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FIKREE'S (PRIVATE) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019

Private & Confidential

Horwath Hussain Chaudhury & Co.

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Independent Auditor's Report
To the members of Fikree's (Private) Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Fikree's (Private) Limited** which comprise the statement of financial position as at 30 June 2019 and the statement of profit or loss and other 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, 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, the statement of profit and loss and other 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 30 June 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 / Institute of Cost and management Accountants (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.

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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 skepticism 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.
- We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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- From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The engagement partner on the audit resulting in this independent auditor's report is Najeeb Moochhala.

Crowe Hussain Chaudhury & Co.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi
Date: 04 OCT 2019

FIKREE'S (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		----------(Rupees)---------	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 20,000,000 (2018: 20,000,000) ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed & paid-up capital	4	35,000,000	20,001,000
Unappropriated profit		(9,450,544)	26,264,156
Surplus on revaluation of investments		38,594,566	150,972,058
		64,144,022	197,237,214
Advance against share capital		18,843,413	8,343,410
Non Current Liability			
Deferred taxation	5	3,660,295	23,538,741
Current Liabilities			
Trade and other payables	6	1,588,234	1,317,345
Accrued markup		3,847,261	-
Short term running finance - secured	7	22,050,541	90,532,646
Provision for taxation		759,424	828,853
		28,245,460	92,678,844
Contingencies and Commitments	8		
Total Equity and Liabilities		**114,893,190**	**321,798,209**
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	734,457	821,390
Intangible assets	10	1,005,000	1,005,000
Long term investment	11	16,333,889	37,583,322
Long term deposits	12	4,015,109	4,015,109
		22,088,455	43,424,821
Current Assets			
Trade debts	13	463,377	57,317
Advance, deposits, prepayments and other receivab	14	27,094,032	32,189,319
Short term investments	15	64,980,030	246,124,941
Cash and bank balances	16	267,296	1,811
		92,804,735	278,373,388
		114,893,190	**321,798,209**

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

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CHIEF EXECUTIVE ____________ **DIRECTOR** ____________

FIKREE'S (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		-------(Rupees)-------	
Brokerage / Commission		783,145	1,086,738
(Loss)/gain on sale of investment		(7,097,536)	(3,457,231)
		(6,314,391)	(2,370,493)
Other income	17	5,417,674	5,871,995
		(896,717)	3,501,502
Administrative and operating expenses	18	(4,102,925)	(4,020,759)
Finance cost		(15,003,759)	(8,481,702)
		(19,106,684)	(12,502,462)
Loss before taxation		(20,003,401)	(9,000,960)
Taxation	19	(712,300)	(818,222)
Loss after taxation		(20,715,700)	(9,819,183)

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

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CHIEF EXECUTIVE____________ **DIRECTOR**____________

FIKREE'S (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	------*(Rupees)*------	
Loss after taxation	(20,715,700)	(9,819,183)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Surplus on revaluation of investments classified FVOCI	(132,208,814)	(80,637,909)
Related deferred tax expense	19,831,322	9,903,909
	(112,377,492)	(70,734,000)
Items that will not be subsequently reclassified to profit or loss		
Total comprehensive loss	(133,093,193)	(80,553,183)

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

CHIEF EXECUTIVE ____________________ **DIRECTOR** ____________________

FIKREE'S (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed & paid-up capital	Unappropriated profit	Surplus on revaluation of investments	Total
	(Rupees)			
Balance as at July 01, 2017	20,001,000	36,083,750	221,706,058	277,790,808
Loss for the year	-	(9,819,183)	-	(9,819,183)
Other comprehensive loss	-	-	(70,734,000)	(70,734,000)
Balance as at June 30, 2018	20,001,000	26,264,567	150,972,058	197,237,625
Adjustment on initial application of IFRS 9, net of tax	-	(411)	-	(411)
Adjusted balance as at July 01, 2018	20,001,000	26,264,156	150,972,058	197,237,214
Issue of bonus shares	14,999,000	(14,999,000)	-	-
Loss for the year	-	(20,715,700)	-	(20,715,700)
Other comprehensive loss	-	-	(112,377,492)	(112,377,492)
Balance as at June 30, 2019	**35,000,000**	**(9,450,544)**	**38,594,566**	**64,144,022**

