



*Russell
Bedford*

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

**AUDITED FINANCIAL STATEMENTS
OF
INTERMARKET SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2019**

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INDEPENDENT AUDITORS' REPORT**To the members of Intermarket Securities Limited****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

We have audited the annexed financial statements of **M/s. Intermarket Securities Limited** (the Company), which comprise the statement of financial position as at **June 30, 2019**, 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, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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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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Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);
- 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 statement of financial position was prepared.

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date:

12.7 SEP 2019

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Board of Directors of Intermarket Securities Limited (IMS) is pleased to present the Annual Report of IMS as a Public Limited (Unquoted) entity for the financial year ended June 30, 2019. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Act, 2017.

The Directors' Report is prepared under section 226 of the Companies Act 2017.

NATURE OF BUSINESS

Intermarket Securities Limited is a Public Limited Company (Unlisted) and TREC holder of Pakistan Stock Exchange Limited (PSX). The Company is engaged in the business of share brokerage, underwriting, investment, portfolio management and other related brokerage activities.

MANAGEMENT OBJECTIVES AND STRATEGIES

Our objective and strategy going forward is to remain focused on enhancing our brokerage services, providing excellent financial advisory, controlling risk, optimizing and expanding products and services and staying firm on the ethical and regulatory standards.

The Directors are pleased to report that:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) Proper books of accounts of the Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements;
- e) The system of internal control is sound and has been effectively implemented and monitored;
- f) The Company on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;
- g) Loss per share (LPS) of the company for the year ended June 30th 2019 is Rs. 2.34. The major reason for loss per share is loss on remeasurement of investment at fair value through profit and loss and dropped business volumes due to political uncertainty and deteriorating economic conditions.

Financial Statements

The Financial statements of the company have been audited and approved without qualification by the auditors of the company, Rehman Sarafaraz Rahim Iqbal Rafiq Chartered Accountants.

Intermarket Securities Limited

Registered Office:
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Market Review

During the year under review, the KSE-100 shed 19% to close at 33,902 points (versus 41,911 points on June 30, 2018), as overall macroeconomic deterioration – with rising inflation and interest rates and PKR depreciation – took a toll on investor sentiment. This affected business volumes with average daily turnover dropping sharply to US\$47mn (vs. US\$74mn in FY17). Foreigners continued to sell, with FIPI outflow clocking in at US\$356mn vs. US\$289mn in the previous year. Bulk of this was concentrated in E&Ps (US\$146mn), Banks (US\$102mn), and Cements (US\$40mn).

With macro-economic outlook improving with a new IMF program and the SECP allowing market-favorable regulatory changes, it is expected that the market will perform better going forward. Economic adjustments in the form of higher interest rates and a weaker PKR have completed to a great extent, and the Pakistan government will likely adopt more pro-growth policies in the near future.

Future outlook

The future prospects of our company looks positive on the account of growing market volumes. The company's focus in the near future will be to further enhance market share of its brokerage business for which we have hired number of skilled staff to be designated and responsible for applying their skills with the target to take our company in top three brokerage houses.

AUDITORS

As recommended by the Finance Committee, the present auditors M/s Rehman Sarafaraz Rahim Iqbal Rafiq Chartered Accountants retire and being eligible, have offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

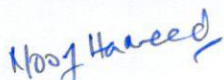
The pattern of shareholding as at June 30, 2018 is as under;

Name	No. of Shares	Shareholding %
Azneem Bilwani - Chairman	18,050,360	90%
Muhammad Jawed - Director	2,005,595	10%
Muhammad Hanif - Director	1	0%

ACKNOWLEDGEMENT

We acknowledge that the financial and operational efficiency which our company witnessed during the year under review would not have been without the untiring support and sound corporate governance rendered by the Board members and the enthusiastic, persistent and affirmative efforts of the staff of the company at all levels.

We would like to acknowledge the Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan Limited, National Clearing Company of Pakistan Limited and the management of Pakistan Stock Exchange Limited for their efforts to strengthen the capital markets and measures to protect investor rights.

For and on behalf of the Board of Directors

Mian Noor Hameed
Chief Executive Officer

Intermarket Securities Limited

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INTERMARKET SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		Rupees	
ASSETS			
Non-current assets			
Property and equipment	5	37,743,740	45,411,934
Intangible assets	6	14,517,365	14,938,208
Long term investments - at fair value through OCI	7	30,127,296	61,785,618
Long term deposits	8	22,659,339	14,991,909
		105,047,740	137,127,669
Current assets			
Short term Investment - at fair value through OCI	9	21,306,805	364,632,662
Short term Investment - at fair value through profit or loss	10	14,440,414	1,963,281
Trade debts	11	363,847,036	442,872,781
Advances, deposits, prepayments and other receivables	12	173,331,868	132,605,434
Taxation - net	13	84,418,095	87,377,964
Short term loans	14	61,456,012	61,456,012
Bank balances	15	260,910,576	270,628,684
		979,710,806	1,361,536,818
Total assets		1,084,758,546	1,498,664,487
CAPITAL AND LIABILITIES			
Share capital and reserves			
100,000,000 (2018: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed & paid-up capital	16	200,559,560	200,559,560
Unappropriated Profit		439,443,419	478,478,507
Surplus/(deficit) in Remeasurement of Investments		2,860,092	15,293,889
		642,863,071	694,331,956
Non-current liabilities			
Directors' Subordinated loan	17	244,558,676	226,087,791
Long term finance	18	7,182,496	9,139,575
Deferred taxation	19	18,825,668	28,283,995
		270,566,840	263,511,361
Current liabilities			
Short term borrowings - secured	20	-	229,618,613
Trade and other payables	21	163,246,771	300,362,825
Current maturity of long term finance	18	4,831,005	4,836,946
Accrued markup		3,250,859	6,002,786
		171,328,635	540,821,170
Contingencies and commitment	22	-	-
Total equity and liabilities		1,084,758,546	1,498,664,487

