVATE) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

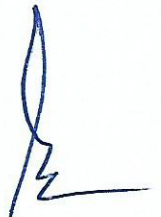
| Note | JUNE | JUNE |
|---------------------------------------|---------------------|---------------------|
| | 30, 2018 | 30, 2017 |
| ----- (Rupees) ----- | | |
| Brokerage income | 2,875,041 | 3,763,278 |
| Operating and administrative expenses | (10,085,450) | (14,434,215) |
| Operating (loss) / profit | (7,210,409) | (10,670,937) |
| Finance cost | (1,301,437) | (485,137) |
| Other income and expenses | (6,537,890) | (330,755) |
| Loss before taxation | (15,049,736) | (11,486,829) |
| Taxation | | |
| - current tax expense | 2,221 | 37,633 |
| - deferred tax expense / (income) | (2,221) | (37,633) |
| Loss after taxation | (15,051,957) | (11,524,462) |

The annexed notes 1 to 42 form an integral part of these financial statements.


Chief Executive Officer




Director



ASA STOCKS (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

| Note | JUNE 30, 2018 | JUNE 30, 2017 |
|-----------------------------------------------------------------|----------------------|---------------------|
| | ----- (Rupees) ----- | |
| Loss for the year, after taxation | (15,051,957) | (11,524,462) |
| Other comprehensive income | | |
| Net change in fair value of available-for-sale financial assets | 5,705,271 | - |
| Other comprehensive income for the year | 5,705,271 | - |
| Total comprehensive loss for the year | <u>(9,346,686)</u> | <u>(11,524,462)</u> |

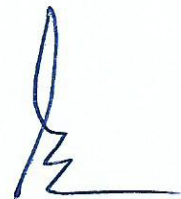
The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer




Director




ASA STOCKS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

| <i>Note</i> | June 30, 2018 | June 30, 2017 |
|---------------------------------------------------------------|--------------------------|--------------------------|
| | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | (15,049,736) | (11,486,831) |
| Adjustments: | | |
| Depreciation and impairment | 2,593,314 | 580,708 |
| Provision for doubtful debts | 3,576,072 | 9,093,962 |
| Dividend income | (718,538) | (838,788) |
| Interest income on bank deposits | (177,648) | (129,462) |
| Unrealized loss on short-term investments | 6,236,163 | - |
| Realized loss on short-term investments | 1,260,720 | 1,690,150 |
| Financial charges | 1,294,482 | 481,076 |
| Gain on disposal of fixed assets | (17,989) | - |
| | <u>14,046,576</u> | <u>10,877,646</u> |
| Operating profit before working capital changes | (1,003,160) | (609,185) |
| Changes in: | | |
| Current assets: | | |
| Trade debts | (2,126,342) | (4,813,643) |
| Advances | (4,500) | (28,500) |
| Deposits and prepayments | (5,647,516) | (3,188,825) |
| Other receivables | (2,234,806) | (6,636,362) |
| Current liabilities: | | |
| Trade and other payables | 3,238,228 | 3,781,312 |
| | <u>(6,774,936)</u> | <u>(10,886,018)</u> |
| Cash utilized in operations | (7,778,096) | (11,495,203) |
| Financial charges paid | (902,465) | (305,931) |
| Interest received | 177,648 | 61,850 |
| Taxes paid | (884,515) | (160,331) |
| Dividends received | 718,538 | 838,788 |
| Net acquisition of short-term investments | (14,176,379) | (6,694,531) |
| Net cash used in operating activities | (22,845,269) | (17,755,358) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net purchases of fixed assets | (4,840,254) | (81,000) |
| Return of / (increase in) long-term deposits | 4,578,768 | (500,000) |
| Net cash used in investing activities | (261,486) | (581,000) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Share deposit money | (15,000) | 8,384,432 |
| Proceeds from short-term finance facility | 3,140,338 | 7,000,620 |
| Proceeds of long-term loans | 23,990,000 | - |
| Net cash generated from financing activities | 27,115,338 | 15,385,052 |
| Net (decrease)/increase in cash and cash equivalents | 4,008,583 | (2,951,306) |
| Cash and cash equivalents at the beginning of the year | 329,590 | 3,280,896 |
| Cash and cash equivalents at the end of the year | 4,338,173 | 329,590 |

The annexed notes 1 to 42 form an integral part of these financial statements.