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

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CHIEF EXECUTIVE

DIRECTOR

FIKREE'S (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	-------(Rupees)------	
Cash Generated from Operations		
Loss before taxation	(20,003,401)	(9,000,960)
Adjustments for		
Depreciation	134,053	149,318
Finance cost	15,003,759	8,481,702
Dividend income	(4,997,562)	(5,453,238)
	10,140,250	3,177,783
	(9,863,151)	(5,823,178)
Changes in working capital		
(Increase)/decrease in current assets		
Trade debts	(406,060)	(2,772)
Advance, deposits, prepayments and other receivables	6,653,636	(6,332,285)
Short term investments	70,185,530	(48,637,944)
	76,433,105	(54,973,001)
Increase/(Decrease) in Current liabilities		
Trade and Other payables	270,889	46,677
	66,840,844	(60,749,502)
Finance cost paid	(11,156,498)	(9,690,137)
Income tax paid	(2,387,200)	(2,758,008)
Net cash generated / (used in) from operating activities	53,297,146	(73,197,647)
Cash Flows From Investing Activities		
Purchase of Intangible assets	-	-
Purchase of operating fixed assets	(47,120)	(88,800)
Dividend income	4,997,562	5,453,238
Net cash generated from investing activities	4,950,442	5,364,438
Cash Flow From Financing Activities		
Short term running finance	(68,482,106)	67,132,556
Advance against Share Capital	10,500,003	-
Net cash (used in) / generated from finacing activities	(57,982,103)	67,132,556
Net increase / (decrease) in cash and cash equivalents	265,485	(700,653)
Cash and cash equivalents at the beginning of the year	1,811	702,463
Cash and cash equivalents at the end of the year	**267,296**	**1,811**

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

CHIEF EXECUTIVE

DIRECTOR

FIKREE'S (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND BUSINESS

Fikree's (Private) Limited is a private limited company incorporated in Pakistan on April 26, 2013 under the repealed Companies Ordinance, 1984 (repealed with the enactment of Companies Act 2017 on May 30, 2017). The company is a corporate member of Pakistan Stock Exchange Limited.

The principle activities of company include trading and brokerage for equities, underwriting of public issues, etc.

The registered office of the Company is located at Room No. 639 Pakistan Stock Exchange Limited, Karachi.

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. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 BASIS OF MEASURMENT

These financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Company.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and 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 result of which form the basis of making judgments about carrying values of assets and liabilities. 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 and in any future period effected.

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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 with a significant risk of material judgment in the next year are as follows:

	Note
Depreciation on property and equipment	3.1
Classification and valuation of investments	3.3
Provision for doubtful receivables	3.6
Impairment of investments	3.9

2.5 STANDARDS, IFRIC INTERPRETATIONS AND AMMENDENTS WHICH BECAME EFFECTIVE DURING THE YEAR

2.5.1 Standards, amendments and interpretations to the published standards that are relevant to the Modaraba and adopted in the current year

Following are the new standards and amendment to approved accounting standards which are mandatory for the Modarba's annual accounting period which began on July 1, 2018.

Standard or Interpretation	Effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements. However their impact is stated below:

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the SECP through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39 Financial Instruments: Recognition and Measurement.*

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

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Financial assets	Original classification Uner IAS 39	New classificatio n under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Long term investments	Available for sale	FVOCI	37,583,322	37,583,322
Advance, deposits, prepayments and other receivables	Loan and receivables	Amortized cost	36,204,428	36,204,428
Short term investment	Available for sale	FVOCI	246,124,941	246,124,941
Trade debts	Loan and receivables	Amortised cost	57,896	57,896
Cash and bank balances	Loan and receivables	Amortised cost	1,811	1,811

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue", IAS 11 "Construction Contracts", and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management has undertaken a detailed assessment of the performance obligations associated with revenue streams and is of the view that application of IFRS 15 does not have any material impact on the current and prior year figures as well as the accounting policies applied for the recognition of revenue. Accordingly, no restatement of the information presented for prior year is required.