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

Noor Hameed
CHIEF EXECUTIVE

[Signature]
DIRECTOR

INTERMARKET SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
	Note	Rupees	
Operating revenue	23	198,239,984	217,881,410
Capital (loss) / gain on sale of investment - net		(14,391,616)	22,491,919
Loss on remeasurement of investments at fair value through profit and loss		(23,235,851)	(42,444,873)
		<u>160,612,517</u>	<u>197,928,456</u>
Operating expenses			
Administrative expenses	24	(196,157,151)	(231,092,593)
Finance costs	25	(42,954,697)	(58,801,328)
		<u>(239,111,848)</u>	<u>(289,893,921)</u>
Other Income	26	46,839,524	3,648,403
Loss before taxation		<u>(31,659,807)</u>	<u>(88,317,062)</u>
Taxation	27	(15,244,702)	(15,153,791)
Loss after taxation		<u><u>(46,904,509)</u></u>	<u><u>(103,470,853)</u></u>

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

Noor Hameed

CHIEF EXECUTIVE

[Signature]

DIRECTOR

INTERMARKET SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
Loss after taxation	(46,904,509)	(103,470,853)
<i>Items that will not be classified subsequently to the statement of profit or loss</i>		
Unrealise loss on remeasurement of investment carried at fair value through other comprehensive income during the year	(4,564,376)	(10,432,040)
Total comprehensive loss for the year	<u>(51,468,885)</u>	<u>(113,902,893)</u>

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

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Noor Haneez
CHIEF EXECUTIVE

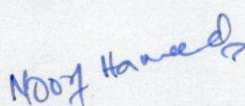
[Signature]
DIRECTOR

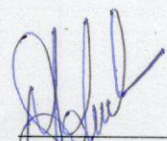
INTERMARKET SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(31,659,807)	(88,317,062)
Adjustments for:		
- Depreciation	9,405,471	10,440,776
- Amortization	420,843	526,054
- Capital loss / (gain)	14,391,616	-
- Loss on revaluation of investments	23,235,851	42,444,873
- Bad debts written off	-	661,157
- Finance cost (excluding unwinding of director loan)	24,483,812	36,080,207
- Impairment of TREC	-	1,394,750
- Impairment of National Asset Management Company shares	-	5,872,704
- Unwinding of director loan	18,470,885	22,721,121
	90,408,478	120,141,642
	58,748,671	31,824,580
Changes in working capital items		
<i>(Increase) / decrease in current assets</i>		
- Trade debts	79,025,745	699,278,136
- Advances, deposits, prepayments and other receivables	(40,726,434)	76,270,554
- Short term loan	-	-
	38,299,311	775,548,690
<i>Increase / (decrease) in current liabilities</i>		
- Trade and other payable	(137,116,054)	60,010,977
Net cash (used in) / generated from operations	(40,068,072)	867,384,247
Finance cost paid	(27,235,739)	(39,333,476)
Tax paid	(21,743,160)	(117,541,543)
Net cash (used in) / generated from operating activities	(89,046,971)	710,509,228
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase) / sale of investments	320,315,203	(129,372,274)
Purchase of property and equipments	(10,372,291)	(2,802,648)
Proceeds from disposal of fixed assets	8,635,014	350,802
Long term deposit	(7,667,430)	23,446,344
Net cash (used in) / generated from investing activities	310,910,496	(108,377,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained / (repaid) -net	(1,963,020)	(2,985,993)
Loan (repaid) / obtained from director	-	(325,584,480)
Dividend paid	-	(1,562,941)
Net cash used in financing activities	(1,963,020)	(330,133,414)
Net cash flow during the year	219,900,505	271,998,038
Cash and cash equivalents at the beginning of the year	41,010,071	(230,987,967)
Cash and cash equivalents at the end of the year	260,910,576	41,010,071
Cash and cash equivalent at the end of the year comprises of the following:		
Cash and bank balances	260,910,576	270,628,684
Short term borrowings	-	(229,618,613)
	260,910,576	41,010,071