ASTOCKS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

THE YEAR ENDED JUNE 30, 2018

| | Share capital Rupees | Fair value reserve Rupees | Unappropriated profit/ (Loss) Rupees | Total Rupees |
|----------------------|-------------------------|------------------------------|-----------------------------------------|-----------------|
| as at 01 July 2016 | 17,500,000 | - | 177,258 | 17,677,258 |
| the year | - | - | (11,524,462) | (11,524,462) |
| as at 30 June 2017 | 17,500,000 | - | (11,347,204) | 6,152,796 |
| the year | - | 5,705,271 | (15,051,957) | (15,051,957) |
| comprehensive income | - | 5,705,271 | - | 5,705,271 |
| as at 30 June 2018 | 17,500,000 | 5,705,271 | (26,399,161) | (3,193,890) |

Annexed notes 1 to 42 form an integral part of these financial statements.



[Signature]
 Chief Executive

[Signature]
 Director

[Signature]

7 PROPERTY AND EQUIPMENT

2018

| | Cost | | | Accumulated Depreciation | | | | Net book value as at 30 June 2018 | Rate of depreciation %age | |
|--------------------------|-------------------|------------------|------------------------|--------------------------|-------------------|------------------|----------------|-----------------------------------|---------------------------|--------------------|
| | As at 1 July 2017 | Additions | Deletions/ Adjustments | As at 30 June 2018 | As at 1 July 2017 | For the Year | Adjustments | | | As at 30 June 2018 |
| | Rupees | | | | | | | | | |
| Office equipment | 145,520 | - | - | 145,520 | 61,060 | 8,446 | - | 69,506 | 76,014 | 10 |
| Computer equipment | 359,030 | 95,600 | - | 454,630 | 161,602 | 77,726 | - | 239,328 | 215,302 | 20 |
| Furniture and fixtures | 537,830 | - | - | 537,830 | 225,673 | 31,216 | - | 256,889 | 280,941 | 10 |
| Electrical installations | 155,826 | - | - | 155,826 | 117,846 | 7,596 | - | 125,442 | 30,384 | 20 |
| Vehicles | 2,218,386 | 4,765,500 | 20,846 | 6,963,040 | 507,508 | 968,330 | 182,854 | 1,292,984 | 5,670,056 | 15 |
| | 3,416,592 | 4,861,100 | 20,846 | 8,256,846 | 1,073,689 | 1,093,314 | 182,854 | 1,984,149 | 6,272,697 | |

2017

| | Cost | | | Accumulated Depreciation | | | | Net book value as at 30 June 2017 | Rate of depreciation %age | |
|--------------------------|-------------------|------------------|------------------|--------------------------|-------------------|----------------|---------------|-----------------------------------|---------------------------|--------------------|
| | As at 1 July 2016 | Additions | Deletions | As at 30 June 2017 | As at 1 July 2016 | For the Year | Adjustments | | | As at 30 June 2017 |
| | Rupees | | | | | | | | | |
| Office equipment | 145,520 | - | - | 145,520 | 46,508 | 14,552 | - | 61,060 | 84,460 | 10 |
| Computer equipment | 293,030 | 66,000 | - | 359,030 | 96,396 | 65,206 | - | 161,602 | 197,428 | 20 |
| Furniture and fixtures | 537,830 | - | - | 537,830 | 171,890 | 53,783 | - | 225,673 | 312,157 | 10 |
| Electrical Installations | 155,826 | - | - | 155,826 | 86,681 | 31,165 | - | 117,846 | 37,980 | 20 |
| Vehicles | 2,273,347 | 1,000,000 | 1,054,961 | 2,218,386 | 161,467 | 416,002 | 69,961 | 507,508 | 1,710,878 | 15 |
| | 3,405,553 | 1,066,000 | 1,054,961 | 3,416,592 | 562,942 | 580,708 | 69,961 | 1,073,689 | 2,342,903 | |