2.5.2 Standards, amendments to published standards and interpretations that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2018, but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.5.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation		Effective Date (Annual periods beginning
IAS 1	Presentation of financial statements	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee Benefits (Amendments)	January 1, 2019
IAS 23	Borrowing Costs (Amendments) January	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3	Business Combinations (Amendments)	January 1, 2020
IFRS 9	Financial Instruments (Amendments)	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that, except as stated above, adoption of the new standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than presentation and disclosures.

2.5.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective Date (Annual periods beginning
IFRS 14	Regulatory Deferral Accounts	Not yet notified
IFRS 17	Insurance Contracts	January 1, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of application.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY, PLANT AND EQUIPMENT

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses. Depreciation on fixed assets is charged to income by applying reducing balance method at the rates specified in the relevant note.

The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Normal repair and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate the the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimate recoverable amount, the assets are written down to their recoverable amount. Gain or loss on disposal, if any, are included in income currently.

3.2 INTANGIBLE ASSETS

TRECs-Trading Right Entitlement

The accounting treatment for the exchange of membership cards with TRECs and shares of stock exchanges has been determined on the basis of the guidance provided by the Institute of Chartered Accountants of Pakistan (ICAP) on queries raised by certain members of stock exchanges.

3.3 FINANCIAL ASSETS

The Company classifies its financial assets into following three categories:
- Fair Value through Other Comprehensive Income (FVOCI);
- Fair Value through Profit or Loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

3.3.1 Subsequent measurement

Debt instruments at FVOCI

These assets are subsequently measured at fair value. Profit / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statementof profit or loss.

Equity instruments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

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Financial assets FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Financial assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.4 TRADE DEBTS

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the credit worthiness and the past collection history of each customer.

3.5 TRADE AND OTHER PAYABLES

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

3.6 PROVISIONS FOR DOUBTFUL RECEIVABLES

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

3.7 TRADE DATE ACCOUNTING

All 'regular way' purchases and sales of quoted equity securities are recognised on the trade date i.e. the date that the Company commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

3.8 DERECOGNITION OF FINANCIAL INSTRUMENTS

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

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3.9 IMPAIRMENT

3.9.1 Financial assets

The Company recognizes loss allowances for Expected credit losses (ECLs) in respect of financial assets measured at amortized cost and fair value through other comprehensive income.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and

- financial assets and bank balance for which credit risk (i.e. the risk of default occuring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quanlitative information and analysis, based on the Company historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Comapny is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The financial impact due to the adoption of the ECL model as explained above under IFRS 9 as as follows

	(Rupees)
Accumulated loss as of 1 July 2018	26,264,567
Effect of the change due to the application of ECL model under IFRS 9	(411)
Adjusted accumulated loss as of 1 July 2018	**26,264,156**

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3.9.2 Non-financial assets

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

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income in profit and loss account.

3.10 REVENUE RECOGNIZATION

Gain/ (Loss) from dealing in securities

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income is recorded when right to receive dividend is established.

Consultancy and advisory fee, Commission from rendering of services to stock exchanges are recognized as and when such services are provided.

Profit on bank deposits is recognized on an accrual basis.

3.11 TAXATION

3.11.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and rebates available, if any.

3.11.2 Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The company recognize a deferred tax asset only to the extent that its is probable that future taxable profit for the foreseeable future will be available against which the assets can be utilized. Deferred tax asset is recognized to the extent that it is no longer probable that the related tax benefit will be realized.

3.12 FOREIGN CURRENCIES TRANSLATION

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognised in profit and loss account.

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3.13 FINANCIAL ASSETS

Financial assets include investments, deposits and other receivables, excluding taxation. Other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

3.14 FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of contractual arrangements entered into. These are initially recognised at fair value and subsequently stated at amortised cost.

3.15 CASH AND CASH EQUIVALENTS

Cash in hand and at banks are carried at cost. Cash and cash equivalents are defined as cash in hand, cash at bank and short-term highly liquid investments that are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

3.16 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Comapny has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off- set.