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




CHIEF EXECUTIVE


DIRECTOR

INTERMARKET SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Unappropriated Profit/(Losses)	Surplus/(Deficit) in Revaluation of Investment- net of deferred tax	Total Equity
	Rupees			
Balance as at July 01, 2017	200,559,560	631,442,581	25,725,929	857,728,070
Loss after tax	-	(103,470,853)	-	(103,470,853)
Unrealise gain / (loss) on remeasurement of investment at fair value through other comprehensive income	-	-	(10,432,040)	(10,432,040)
Remeasurement of director's loan to fair value -net of deferred tax	-	(47,930,280)	-	(47,930,280)
Dividend paid	-	(1,562,941)	-	(1,562,941)
Balance as at June 30, 2018	<u>200,559,560</u>	<u>478,478,507</u>	<u>15,293,889</u>	<u>694,331,956</u>
Loss after tax	-	(46,904,509)	-	(46,904,509)
Unrealise gain / (loss) on remeasurement of investment at fair value through other comprehensive income	-	-	(4,564,376)	(4,564,376)
Reclassification of gain realized on disposal of investments		7,869,421	(7,869,421)	-
Balance as at June 30, 2019	<u>200,559,560</u>	<u>439,443,419</u>	<u>2,860,092</u>	<u>642,863,071</u>

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

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Noor Hameed
 CHIEF EXECUTIVE

[Signature]
 DIRECTOR

INTERMARKET SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND ACTIVITIES

Intermarket Securities Limited ('the Company') was incorporated under repealed Companies ordinance, 1984 on 6th September 2002 as a private limited company. In the year 2010 the status of the Company changed to public unquoted Company. The Company is corporate member of Pakistan Stock Exchange Limited. The registered office of the Company is situated at 5th floor, Ext. block, Bahria Complex IV, Ch. Khaliq-ur-Zaman Road, Clifton, Karachi. The principal activity of the company is to carry on the business of share brokerage, underwriting, investment and portfolio management.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards 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.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

Useful lives and residual values of property and equipments (note 4.1)

Useful lives and impairment of intangible assets (note 4.2)

Classification and value of investments (note 4.4)

Provision against trade debts and other receivables (note 4.7)

Provision for taxation (note 4.13)



2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2019

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2018 (other than those disclosed in note 3) which are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following accounting and financial reporting standards as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for the reporting periods beginning on or after the dates specified below:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The management is in the process of analysing the potential impacts on adoption of this interpretation.
- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of this amendment is not likely to have an impact on the Company's financial statements.
- 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 entities 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 examples 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, an entity 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 the amendments is not likely to have an impact on the Company's financial statements.



- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendments is not likely to have an impact on the Company's financial statements.
- Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- 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 an entity increases its interest in a joint operation that meets the definition of a business. An entity remeasures its previously held interest in a joint operation when it obtains control of the business. An entity 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 an entity 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 January 01, 2019 and are not likely to have an impact on the Company's financial statements.

3 INITIAL APPLICATION OF IFRS 15

With effect from July 01, 2018, the Company has adopted IFRS 15 'Revenue from Contracts with Customers'. Following is the analysis as to whether and, if so, how the adoption of new standard has an impact on these financial statements.

3.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company contracts with customers for the trading services which generally include a single performance obligation. The management has concluded that commission revenue from trading services be recognised at the point in time when the aforesaid performance obligation is satisfied i.e. when the transaction is settled by the clearing house. Broker's bills are also generated at that point in time. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amount of revenue recognition of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal 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.

4.1 Property and equipments

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

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 in the profit and loss account.

Depreciation is charged to the statement of profit or loss using reducing balance method. Depreciation on additions is charged from the quarter in which asset is available for use and on disposals upto the quarter preceding the quarter 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

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.

-Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognised as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognised as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized over a period of four years using the straight line method.

Amortization is charged from the quarter in which the related asset is available for use while no amortization is charged for the quarter in which such asset is disposed off.

4.3 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.



4.4 Financial instruments

4.4.1 Classification and initial measurement

The Company classifies its financial instruments in the following categories:

- (a) at fair value through profit and loss ("FVTPL"),
- (b) at fair value through other comprehensive income ("FVTOCI"), or
- (c) at amortised cost.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

- (a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

4.4.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the profit and loss account.

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(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit and loss account.

4.4.3 Impairment

The Company's financial asset that is subject to the impairment requirements of IFRS 9 is trade receivables and certain investments carried at fair value through profit or loss.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company measures expected credit losses on trade receivables in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in the statement of profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.4.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

4.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.6 Offsetting of financial assets and financial liabilities

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

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4.7 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.

4.8 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.

4.9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.10 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.

4.11 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.

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.

4.12 Trade and other payables

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

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

4.13 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.

4.14 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.

4.15 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 from trading activities

Commission revenue from trading of securities is recognized when the performance obligation is satisfied, being when transaction is settled by the clearing house and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Broker's bills are also generated at that point in time.

A receivable is recognized when the transaction is settled by the clearing house as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

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Rental income

Rental income from investment property is recognized on accrual basis.