8 INTANGIBLE ASSETS

| | | 2018 | 2017 |
|-------------------------------------------------|-----|-------------------------|-------------------------|
| | | ----Rupees---- | |
| Trading Rights Entitlement Certificate ("TREC") | 8.1 | 4,000,000 | 4,000,000 |
| LSE Room Rights | | 5,078,768 | - |
| Impairment loss | 8.2 | <u>(1,500,000)</u> | <u>-</u> |
| | | <u><u>7,578,768</u></u> | <u><u>4,000,000</u></u> |

- 8.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

- 8.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC from PKR 5 million to PKR 2.5 million. As a result, the Company has recognized an impairment loss of PKR 1,500,000 during fiscal 2018 (2017: Nil).

2018 2017
----Rupees----

Note

9 LONG-TERM INVESTMENTS

Investments - available for sale

| | | | |
|-----------------------------------------------------------|-----|--------------------------|-------------------------|
| LSE Financial Services Limited (unquoted) - opening | | 9,553,797 | 9,553,797 |
| Adjustment for remeasurement to fair value | 9.1 | <u>5,705,271</u> | <u>-</u> |
| LSE Financial Services Limited (unquoted) - at fair value | | <u><u>15,259,068</u></u> | <u><u>9,553,797</u></u> |

- 0 As a result of the demutualization and corporatization of stock exchanges as detailed in note 8.1, the Company received 843,975 shares of LSE Financial Services Limited. Of these, 60% (506,385 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by LSE Financial Services Limited (PKR 18.08 / per share, compared to PKR 18.29 / per share as at June 30, 2017). Remeasurement to fair value resulted in a gain of PKR 5,705,271 (2017: PKR Nil).

337,590 shares of LSE Financial Services Limited are pledged with the PSX to meet BMC requirements.

| | Note | 2018 Rupees | 2017 Rupees |
|-----------------------------------------------------------------|------|------------------|------------------|
| 10 LONG-TERM DEPOSITS | | | |
| Pakistan Stock Exchange Limited | | 200,000 | 200,000 |
| LSE Room Deposit | 10.1 | - | 5,078,768 |
| National Clearing Company of Pakistan Limited (Futures Trading) | | 1,000,000 | 500,000 |
| National Clearing Company of Pakistan Limited (Basic) | | 200,000 | 200,000 |
| Central Depository Company Limited | | 200,000 | 200,000 |
| Other security deposits | | 90,000 | 90,000 |
| | | <u>1,690,000</u> | <u>6,268,768</u> |

10.1 The Company made a deposit to secure the rights to a room at the Lahore Stock Exchange. During the year, the Company acquired possession of a room at the Lahore Stock Exchange. As a result, the amount has been reclassified from Long-term Deposits to Intangible Assets.

11 TRADE DEBTS

| | | | |
|------------------------------------|------|---------------------|--------------------|
| Considered good | 11.1 | 9,285,973 | 3,793,095 |
| Considered doubtful | | <u>12,670,034</u> | <u>16,036,570</u> |
| | | 21,956,007 | 19,829,665 |
| Less: Provision for doubtful debts | 11.2 | <u>(12,670,034)</u> | <u>(9,093,962)</u> |
| | | <u>9,285,973</u> | <u>10,735,703</u> |

11.1 The Company holds client-owned securities with a total fair value of PKR 35,344,403 (2017: PKR 281,375,469) as collateral against trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.

Trade debts do not include any receivables from related parties.