3.17 TRANSACTION WITH RELATED PARTIES

Transaction with related parties are executed on arm's length basis. These prices are determined in accordance with the admissible pricing methods. However, loan from directors are unsecured and interest free.

	2019	2018
	-------(Rupees)-------	

4 ISSUED, SUBSCRIBED & PAID UP CAPITAL

	2019	2018
Issued, subscribed and paid up		
2,000,100 (2018: 2,000,100) ordinary shares of Rs. 10/- each fully paid in cash	20,001,000	20,001,000
1,499,900 (2018: Nil) bonus shares of Rs. 10/- each fully paid in cash	14,999,000	-
	35,000,000	20,001,000

5 DEFERRED TAXATION

Taxable/(Deductible) temporary differences	2019	2018
Property, plant and equipment	29,410	75,175
Investment in shares	3,632,412	23,463,734
Provision for impairment loss on trade debts	(1,527)	(168)
	3,660,295	23,538,741

6 TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	1,001,929	1,017,345
Accrued expenses	478,242	300,000
Other payables	108,063	-
	1,588,234	1,317,345

7 SHORT TERM RUNNING FINANCE - SECURED

The Company has obtained Running Finance Facility under mark-up arrangement of Rs. 200 million (2018: 150 million) from Habib Metropolitan Bank Limited having mark-up of 3 months KIBOR+ 3% (2018: 3 months KIBOR+3%) that is secured against pledge of shares and personal guarantee of Director.

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2019 (2018: Nil)

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9 PROPERTY AND EQUIPMENT

Operating fixed assets	*9.1*	734,457	821,390

9.1 Operating fixed assets

Description	Owned				Total
	Furniture and fixture	Office equipments	Computer Equipment	Motor Vehicles	
Cost					
Balance as at 01 July, 2017	237,040	376,758	108,496	835,730	1,558,024
Additions	-	88,800	-	-	88,800
Balance as at 30 June, 2018	**237,040**	**465,558**	**108,496**	**835,730**	**1,646,824**
Balance as at 01 July, 2018	237,040	465,558	108,496	835,730	1,646,824
Additions	-	-	47,120	-	47,120
Balance as at 30 June, 2019	**237,040**	**465,558**	**155,616**	**835,730**	**1,693,944**
Depreciation					
Balance as at 01 July, 2017	108,592	82,412	83,749	401,364	676,116
Charge for the year	19,267	57,472	7,424	65,155	149,318
Balance as at 30 June 2018	**127,859**	**139,884**	**91,173**	**466,519**	**825,434**
Balance as at 01 July, 2018	127,859	139,884	91,173	466,519	825,434
Charge for the year	16,377	48,851	13,443	55,382	134,053
Balance as at 30 June 2019	**144,236**	**188,735**	**104,616**	**521,901**	**959,487**
Carrying Amount - 2018	**109,181**	**325,675**	**17,323**	**369,211**	**821,390**
Carrying Amount - 2019	**92,804**	**276,823**	**51,000**	**313,829**	**734,457**
Rate of Depreciation	**15%**	**15%**	**30%**	**15%**	

	Note	2019	2018
		-------(Rupees)------	
10 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate (TREC) - Pakistan Stock Exchange Limited	10.1	5,000	5,000
Membership card - Pakistan Mercantile Exchange		1,000,000	1,000,000
		1,005,000	1,005,000

10.1 PSX vide notice no. PSX/N-7178, dated November 10, 2017, has revised the notional value of TRE Certificate. However, the value change is not apply to us as the Company have already recognised the TRE Certificate at Rs. 5,000. According to the Stock Exchange (Corporatisation, Demutualization and Integration) Act 2012, The TRE Certificate may only be transferred once to a Company intending to carry out shares brokerage business in the manner to be prescribed. Upto December 31, 2019, the Stock Exchange shall offer for issuance, 15 TRE Certificates each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificates.

	Note	2019	2018
		-------(Rupees)------	
11 LONG TERM INVESTMENT			
Investment at fair value through other comprehensive income			
Shares in PSX - cost		20,000	20,000
Surplus on revaluation on shares in PSX		16,313,889	37,563,322
	11.1	16,333,889	37,583,322

11.1 This represents shares of Pakistan Stock Exchange Limited (PSX) alloted to the Company in exchange for their membership.