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. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

5 PROPERTY AND EQUIPMENT

Period	Furnitures & Fixture	Office Equipment	Vehicle		Computer	Office Premises	Leasehold Improvement	Total
			Owned	Musharika				

As at July 01, 2017

Cost	5,160,752	6,822,116	3,376,030	28,855,692	14,169,200	16,434,440	13,855,803	88,674,033
Accumulated depreciation	(1,255,056)	(2,363,250)	(1,961,029)	(8,045,991)	(7,537,607)	(7,059,470)	(7,050,766)	(35,273,169)
Net Book Value	3,905,696	4,458,866	1,415,001	20,809,701	6,631,593	9,374,970	6,805,037	53,400,864

Year ended June 30, 2018

Opening net book value	3,905,696	4,458,866	1,415,001	20,809,701	6,631,593	9,374,970	6,805,037	53,400,864
Addition / transfer during the year	-	114,000	48,000	1,939,000	316,648	-	385,000	2,802,648
Disposal during the year	-	-	-	-	-	-	-	-
Cost	-	(348,600)	-	-	(50,500)	-	-	(399,100)
Accumulated depreciation'	-	34,000	-	-	14,298	-	-	48,298
	-	(314,600)	-	-	(36,202)	-	-	(350,802)
Depreciation for the year	(390,570)	(445,698)	(292,600)	(3,934,628)	(2,043,344)	(937,497)	(2,396,439)	(10,440,776)
Closing Net book value	3,515,126	3,812,568	1,170,401	18,814,073	4,868,695	8,437,473	4,793,598	45,411,934

As at June 30, 2018

Cost	5,160,752	6,587,516	3,424,030	30,794,692	14,435,348	16,434,440	14,240,803	91,077,581
Accumulated depreciation	(1,645,626)	(2,774,948)	(2,253,629)	(11,980,619)	(9,566,653)	(7,996,967)	(9,447,205)	(45,665,647)
Net Book Value	3,515,126	3,812,568	1,170,401	18,814,073	4,868,695	8,437,473	4,793,598	45,411,934

Year ended June 30, 2019

Opening net book value	3,515,126	3,812,568	1,170,401	18,814,073	4,868,695	8,437,473	4,793,598	45,411,934
Addition / transfer during the year	-	92,905	-	10,102,000	177,386	-	-	10,372,291
Disposal during the year	-	-	-	-	-	-	-	-
Cost	(507,344)	-	-	(14,446,180)	-	(3,759,500)	-	(18,713,024)
Accumulated depreciation	406,981	-	-	6,729,176	-	2,941,853	-	10,078,010
	(100,363)	-	-	(7,717,004)	-	(817,647)	-	(8,635,014)
Depreciation for the year	(348,800)	(384,904)	(234,080)	(4,512,757)	(1,505,576)	(821,649)	(1,597,705)	(9,405,471)
Closing Net book value	3,065,963	3,520,569	936,321	16,686,312	3,540,505	6,798,177	3,195,893	37,743,740

As at June 30, 2019

Cost	4,653,408	6,680,421	3,424,030	26,450,512	14,612,734	12,674,940	14,240,803	82,736,848
Accumulated depreciation	(1,587,445)	(3,159,852)	(2,487,709)	(9,764,200)	(11,072,229)	(5,876,763)	(11,044,910)	(44,993,108)
Net Book Value	3,065,963	3,520,569	936,321	16,686,312	3,540,505	6,798,177	3,195,893	37,743,740

Depreciation rates	10%	10%	20%	20%	30%	10%	33%
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6 INTANGIBLE ASSETS

Note

2019

2018

Rupees

Membership card right and privileges

-Dubai Gold Commodity Exchange Co.

6.1

10,333,996

10,333,996

-Trading Rights Entitlement (TRE)

6.2

2,500,000

2,500,000

-Computer software

6.3

1,683,369

2,104,212

14,517,365

14,938,208

- 6.1 This represents the membership card purchased from the funds of the Company but its in the name of director. An agreement was reached between the Company and Director under which economic benefits originating from the asset would only be attributable and are under control of the Company.
- 6.2 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012 (ACT), the Company has received a Trading Right Entitlement Certificate (TREC's) in lieu of its membership card of PSX. These have been carried at cost less impairment.

6.3 Computer Software	2019	2018
	Rupees	
<i>Net carrying amount</i>		
Opening net book value	2,104,212	2,630,266
Additions during the year	-	-
Amortisation charge	(420,843)	(526,054)
Closing net book value	1,683,369	2,104,212
<i>Gross carrying amount</i>		
Cost	4,604,510	4,604,510
Accumulated amortisation	(2,921,141)	(2,500,298)
Net book value	1,683,369	2,104,212
<i>Amortisation rate</i>	20%	20%

7 LONG TERM INVESTMENTS

Quoted -fair value through OCI

Pakistan Stock Exchange Limited	7.1	-	31,658,322
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Un-Quoted -At Cost

National Asset Management Company	7.2	30,127,296	30,127,296
		30,127,296	61,785,618

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

- In March 2017, the Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription. Given the above, these investments were previously been classified as long term investment.

However, in August 2019, the above-mentioned ordinary shares were marked as un-freezed by the Central Depository Company of Pakistan Limited (CDC). Since subsequent to their un-freezing, the Company intends to dispose of the shares in due course of time, therefore, investment had been transferred to short term investment as of June 30, 2019.

- 7.2 This represents Shares of National Asset Management Company (NAMCO) which were acquired when the collateral relating to short term loan amounting to Rs 36 million was realized in the form of shares of this NBFC. Shares are in the name of Director and not in Company's name in accordance to NBFC Rules 2003. An agreement was made between director and the Company under which the proceeds from sale of investment including gain/(loss) would be rendered back to Company. Shares are blocked but arrangement would be made for conversion into marketable lot and disposal in accordance to NBFC Rules 2003 as soon as economic condition of the above NBFC improves.