11.2 Movement in provision against trade debts is as under:

| | | |
|--------------------------------------------|-------------------|------------------|
| Opening balance (as at July 1) | 9,093,962 | - |
| Charged to profit and loss during the year | <u>3,576,072</u> | <u>9,093,962</u> |
| | 12,670,034 | 9,093,962 |
| Amounts written off during the year | - | - |
| Closing balance (as at June 30) | <u>12,670,034</u> | <u>9,093,962</u> |

12 LOANS AND ADVANCES

| | | |
|---------------------------------------------|---------------|---------------|
| Staff advances - unsecured, considered good | 33,000 | 28,500 |
| | <u>33,000</u> | <u>28,500</u> |

13 TRADE DEPOSITS & SHORT-TERM PREPAYMENTS

| | | |
|-----------------------------------------|------------------|------------------|
| Clearing House Deposits (Reg. & Future) | 8,937,170 | 3,292,555 |
| Sundry pre-payments | 7,482 | 4,581 |
| | <u>8,944,652</u> | <u>3,297,136</u> |

14 OTHER RECEIVABLES

| | Note | 2018 Rupees | 2017 Rupees |
|-----------------------|------|-------------------|------------------|
| Receivable from NCCPL | | 10,842,070 | 8,502,179 |
| Accrued interest | | 18,731 | 67,612 |
| Other receivables | | - | 56,204 |
| | | <u>10,860,801</u> | <u>8,625,995</u> |

15 ADVANCE TAX

| | | |
|-------------------------------------------------|------------------|-----------------|
| Advance Tax | 1,288,601 | 433,622 |
| Less: Adjustment against provision for taxation | <u>(37,633)</u> | <u>(29,536)</u> |
| Balance at the end of the year | <u>1,250,968</u> | <u>404,086</u> |

| | Note | 2018 Rupees | 2017 Rupees |
|---------------------------------------------------------|------|-------------------|-------------------|
| Investments at fair value through profit or loss | | | |
| Investment in listed securities | | 19,727,060 | 18,466,340 |
| | | <u>19,727,060</u> | <u>18,466,340</u> |

Shares with fair value of PKR 3,686,060 (2017: PKR XX) have been pledged with [commercial banks / other] for obtaining finance facilities.

| | Note | 2018 Rupees | 2017 Rupees |
|----------------------------------|------|------------------|----------------|
| 17 CASH AND BANK BALANCES | | | |
| Cash in hand | | 7,289 | 573 |
| Cash at bank | | | |
| Current accounts | 17.1 | 4,330,884 | 329,017 |
| Savings accounts | | | |
| | | <u>4,338,173</u> | <u>329,590</u> |

17.1 Cash in current accounts includes customers' assets in the amount of PKR 4,317,268 (2017: PKR 321,943) held in designated

| | Note | 2018 Rupees | 2017 Rupees |
|----------------------------------------------------------------------------|------|-------------------|-------------------|
| 18 SHARE CAPITAL | | | |
| 18.1 Authorized capital | | | |
| 500,000 (2017: 300,000) ordinary shares of PKR 100 each. | | <u>50,000,000</u> | <u>30,000,000</u> |
| 18.2 Issued, subscribed and paid-up share capital | | | |
| 175,000 (2017: 175,000) ordinary shares of PKR 100/- each, issued for cash | | 17,500,000 | 17,500,000 |
| | | <u>17,500,000</u> | <u>17,500,000</u> |

18.3 Shareholders holding 5% or more of total shareholding

| | Number of Shares | | Percentage | |
|------------------------|------------------|---------|------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Mr. Ahmad Shoaib Akram | 140,000 | 140,000 | 80.00% | 80.00% |
| Mr. Muhammad Akram | 15,000 | 15,000 | 8.57% | 8.57% |
| Mrs. Zahida Akram | 10,000 | 10,000 | 5.71% | 5.71% |
| Mr. Ahmad Junaid Akram | 10,000 | 10,000 | 5.71% | 5.71% |
| | 175,000 | 175,000 | | |

| | Note | 2018 Rupees | 2017 Rupees |
|-------------------------------------------|------|-------------------|-------------------|
| 19 ADVANCE AGAINST ISSUE OF SHARES | | | |
| Share deposit money | | 27,500,000 | 27,515,000 |
| | | <u>27,500,000</u> | <u>27,515,000</u> |

| | Note | 2018 Rupees | 2017 Rupees |
|--------------------------------|------|-------------------|----------------|
| 20 LONG-TERM FINANCING | | | |
| Long-term loans from Directors | 20.1 | <u>23,990,000</u> | - |