	Note	2019	2018
		-------(Rupees)------	
12 LONG TERM DEPOSITS			
Security deposits	12.1	1,500,000	1,500,000
Deposit for room at PMEX		2,500,000	2,500,000
Railway land deposit	12.2	15,109	15,109
		4,015,109	4,015,109

12.1 This represents the security deposits made with National Clearing Company (Private) Limited and with Central Depository Company of Pakistan Limited (CDC) against ID obtained from it.

UHC

12.2 This represents the security deposit made with the Pakistan Stock Exchange Limited (PSX) against parking at railway land.

	Note	2019	2018
		-------(Rupees)------	
13 TRADE DEBTS			
Receivable from customers		468,643	57,896
Provision for impairment on trade debts	*13.1*	(5,265)	(579)
		463,377	57,317

13.1 Provision for impairment on trade debts

		2019	2018
Opening balance		579	-
Impairment during the year		4,686	579
Closing balance		5,265	579

13.2 Aging analysis

The aging analysis of the trade.debts relating to purchase of shares is as follows:

	Note	Amount	Custody value
		-------(Rupees)------	
Upto five days		79,031	4,348,220
More than five days		389,612	214,303
		468,643	4,562,523

	Note	2019	2018
		-------(Rupees)------	
14 ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
NCCPL deposits	*14.1*	17,206,823	23,989,595
Income tax deducted at source		9,662,005	8,103,656
Other receivable		183,445	96,068
Dividend receivable		41,760	-
		27,094,032	32,189,319

14.1 This represents deposits with National Clearing Company (Private) Limited against the exposure margin in respect of trade in future and ready market and against exposure margin against trade and sustained losses to date on Marginal Trading Services.

	Note	2019	2018
		-------(Rupees)------	
15 SHORT TERM INVESTMENTS			
At fair value through other comprehensive income			
Investment in listed companies		57,077,840	127,263,370
Unrealized gain on remeasurement		7,902,190	118,861,571
		64,980,030	246,124,941

	Note	2019	2018
		--------(Rupees)--------	
16 CASH AND BANK BALANCES			
Cash in hand		-	1,811
Cash at bank		267,296	-
		267,296	1,811
17 OTHER INCOME			
Dividend income		4,997,562	5,453,238
Other income		420,112	418,756
		5,417,674	5,871,995
18 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowance and other benefits	*18.1*	1,227,100	1,079,100
Rent, rates and taxes		88,600	65,648
Repairs and maintenance		563,199	34,480
Legal and professional		364,673	991,021
Printing and stationary		6,203	22,656
Travelling and conveyance		164,864	142,380
Utilities		251,990	227,916
Fees and subscription		14,743	21,729
Entertainment		102,421	104,805
Postage and courier		3,495	5,765
Depreciation		134,053	149,318
CDC charges		143,659	279,663
Clearing house		80,383	105,163
Miscellaneous		520,601	393,499
Bank charges		82,255	97,617
Auditor's Remunertaion	*18.2*	350,000	300,000
Impairment loss		4,686	-
		4,102,925	4,020,759

18.1 There were no remuneration of director during the year. (2018 : Rs Nil)

	Note	2019	2018
		--------(Rupees)--------	
18.2 Auditor's Remunertaion			
Audit fees		330,000	300,000
Out of pocket expenses		20,000	-
		350,000	300,000
19 TAXATION			
Current		759,424	828,853
Deferred		(47,124)	(10,631)
		712,300	818,222

HHC

	2019	2018
	--------(Rupees)--------	
Relationship between tax expense and accounting profit		
Profit before taxation	(20,003,401)	(9,000,960)
Applicable tax rate	29%	29%
Tax at the above rate	(5,800,986)	(2,610,279)
Tax effect of capital gain under separate block of income	5,088,687	2,610,279
Effect of change in prior years' tax	712,300	818,222
Tax expense for the year	-	818,223