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8	LONG TERM DEPOSITS	Note	2019 Rupees	2018
	Pakistan Stock Exchange Limited	8.1	450,000	650,000
	National Clearing Company of Pakistan Ltd.	8.2	900,000	800,000
	Central Depository Company of Pakistan		100,000	300,000
	Future trading deposits		1,000,000	1,000,000
	Advance for Plot & Offices	8.3	6,903,077	6,903,077
	Other deposits		12,638,501	3,451,071
	Rental Office Security Deposit		667,761	1,887,761
			<u>22,659,339</u>	<u>14,991,909</u>

8.1 Amount deposited as Basic deposit for exposure in Ready Market, Future DFC and Future trading in provisionally listed Company.

8.2 This represents amount deposited as Basic deposit to National Clearing Company under Margin trading System.

8.3 This includes Advance paid for purchase of plot in Hawkes Bay. Plot was purchased for recreational activity of employees. Title of the property will be transferred to the Company after outstanding principle is paid. The entity will capitalize when it has paid the remainder of principle and is thus able to exercise legal enforceable right.

9	SHORT TERM INVESTMENTS - fair value through profit or loss	Note	2019 Rupees	2018
	Investment in quoted equity securities	9.1	<u>21,306,805</u>	<u>364,632,662</u>
9.1	Fair value of pledged securities with PSX & NCCPL are as follows:		Number of Securities	Value
	Clients		<u>2,974,620</u>	<u>29,235,874</u>
	Brokerage House		<u>55,000</u>	<u>89,829,937</u>
			<u>3,029,620</u>	<u>119,065,811</u>
9.2	Fair value of pledged securities with financial institutions are as follows:		Number of Securities	Value
	Clients		<u>20,608,974</u>	<u>236,080,986</u>
	Brokerage House		<u>450,592</u>	<u>9,593,497</u>
			<u>21,059,566</u>	<u>245,674,483</u>

10	SHORT TERM INVESTMENTS - fair value through OCI	Note	2019 Rupees	2018
	Investment in quoted securities	10.1	<u>14,440,414</u>	<u>1,963,281</u>

10.1 This includes reclassification of long term investment in short term investment.

11	TRADE DEBTS	Note	2019 Rupees	2018
	Trade debts - gross	11.1 & 11.2	366,513,824	442,872,781
	Less: Impairment against trade receivable		(2,666,788)	-
			<u>363,847,036</u>	<u>442,872,781</u>

- 11.1 Trade debts includes Rs. 172.97 million (2018: Rs. 128.84 million) due from related parties. The Company holds capital securities having fair value of Rs. 744.53 million (2018: Rs. 890.04 million) owned by its clients, as collaterals against trade debts.
- 11.2 This include receivable against Margin financing amounting to Rs. 60.86 million (2018: Rs. 113.709). The same is provided to client's on markup basis ranging from KIBOR + 2% to 8 % (2018: KIBOR + 2% to 8 %) per annum.

11.3	Movement in provision for doubtful trade debts	Note	2019 Rupees	2018
	Balance at the beginning of the year		-	-
	Charged during the year		2,666,788	-
	Balance at the end of the year		2,666,788	-

12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances

Advance to staff		19,796,968	21,229,429
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Deposits

Exposure deposits	12.1	52,427,478	65,282,690
Lease deposits		2,041,427	559,400

Prepayments

Prepaid Rent		2,882,962	318,512
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Other receivables

Receivable against financial advisory services		-	209,227
Due from Associates	12.2	44,317,852	40,280,411
Others		51,865,181	4,725,765
		173,331,868	132,605,434

- 12.1 This represents deposits held with PSX and NCCPL at the year end against exposure arising in respect of trading in ready and future market and exposure margin against trade and sustained losses to date on Margin Trading Services.

12.2	Due from Associates	Note	2019 Rupees	2018
	Intertechnologies (Private) Limited		42,522,234	38,670,758
	Intermarket Xpress (Private) Limited		1,795,618	1,609,653
		12.2.1	44,317,852	40,280,411

- 12.2.1 Director of the company controls the above start up entities and advance has been provided after obtaining special resolution. These carry markup @ 10%, average borrowing cost of the company.

13	TAXATION - NET		2019 Rupees	2018
	Advance tax		109,121,124	103,462,749
	Provision for taxation		(24,703,029)	(16,084,785)
			84,418,095	87,377,964

14 SHORT TERM LOAN

This represents balance amount due from an ex-client on account of interest free loan amounting to Rs 100 million. Collaterals amounting to Rs 49 million were realized from cash margin and transfer of shares of National Asset Management Company Limited. Balance outstanding is secured against commercial plot in Peshawar.

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15	BANK BALANCES	Note	2019 Rupees	2018
	<i>Cash at bank</i>			
	- current account		247,101,000	60,596,501
	- saving account	15.1	13,809,576	210,032,183
		15.2	<u>260,910,576</u>	<u>270,628,684</u>

15.1 The return on these balances ranges from 7.5% to 9% (2018: 5% to 6%) per annum on daily product basis.

15.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 115.24 million (2018: Rs. 246.855 million).