20.1 This represents interest-free loans received from Directors of the Company. The loans are not repayable until after June 30, 2019. T

| | | |
|------------------------|-------------------|----------|
| Mr. Muhammed Akram | 9,915,000 | - |
| Mrs. Zahida Akram | 8,525,000 | - |
| Mr. Ahmad Shoaib Akram | 1,025,000 | - |
| Mr. Ahmad Junaid Akram | 4,525,000 | - |
| | <u>23,990,000</u> | <u>-</u> |

| | Note | 2018 Rupees | 2017 Rupees |
|------------------------------------|------|-------------------|------------------|
| 21 TRADE AND OTHER PAYABLES | | | |
| Trade creditors | 21.1 | 6,978,743 | 828,990 |
| | | 4,568,903 | 1,129,489 |
| | | <u>11,547,646</u> | <u>1,958,479</u> |

| | Note | 2018 Rupees | 2017 Rupees |
|----------------------------|------|-------------------|-------------------|
| Accrued and other payables | | 1,140,626 | 965,906 |
| | | <u>16,623,771</u> | <u>13,423,177</u> |

21.1 This does not include any amounts due to related parties.

22 PROVISION FOR TAXATION

| | | | |
|---------------------------------------|--|-----------------|-----------------|
| Balance at the beginning of the year | | 37,633 | 29,536 |
| Add: Current year provision | | <u>2,221</u> | <u>37,633</u> |
| | | 39,854 | 67,169 |
| Less: Adjustment against advance tax | | <u>(37,633)</u> | <u>(29,536)</u> |
| Balance at the end of the year | | <u>2,221</u> | <u>37,633</u> |

23 SHORT-TERM BORROWINGS

| | Note | 2018 Rupees | 2017 Rupees |
|-----------------------------|------|-------------------|-------------------|
| From: | | | |
| Banking companies - secured | 23.1 | <u>19,927,041</u> | <u>16,786,703</u> |
| | | <u>19,927,041</u> | <u>16,786,703</u> |

23.1 The balance represents the amount drawn down against a total facility of PKR 20 million obtained from Summit bank. It carries mark-up of 2% per annum + 3-month KIBOR average ask rate. Shares with fair value of PKR XX (2017: PKR XX) have been

24 CONTINGENCIES AND COMMITMENTS

24.1 There are no contingencies or commitments of the Company as at June 30, 2018 (2017: None)

| | Note | 2018 Rupees | 2017 Rupees |
|-----------------------------------------|------|------------------|------------------|
| 25 OPERATING REVENUE | | | |
| Commission income from brokerage | 25.1 | <u>2,875,041</u> | <u>3,763,278</u> |
| | | <u>2,875,041</u> | <u>3,763,278</u> |
| 25.1 Brokerage income by segment | | | |
| Proprietary / related party trades | | | - |
| Retail customers | | 2,875,041 | 3,763,278 |
| Institutional customers | | | - |
| | | <u>2,875,041</u> | <u>3,763,278</u> |

26 ADMINISTRATIVE EXPENSES

| | | | |
|--------------------------------|-------|-----------|-----------|
| Staff salaries | | 2,293,894 | 2,339,562 |
| Director's remuneration | | 900,000 | 600,000 |
| Fuel and power expenses | | 17,612 | 41,724 |
| Telephone and internet charges | | 276,420 | 286,834 |
| Postage and telegram | | 69,745 | 63,987 |
| Fee and subscription | | 170,318 | 69,687 |
| Printing and stationery | | 36,145 | 109,940 |
| Rent, rate and taxes | | 396,000 | 360,000 |
| Legal & professional charges | | - | 90,748 |
| CDC charges | | 106,971 | 115,073 |
| NCSS charges | | 96,148 | 70,402 |
| Provision for doubtful debts | | 3,576,072 | 9,093,962 |
| Travelling and conveyance | | - | 1,320 |
| Entertainment | | 123,100 | 51,635 |
| Auditor's remuneration | 26.1. | 100,000 | 75,000 |
| Newspaper and Periodicals | | 8,297 | 4,309 |
| Utilities | | 234,231 | 225,988 |
| | | 1,094 | |