20 CORRESPONDING FIGURES

Note	Reclassification From	Reclassification To	Nature	Amount --Rupees--
15	Advance, deposits, prepayments and other receivables	Long term deposits	Security deposits	4,015,109

21 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING

	Liabilities			Equity			
	Trade and other payable	Accrued markup	Short term running finance	Issued, subscribed & paid-up capital	Unappropriated profit	Surplus on revaluation of investments	Total
	(Rupees)						
Balance as at July 01, 2018	1,317,345	-	90,532,646	20,001,000	26,264,156	150,972,059	289,087,206
Liability-related:							
Changes in trade and other payable	270,889		-	-	-	-	270,889
Interest accrued	-	3,847,261	-	-	-	-	3,847,261
Loan repaid	-	-	(68,482,106)	-	-	-	(68,482,106)
Bonus shares issued	-	-	-	14,999,000	(14,999,000)	-	-
Total comprehensive loss for the year	-		-	-	(20,715,700)	-	(20,715,700)
Unrealized (loss) / gain on remeasurement of investment at fair value through profit or loss	-		-	-	-	(112,377,492)	(112,377,492)
	270,889	3,847,261	(68,482,106)	14,999,000	(35,714,700)	(112,377,492)	(197,457,148)
Balance as at June 30, 2019	**1,588,234**	**3,847,261**	**22,050,541**	**35,000,000**	**(9,450,544)**	**38,594,566**	**91,630,057**

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to certain financial risk. Such financial risk emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the company's financial performance. Risk measures and managed by company are explained below:

21.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

HHC

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the company's short term finance with varying interest rates. Management of the company estimates that increase of 100 base point in the interest rate, with all other factors remaining constant, would increase / decrease the company's after tax profit by Rs. 485,000 (2018: Rs. 453,000). However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign exchange risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transaction in foreign currency. The company has no transactions in foreign currency during the current year.

Fair Value hierarchy

Financial statements carried at available for sale

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non - market observable)

The Company hold the following financial instruments measured at fair value

	Total	Level 1	Level 2	Level 3
	(Rupees)			
As at June 30, 2019				
Financial Assets - Available for sale investments				
Pakistan Stock Exchange Limited	16,333,889	16,333,889	-	-
Investment in listed companies	64,980,030	64,980,030	-	-
	81,313,919	81,313,919	-	-
As at June 30, 2018				
Financial Assets - Available for sale investments				
Pakistan Stock Exchange Limited	37,583,322	37,583,322	-	-
Investment in listed companies	246,124,941	246,124,941	-	-
	283,708,263	283,708,263	-	-

21.2 Liquidity risks

Liquidity risk is a risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments, The management believe that it is not expose to any significant level of liquidity risk. The management forecast the liquidity of the company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

HHC

2019	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees)				
Trade and other payables	1,588,234	-	-	-	1,588,234
Short term runnig finance - secured	22,050,541	-	-	-	22,050,541
	23,638,775	-	-	-	23,638,775

2018	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees)				
Trade and other payables	1,317,345	-	-	-	1,317,345
Short term runnig finance - secured	90,532,646	-	-	-	90,532,646
	91,849,991	-	-	-	91,849,991

Fair Value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction, consequently, difference may arises between the carrying value and fair value estimates.

As at June 30, 2019 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying value.

21.3 Credit risks

Credit risks represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Financial Assets	2019	2018
Long term investments	16,333,889	37,583,322
Long term deposits	4,015,109	4,015,109
Trade debts	463,377	57,317
Advance, deposits, prepayments and other receivables	27,094,032	32,189,319
Short term investments	64,980,030	246,124,941
Cash and bank balances	267,296	1,811
	113,153,733	319,971,819

23 RELATED PARTY TRANSACTIONS

Related parties comprise of shareholders, directors and their subordinates and key management personnel of the company. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of transaction	2019	2018
		(Rupees)	
Director	loan repaid	-	-
	loan obtained	10,500,003	-

24 NUMBER OF EMPLOYEES

As at year end	4	4

25 AUTHORIZATION

These financial statements were authorized for issue on 04 OCT 2019 by the Director of the company.

26 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE________________ **DIRECTOR**________________