16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019 (Number of shares)	2018 (Number of shares)		2019 Rupees	2018
20,055,956	20,055,956	Ordinary shares of Rs.10/- each fully paid in cash	200,559,560	200,559,560
<u>20,055,956</u>	<u>20,055,956</u>		<u>200,559,560</u>	<u>200,559,560</u>

16.1 Pattern of shareholding

	2019		2018	
Categories of shareholders	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
Mr. Azeem Bilwani	18,050,360	90.00%	18,050,360	90.00%
Mr. Muhammad Jawed	2,005,595	10.00%	2,005,595	10.00%
Mr. Muhammad Hanif	1	0.00%	1	0.00%
	<u>20,055,956</u>	<u>100.00%</u>	<u>20,055,956</u>	<u>100.00%</u>

16.2 There is no agreement with shareholders for voting rights, board selection, rights of first refusal and block voting.

17	DIRECTOR'S SUBORDINATED	Note	2019 Rupees	2018
	Opening balance		226,087,791	366,944,842
	Add: Loan obtained during the year		-	16,950,000
	Less : Remeasurement to fair value		-	(5,414,115)
	Less :Impact of unwinding due to repayment of loan during the year		-	(175,114,057)
	Add: Unwinding of director loan during		18,470,885	22,721,121
	Closing Balance	17.1	<u>244,558,676</u>	<u>226,087,791</u>

17.1 These represents the unsecured loan given by director of the Company. These loans had been measured to its present value using prevailing market rate of mark-up for a similar instrument, having similar terms and credit risk profile, at the time the loan was granted.

18	LONG TERM FINANCE	Note	2019 Rupees	2018
	Present value of Shirkat ul Melk cum Ijarah finance		12,013,501	13,976,521
	Less : Current portion		(4,831,005)	(4,836,946)
		18.1	<u>7,182,496</u>	<u>9,139,575</u>

- 18.1 The above represents Ijara finance lease in respect of motor vehicles from Dubai Islamic Bank under which 80% of the Purchase price was borne by Lessor and the remainder borne by the Company. The lessor would remain owner of 80% undivided share in asset until all fixed and variable rentals are paid and the Company exercise its unconditional and irrevocable right of purchasing the asset after the expiry of five year's Lease periods.

Monthly rentals consist of fixed and variable Rental. Outstanding fixed rentals represent original principle, i.e. 80% of purchase cost of leased vehicles less aggregate of Principle repayment and Variable Rental is equal to 12 month KIBOR +1.75% to 2.00% calculated on Outstanding Fixed Rent on 360 days basis.

The above finance facility is secured by personal guarantee of directors holding 10% or more shares in the company along with personal net worth statement, postdated cheques for 12 months, 20% of equity participation and 80% ownership title of leased vehicles.

- 18.2 The amount of future rentals in respect of ijara finance and the period in which these rentals will become due are as follows:

	Minimum Ijara rentals	Ijara finance payments allocated to future period	Present Value of Ijara Finance	
			2019	2018
	Rupees			
Not later than one year	5,806,304	975,299	4,831,005	4,836,946
Later than one year but not later than five year	7,993,140	810,644	7,182,496	9,139,575
	<u>13,799,444</u>	<u>1,785,943</u>	<u>12,013,501</u>	<u>13,976,521</u>

19	DEFERRED TAXATION	Note	2019	2018
			Rupees	
	Deductable / (taxable) temporary difference arising in			
	Accelerated tax depreciation / amortisation		6,548,821	8,537,937
	Unrealise gain /(loss) on remeasurement of investments		(4,453,831)	893,701
	Amortisation of Director Loan		17,504,047	23,045,313
	Long term finance (Ijara)		-	(4,192,956)
	Provision for loss allowance		(773,369)	-
		19.1	<u>18,825,668</u>	<u>28,283,995</u>

19.1 Movement in Deferred tax liability

Opening balance	28,283,995	49,756,537
Deferred tax expense / (income) charged to profit and loss	(9,458,327)	(930,994)
Deferred tax (income) / expense charged to equity	-	(20,541,548)
Closing balance	<u>18,825,668</u>	<u>28,283,995</u>

20 SHORT TERM BORROWINGS - SECURED

Summit Bank Ltd	-	95,972,405
JS Bank Ltd	-	133,646,208
	20.1	<u>-</u>
		<u>229,618,613</u>

- 20.1 Short term running finance facilities are available from commercial banks, under mark-up arrangements, amounting to Rs. 870 million (2018: Rs. 870 million). These arrangements are secured against pledge of marketable securities with 30% to 40% margin and personal guarantee of directors' holding 10% or above shareholding of Company. These running finance facilities carry mark-up ranging from 3 month KIBOR +2.0% (2018: 3 month KIBOR +2% to 2.5%) calculated on a daily product basis.