| | Note | 2018 Rupees | 2017 Rupees |
|---------------------------------------------------------------------|------|------------------------|------------------------|
| Miscellaneous Expenses | | 126,917 | 49,343 |
| | | 10,085,450 | 14,434,216 |
| 26.1. Auditor's remuneration | | | |
| Statutory audit | | 75,000 | 75,000 |
| Certifications and other charges | | 25,000 | |
| | | 100,000 | 75,000 |
| 27 FINANCIAL CHARGES | | | |
| Mark-up on short-term running finance | | 1,294,482 | 481,076 |
| Bank and other charges | | 6,955 | 4,061 |
| | | 1,301,437 | 485,137 |
| 28 OTHER INCOME & EXPENSES | | | |
| Mark-up received on bank deposits | | 177,648 | 196,677 |
| Dividend income | | 718,538 | 838,788 |
| Realized loss on sale of short-term investments | | (4,356,451) | (1,690,150) |
| Unrealized loss on investments at fair value through profit or loss | | (3,140,432) | - |
| Impairment loss on TREC | | (1,500,000) | - |
| Other income | | 1,562,807 | 323,930 |
| | | (6,537,890) | (330,755) |
| | | 2018 Rupees | 2017 Rupees |

29 TAXATION

Note

Provision made during the year for:

- current
- prior year

10

| | 2018 Rupees | 2017 Rupees |
|--------------|----------------|----------------|
| - current | 2,221 | 37,633 |
| - prior year | - | - |
| | 2,221 | 37,633 |

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

| | | |
|-----------------------------------------------------------------------|--------------|--------------|
| Profit / (loss) after taxation, attributable to ordinary shareholders | (15,051,957) | (11,524,462) |
| Weighted average number of ordinary shares in issue during the year | 175,000 | 175,000 |
| Earnings per share | (86.01) | (65.85) |

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

| | 2018 | | 2017 | |
|-----------------|--------------|-------------------|--------------|-------------------|
| | Remuneration | Number of persons | Remuneration | Number of persons |
| Chief Executive | 300,000 | 1 | - | - |
| Directors | 600,000 | 1 | 600,000 | 1 |
| Executive | - | - | - | - |

The Chief Executive and Directors of the Company are provided with free use of the Company's owned and maintained cars.

32 FINANCIAL INSTRUMENTS BY CATEGORY

| 2018 | | | | |
|-----------------------|--------------------|---------------------------------------|-------------------|-------|
| Loans and receivables | Available for sale | At fair value through profit and loss | At amortized cost | Total |

ASSETS

Non-current assets

Long-term deposits
Long term investment

| | | | | |
|-----------|------------|---|---|------------|
| 1,690,000 | - | - | - | 1,690,000 |
| - | 15,259,068 | - | - | 15,259,068 |

Current assets

Short-term investments
Trade debts - net
Loans and advances
Trade deposits
Other receivables
Advance tax
Cash and bank balances

| | | | | |
|------------|---|------------|---|------------|
| - | - | 19,727,060 | - | 19,727,060 |
| 9,285,973 | - | - | - | 9,285,973 |
| 33,000 | - | - | - | 33,000 |
| 8,944,652 | - | - | - | 8,944,652 |
| 10,860,801 | - | - | - | 10,860,801 |
| 1,250,968 | - | - | - | 1,250,968 |
| 4,338,173 | - | - | - | 4,338,173 |

LIABILITIES

Current liabilities

Trade and other payables
Short term running finance

| | | | | |
|---|---|---|------------|------------|
| - | - | - | 16,623,771 | 16,623,771 |
| - | - | - | 19,927,041 | 19,927,041 |

Non-current liabilities

Loans from Directors

| | | | | |
|---|---|---|------------|------------|
| - | - | - | 23,990,000 | 23,990,000 |
|---|---|---|------------|------------|

| 2017 | | | | |
|-----------------------|--------------------|---------------------------------------|-------------------|-------|
| Loans and receivables | Available for sale | At fair value through profit and loss | At amortized cost | Total |

ASSETS

Non-current assets

Long-term deposits
Long term investment

| | | | | |
|-----------|-----------|---|---|-----------|
| 6,268,768 | - | - | - | 6,268,768 |
| - | 9,553,797 | - | - | 9,553,797 |

Current assets

Short-term investments
Trade debts - net
Loans and advances
Trade deposits
Other receivables
Advance tax
Cash and bank balances

| | | | | |
|------------|---|------------|---|------------|
| - | - | 18,466,340 | - | 18,466,340 |
| 10,735,703 | - | - | - | 10,735,703 |
| 28,500 | - | - | - | 28,500 |
| 3,297,136 | - | - | - | 3,297,136 |
| 8,625,995 | - | - | - | 8,625,995 |
| 404,086 | - | - | - | 404,086 |
| 329,590 | - | - | - | 329,590 |

LIABILITIES

Current liabilities

Trade and other payables
Short term running finance

| | | | | |
|---|---|---|------------|------------|
| - | - | - | 13,385,543 | 13,385,543 |
| - | - | - | 16,786,703 | 16,786,703 |

Non-current liabilities

Loans from Directors

| | | | | |
|---|---|---|---|---|
| - | - | - | - | - |
|---|---|---|---|---|

33 FINANCIAL RISK MANAGEMENT

33.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

33.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuer of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.

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

31.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

31.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

31.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

33.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities 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.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequently holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level follows the table.

| Recurring FV Measurement as at June 30, 20 | Level I | Level II | Level III | Total |
|---------------------------------------------------|----------------|-----------------|------------------|--------------|
| Long-term investment - available-for-sale | - | - | 15,259,068 | 15,259,068 |
| At fair value through profit and loss | 19,727,060 | - | - | 19,727,060 |
| Recurring FV Measurement as at June 30, 20 | Level I | Level II | Level III | Total |
| Long-term investment - available-for-sale | - | - | 9,553,797.00 | 9,553,797 |
| At fair value through profit and loss | 18,466,340.00 | - | - | 18,466,340 |

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- 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.

There were no transfers into or out of Level 1 measurements.

36 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at year end are disclosed in the respective notes to the financial statements.

37 EVENTS AFTER REPORTING PERIOD

No events occurred after the reporting period that would require adjustment or disclosure in the financial statements.

38 NUMBER OF EMPLOYEES

Total number of employees at the end of year was 6 (2017: 6). Average number of employees was 6 (2017: 5)

39 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures in the Statement of Cash Flows have been reclassified and re-arranged to reflect more appropriate presentation of events and transactions for the purposes of comparison (for example, cash used in the purchase of / received from the sale of short-term equity investments carried at fair value through profit or loss has been reclassified from Investing activities to Operating activities, as the purchase and sale of investments is central to the operations of the Company).

As well, corresponding figures in the Statement of Financial Position have been re-arranged to reflect more appropriate presentation of balances for the purposes of comparison. Significant changes include:

| Particulars | From | To | 2017 |
|------------------------|----------------|------------------------|--------|
| Provision for taxation | Trade Payables | Provision for taxation | 37,633 |

40 CAPITAL ADEQUACY

2018
Rupees

| | | |
|------------------------------------------------------------------------------|------|-------------------|
| <i>Total Assets</i> | 37.1 | 85,241,160 |
| <i>Less: Total Liabilities</i> | | 60,935,050 |
| <i>Less: Revaluation Reserves (created upon revaluation of fixed assets)</i> | | - |
| Capital Adequacy Level | | 24,306,110 |


40.1 While determining the value of the total assets of the Company, the notional value as at June 30, 2018 of the TREC held by the Company has been considered.

41 GENERAL

Amounts have been rounded off to the nearest rupee, unless otherwise stated.


42 AUTHORIZATION

These financial statements were authorized for issue on 02 October, 2018 by the Board of Directors of the Company.



Chief Executive





Director