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21	TRADE AND OTHER PAYABLES		2019	2018
			Rupees	
	Creditors		106,583,780	241,974,433
	Other Liabilities		47,796,896	49,522,297
	Worker's Welfare Fund payable		8,866,095	8,866,095
			<u>163,246,771</u>	<u>300,362,825</u>
22	CONTINGENCIES AND COMMITMENTS			
	No material contingencies and commitments exist as at June 30, 2019 (2018: Nil).			
23	OPERATING REVENUE	Note	2019	2018
			Rupees	
	Brokerage income		154,199,431	171,398,318
	Dividend income		13,920,593	4,138,612
	Underwriting & Financial Advisory		13,234,436	15,178,746
	IPO Commission		3,059	4,839
	MFS Income		16,882,465	27,160,895
			<u>198,239,984</u>	<u>217,881,410</u>
24	ADMINISTRATIVE EXPENSES			
	Salaries, commission, benefits and allowances		123,744,918	143,702,428
	Director remuneration	29	7,879,248	8,917,147
	PSX rent, electricity and service charges		724,705	213,224
	CDC and NCCPL Charges.		10,089,751	5,847,303
	Printing and stationery		724,254	863,300
	Legal and Professional charges		4,731,409	8,224,014
	Communication expenses		15,119,137	18,861,317
	Auditor's remuneration - audit fee		550,000	500,000
	Rent, rates and taxes		7,130,968	8,735,488
	Entertainment expense		1,182,162	1,443,698
	Utility expense		4,628,989	4,500,771
	Repair and maintenance		1,765,683	316,032
	Traveling and conveyance expenses		2,896,774	2,597,679
	Postage and courier		161,890	324,073
	Bad debts written off		-	661,157
	Depreciation	5	9,405,471	10,440,776
	Amortization	6	420,843	526,054
	Vehicle maintenance expense		1,777,694	863,817
	Branch expenses		804,415	1,461,859
	Impairment of National Asset Management Company		-	5,872,704
	Impairment of TREC		-	1,394,750
	Miscellaneous expense		2,418,840	4,825,002
			<u>196,157,151</u>	<u>231,092,593</u>
25	FINANCE COST			
	Mark up on short term borrowing & bank charges	20	23,111,358	34,759,841
	Mark up on long term finance	18	1,372,454	1,320,366
	Unwinding of Director loan	17	18,470,885	22,721,121
			<u>42,954,697</u>	<u>58,801,328</u>
26	OTHER INCOME / (CHARGES)			
	Interest income on loan to Associate	26.1	4,028,040	3,648,403
	Sale of Business Property		44,182,352	-
	Provision for loss allowance		(2,666,788)	-
	Others		1,295,920	-
			<u>46,839,524</u>	<u>3,648,403</u>

26.1 This represents interest Income accrued on loan provided to associate (refer note 12.2)

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27 TAXATION

	2019	2018
	Rupees	
Current year	5,284,835	16,084,785
Prior years	19,418,194	-
Deferred	(9,458,327)	(930,994)
	<u>15,244,702</u>	<u>15,153,791</u>

- 27.1 The income tax assessments of the Company have been finalised up to and including the tax year 2018. 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.

28 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of associated companies, key management personnel and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the chief executive, directors and executives is disclosed in note 29 to the financial statements. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

	2019	2018
	Rupees	
Associated undertakings		
<i>Transactions during the year</i>		
Loan / Advance to associates	-	(2,284,492)
Interest accrued on loan / advance to associate	4,028,040	3,072,116
<i>Balance outstanding</i>	44,317,852	39,732,219
Key Management personnel		
<i>Transactions during the year</i>		
Brokerage Commission earned	18,940,939	17,983,182
Loan obtained from director	-	16,950,000
Loan repaid to director	-	(249,000,000)
Advance given to employees	(12,626,189)	(12,137,912)
<i>Balance outstanding</i>	244,558,676	(85,109,395)

29 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, are as follows:

Particulars	Chief Executive		Director		Executives		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees							
Basic salary	6,303,398	7,133,717	-	-	38,979,561	43,782,548	45,282,959	50,916,265
House allowance	567,306	642,035	-	-	3,508,160	3,940,429	4,075,466	4,582,464
Utility allowance	378,204	428,023	-	-	2,338,774	2,626,953	2,716,978	3,054,976
Medical Allowance	630,340	713,372	-	-	3,897,956	4,378,255	4,528,296	5,091,627
	<u>7,879,248</u>	<u>8,917,147</u>	<u>-</u>	<u>-</u>	<u>48,724,451</u>	<u>54,728,185</u>	<u>56,603,699</u>	<u>63,645,332</u>
Number of persons	1	1	0	0	17	19	18	20

- 29.1 The Company has also provided its Chief Executive, directors and certain executives with Company maintained car.

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30 FINANCIAL INSTRUMENTS

30.1 Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 3 years or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

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

	2019	2018
	Rupees	
Long term deposits	22,659,339	14,991,909
Trade debts	363,847,036	442,872,781
Advances, Trade deposits and other receivables	170,448,906	132,286,922
Bank balances	260,910,576	270,628,684
	<u>817,865,857</u>	<u>860,780,296</u>

b) Impairment losses:

As of the reporting date, the risk profile of the trade receivables as of the reporting date is as follows:

	2019		2018	
	Gross Carrying amount	Life time expected credit losses	Gross Carrying amount	Life time expected credit losses
Past due 1-90 days	143,788,896	-	-	-
Past due 91-180 days	140,204,305	4,075	-	-
Past due 181-365 days	35,854,781	493,815	-	-
More than 365 days	46,665,843	2,168,897	-	-
	<u>366,513,825</u>	<u>2,666,787</u>	<u>-</u>	<u>-</u>

At each reporting date, Company assessed its trade debts for impairment, however, 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 other than above. None of the other financial assets are either past due or impaired.

The Company held collaterals in respect of trade debts. The Company have trade receivable for which no loss allowance is recognised because of collaterals held.

- c) The credit quality of Company's bank balances as at the balance sheet date can be assessed with reference to external credit ratings as follows:

Rating long term	Rating Agency	2019	2018
		Rupees	
A1+	PACRA	226,038,634	19,256,793
A-1+	PACRA	6,872,277	40,688,784
A-1	PACRA	27,124,461	210,404,505
A1	PACRA	875,204	182,444
A-2	PACRA	-	96,157

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying value	Contractual cash flows		
		Total	Up to one year	More than one year
----- Rupees -----				
Long term finance	12,013,501	13,799,444	5,806,304	7,993,140
Directors' Subordinated loan	244,558,676	302,905,500	-	302,905,500
Trade and other payables	163,246,771	163,246,771	163,246,771	-
Accrued markup	3,250,859	3,250,859	3,250,859	-
June 30, 2019	423,069,807	483,202,574	172,303,934	310,898,640
Directors' Subordinated loan	226,087,791	302,905,500	-	302,905,500
Long term finance	13,976,521	15,880,870	5,849,788	10,031,082
Short term borrowings - secured	229,618,613	229,618,613	229,618,613	-
Trade and other payables	300,362,825	300,362,825	300,362,825	-
Accrued markup	6,002,786	6,002,786	6,002,786	-
June 30, 2018	776,048,536	854,770,594	541,834,012	312,936,582

Contractual cash flows include tentative interest payments to be made up to the maturity of relevant facilities. The future interest related cash flows depend on the interest rates applicable at that time and the extent of utilization of running finance facilities.

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(iii) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and price risk.

(a) Currency risk

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	2019	2018	2019	2018
	Effective interest rate (%)		Carrying amounts (Rupees.)	
Financial assets				
Bank deposits - <i>pls account</i>	3.5% to 10.25%	3.5% to 4.5%	13,809,576	210,032,183
Financial liabilities				
Short term borrowings	8.5% to 13.5%	8% to 9.5%	-	229,618,613
Ijara finance	8.5% to 13.5%	8% to 9.5%	12,013,501	13,976,521

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

A change of 100 basis points in interest rates at the reporting date would have increase / decrease profit / loss by 0.0179 million (2018: 0.3356 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings

(c) Price risk

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

The table below summarises the Company's equity price risk as at June 30, 2019 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	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) after tax
June 30, 2019	<i>Rupees</i>	35,747,219	5% increase	37,534,580	1,787,361	1,519,257
June 30, 2018	<i>Rupees</i>	366,595,943	5% increase	384,925,740	18,329,797	15,580,327

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30.2 Financial instruments by category

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

		2019		
		At fair value 'through profit or loss'	At Amortised cost	At fair value 'through OCI'
		Rupees		
June 30, 2019				
Financial assets				
Long term investments	-	30,127,296	-	
Long term deposits	-	22,659,339	-	
Short term Investments	21,306,805	-	14,440,414	
Trade debts	-	363,847,036	-	
Advances, deposits and other receivables	-	170,448,906	-	
Short term loan	-	61,456,012	-	
Cash and bank balances	-	260,910,576	-	
	21,306,805	909,449,165	14,440,414	
Financial liabilities				
Long term finance	-	7,182,496	-	
Trade and other payables	-	163,246,771	-	
Current maturity of long term finance	-	4,831,005	-	
Accrued markup	-	3,250,859	-	
	-	178,511,131	-	
		2018		
		At fair value 'through profit or loss'	At Amortised cost	At fair value 'through OCI'
		Rupees		
June 30, 2018				
Financial assets				
Long term investments	-	30,127,296	31,658,322	
Long term deposits	-	14,991,909	-	
Short term Investments	364,632,662	-	1,963,281	
Trade debts	-	442,872,781	-	
Advances, deposits and other receivables	-	132,286,922	-	
Short term loan	-	61,456,012	-	
Cash and bank balances	-	270,628,684	-	
	364,632,662	952,363,604	33,621,603	
Financial liabilities				
Directors' loan	-	226,087,791	-	
Long term finance	-	9,139,575	-	
Short term borrowings - secured	-	229,618,613	-	
Trade and other payables	-	300,362,825	-	
Current maturity of long term finance	-	4,836,946	-	
Accrued markup	-	6,002,786	-	
	-	776,048,536	-	

30.3 Fair value hierarchy

'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).

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

	Level 1	Level 2	Level 3	Total
June 30, 2019	Rupees			
Financial assets	35,747,219	-	30,127,296	65,874,515
June 30, 2018	Rupees			
Financial assets	398,254,265	-	30,127,296	428,381,561

During the year ended June 30, 2019, the Company did not acquire any new shares of investee companies classified in level 3.

31 CAPITAL ADEQUACY LEVEL AND CAPITAL MANAGEMENT

31.1 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;

	2019	2018
	Rupees	
Total assets	1,084,758,546	1,498,664,487
Less: Total liabilities	441,895,475	804,332,531
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	642,863,071	694,331,956

31.2 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate as at year ended as determined by Pakistan Stock Exchange has been considered.

32 NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 73 (2018: 73) and average number of employees during the year are 80 (2018: 80).

33 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue on ----- by board of directors of the Company.

34 GENERAL

34.1 The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation.

34.2 Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR