Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITORS' REPORT

To the members of Memon Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed revised financial statements of **Memon Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We have issued the previous Audit Report to the members for audit of the financial statements for the year ended June 30, 2018 on September 25, 2018. The previous Audit Report was unqualified. Those financial statements were approved by the Board of Directors on September 25, 2018. Subsequent to issuing of the audit report, material changes in the reported value of advance against equity amounting to Rs. 3,450,000 were discovered. As a result the financial statements were revised and the Board of Directors approved it on November 07, 2018.

Cont'd... P/2

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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.

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.

Cont'd... P/3

Russell Bedford

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- 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.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

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

e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the balance sheet was prepared.

Other Matter

Our audit procedures on events subsequent to the date of issuance of our audit report on the previously issued financial statements (i.e. September 25, 2018) were restricted solely to the amendment of the previously issued financial statements as described in the Emphasis of Matter paragraph above.

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: 07 NOV 2018

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

	Note	**2018**	2017
		—— Rupees ——	
ASSETS			
Non-current assets			
Property and equipment	*5*	**10,899,996**	5,135,414
Intangible assets	*6*	**3,500,000**	3,500,000
Long term investment - Available-for-sale	*7*	**21,353,582**	10,290,952
Long term deposits	*8*	**4,010,200**	3,515,009
		39,763,778	22,441,375
Current assets			
Trade debts	*9*	**1,341,183**	1,389,090
Short term investments- Available-for-sale	*10*	**571,208,466**	586,291,210
Loan, advances and other receivables	*11*	**13,311,186**	14,870,759
Income tax refundable	*12*	**11,199,187**	10,972,752
Cash and bank balances	*13*	**68,999,902**	88,875,668
		666,059,924	702,399,479
Total assets		**705,823,702**	724,840,854
EQUITIES AND LIABILITIES			
Share capital and reserves			
Authorized capital			
1,000,000 (2017: 1,000,000) ordinary shares of Rs. 100/ each		**100,000,000**	100,000,000
Issued, subscribed and paid up capital	*14*	**97,400,000**	97,400,000
Unappropriated profit		**423,881,447**	391,045,840
Surplus on revaluation of investments		**109,581,320**	164,096,909
General reserve		**2,600,000**	2,600,000
		633,462,767	655,142,749
Current liabilities			
Trade and other payables	*15*	**72,360,935**	69,698,105
Contingency and commitment	*16*	-	-
Total equity and liabilities		**705,823,702**	724,840,854

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

CHIEF EXECUTIVE **DIRECTOR**

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

	Note	2018	2017
		Rupees	
Commission and dividend income	17	**58,996,357**	71,897,464
Capital gain on sale of investments		**9,152,739**	47,673,360
		68,149,096	119,570,824
Administrative expenses	18	**(34,301,018)**	(40,574,132)
Finance costs	19	**(953,430)**	(1,363,195)
		(35,254,448)	(41,937,327)
Other income	20	**5,102,282**	6,483,420
Profit before taxation		**37,996,930**	84,116,917
Taxation	21	**(8,611,323)**	(6,956,806)
Profit after taxation		**29,385,607**	77,160,111

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

CHIEF EXECUTIVE

DIRECTOR

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

	2018	2017
	Rupees	
Profit after taxation	**29,385,607**	77,160,111
Other comprehensive income		
Unrealized (loss) / gain on remeasurement of available-for-sale investments		
- Long term investment	**(6,412,085)**	8,287,867
- Short term investments	**(48,103,504)**	(26,776,210)
	(54,515,589)	(18,488,343)
Total comprehensive (loss) / income for the year	**(25,129,982)**	58,671,768

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

CHIEF EXECUTIVE **DIRECTOR**

MEMON SECURITIES (PVT.) LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES	Rupees	
Profit before taxation	37,996,930	84,116,917
Adjustment for non-cash and other items:		
- Depreciation	1,200,929	834,474
- Capital gain on sale of investments	(9,152,739)	(45,953,519)
	(7,951,810)	(45,119,045)
Cash flow before working capital changes	30,045,120	38,997,872
Changes in working capital		
(Increase) /decrease in current assets		
Trade debts	47,907	4,363,573
Loan, advances, deposits and other receivables	1,559,573	(5,849,285)
	1,607,480	(1,485,712)
Increase in current liabilities		
Trade and other payables	2,662,830	13,404,236
Cash generated from operations	34,315,430	50,916,396
Income tax paid	(8,837,758)	(11,583,577)
Net cash generated from operating activities	25,477,672	39,332,819
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,515,511)	(2,318,565)
Long term deposits	(495,191)	(500,000)
Purchase / sale of investments-net	(41,342,738)	(12,965,105)
Net cash used in investing activities	(45,353,440)	(15,783,670)
Net (decrease) / increase in cash and cash equivalents during the year	(19,875,768)	23,549,149
Cash and cash equivalents at the beginning of the year	88,875,668	65,326,517
Cash and cash equivalents at the end of the year	68,999,902	88,875,668

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

CHIEF EXECUTIVE **DIRECTOR**

MEMON SECURITIES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid up capital	**Unappropriated profit**	**Surplus on revaluation of investments**	**General reserve**	**Total**
			Rupees		
Balance as at July 01, 2016	97,400,000	313,885,729	182,585,252	2,600,000	596,470,981
Profit after taxation	-	77,160,111	-	-	77,160,111
Other comprehensive loss for the year ended June 30, 2017	-	-	(18,488,343)	-	(18,488,343)
Balance as at June 30, 2017	97,400,000	391,045,840	164,096,909	2,600,000	655,142,749
Balance as at July 01, 2018	**97,400,000**	**391,045,840**	**164,096,909**	**2,600,000**	**655,142,749**
Declaration under amnesty (refer note-27)	-	**3,450,000**	-	-	**3,450,000**
Profit after taxation	-	**29,385,607**	-	-	**29,385,607**
Other comprehensive loss for the year ended June 30, 2018	-	-	**(54,515,589)**	-	**(54,515,589)**
Balance as at June 30, 2018	**97,400,000**	**423,881,447**	**109,581,320**	**2,600,000**	**633,462,767**

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

CHIEF EXECUTIVE

DIRECTOR

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

1 STATUS AND NATURE OF BUSINESS

Memon Securities (Private) Limited ('the Company') was incorporated in Pakistan on August 03, 2000 as a private limited company under the repealed Companies Ordinance, 1984.. The Company is a TREC holder of Pakistan Stock Exchange Limited. The registered office of the Company is located at room No. 154, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi. The Company is principally engaged in the business of securities brokerage, underwriting, investment and portfolio management.

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

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The Company has incurred capital gain amounting to Rs. 9.153 million.
- The Company has incurred unrealized loss on remeasurement of available-for-sale investment amounting to Rs. 54.516 million.
- The Company has incurred capital expenditure amounting to Rs. 6.966 million.

3 BASIS OF PREPARATION

3.1 Amended financial statements

This set of financial statements is the amended version of the previously issued financial statements for the year ended June 30, 2018. Please refer note 31 for further details.

3.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Basis of measurement

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

3.4 Functional and presentation currency

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

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are involved or where judgment was exercised in application of accounting policies are as follows:

- Useful lives and residual values of property and equipment

- Provision for taxation

3.6 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The Third and Fifth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Third and Fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company, management assessment of sufficiency of tax provision in the financial statements, change in salary threshold for identification of executives, additional disclosure requirements for related parties etc.

3.7 Amendments / interpretations to existing standards and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in its revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

  IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

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

- *Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:*

  IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangement" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  IAS 12 "Income Taxes" - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

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

  The above amendments are effective for annual periods beginning on or after 1 January 2019 and are not likely to

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property and equipment-owned

Property and equipments are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises expenditure that is directly attributable to the acquisition of the asset including borrowing costs. Depreciation on additions is charged from the daythe asset is put to use till the date of disposal.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalized.

Depreciation on all property, plant and equipment is charged using reducing balance method method in accordance with the rates specified in note 5 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Depreciation on additions is charged from the date when the assets become available for use till the date of disposal.

4.2 Intangible assets

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

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

These are stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

4.3 Trade debts and other receivables

Trade debts and other receivables are initially 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.

4.4 Cash and cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and deposits held with banks.

4.5 Trade and other payables

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

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

4.6 Taxation

The tax expense for the year comprises current tax 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 recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.7 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.

4.8 Financial instruments

4.8.1 *Classification of financial assets*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) *At fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current assets.

b) *Loans and receivables*

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

c) *Held-to-maturity*

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held to maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any impairment losses.

d) *Available-for-sale*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. They are included in non-current assets unless the investment matures or management intends to dispose off it within 12 months of the end of the reporting date.

4.8.2 *Recognition and measurement of financial assets*

All financial assets are recognised at the time when the Company becomes a party to the contractual position of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the profit or loss in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in the profit or loss in the statement of comprehensive income within 'other income / expenses' in the period in which they arise. Gains or losses on sale of investments at 'fair value through profit or loss' are recognised in the profit or loss in the statement of comprehensive income as 'gains and losses from investment securities'.

Gains or losses from changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When investment classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are taken to profit or loss in the statement of comprehensive income as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss in the statement of comprehensive income as part of 'other income'.

Interest on available-for-sale investment calculated using the effective interest method is recognised in the profit and loss account as part of other income.

4.8.3 *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investment classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the profit or loss in the statement of comprehensive income. Impairment losses recognised in the profit or loss in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed. Impairment testing of trade debts and other receivables is carried out by the company on annual basis and the related impairment is recognised in the profit and loss account.

4.8.4 *Financial liabilities*

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss in the statement of comprehensive income.

4.8.5 **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.

4.9 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognised on the following basis:

- Brokerage, commission income is recognized as and when such services are provided.

- Income from bank deposits is recognised at effective yield on time proportion basis.

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

5 PROPERTY AND EQUIPMENT

	Offices	Building	Furniture and Fixtures	Office Equipments	Computers	Vehicles	Total
	Rupees						
At June 30, 2016							
Cost	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Year ended June 30, 2017							
Opening net book value		-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	-	[illegible]	-	[illegible]	[illegible]	-	[illegible]
Depreciation charge	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Closing net book value	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
At June 30, 2017							
Cost	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Year ended June 30, 2018							
Opening net book value	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additions	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation charge	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Closing net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
At June 30, 2018							
Cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated depreciation	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net book value	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation rate (% per annum)	5%	5%	10%	10%	30%	20%	

6 INTANGIBLE ASSETS

	Note	2018	2017
		Rupees	
Membership Card-PMEX		**1,000,000**	1,000,000
Trading Right Entitlement Certificate- PSX	*6.1*	**2,500,000**	2,500,000
		3,500,000	3,500,000

6.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 ("the Act"), the Company has received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. The right has been carried at cost less impairment.

		2018	2017
		Rupees	
7	**LONG TERM INVESTMENT-'Available-for-sale'**		
	Investment in shares of Pakistan Stock Exchange Limited:		
	Cost of investment	**2,003,690**	2,003,085
	Reclassification of cost of short term investment to long term investment	**3,402,280**	-
		5,405,970	2,003,085
	Surplus on revaluation:		
	Opening balance	**8,287,867**	-
	Reclassification of surplus upon reclassification of short term investment to long term investment	**14,071,830**	-
	Change in fair value recognized during the year	**(6,412,085)**	8,287,867
		15,947,612	8,287,867
		21,353,582	10,290,952

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 2017, the Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share.

As of June 30, 2017, the entire investment in 1,602,953 ordinary shares of PSX was held with CDC in an account marked as freezed, out of which 1,202,215 shares had been classified as a short term investment (based on the presumption that such shares would be unfreezed by the end of the next annual reporting date) and the remaining 400,738 shares had been classified as a long term investment in the financial statements for the year ended June 30, 2017.

However, during the year ended June 30, 2018, the Company could get only 521,759 shares unfreezed from CDC which it intends to dispose off within twelve months from the reporting date. Therefore, during the year, the Company deemed it appropriate to reclassifiy 680,456 shares (i.e. 1,202,215 shares less 521,759 shares) from short term investment back to long term investment. Upon such reclassification, the unrealized appreciation (as of June 30, 2017) in the value of the said 680,456 shares, amounting to Rs. 14.072 million, was also reclassified from 'surplus on revaluation of short term investment to 'surplus on revaluation of long term investment'.

		2018	2017
8	**LONG TERM DEPOSITS**	Rupees	
	Deposit placed with:		
	Pakistan Stock Exchange Limited	-	4,809
	Central Depository Company of Pakistan Limited- Basic deposit	**100,000**	100,000
	Pakistan Mercantile Exchange Limited- Basic deposit	**2,500,000**	2,500,000
	National Clearing Company of Pakistan Limited- Basic deposit	**200,000**	200,000
	National Clearing Company of Pakistan Limited- Ready market	**200,000**	-
	National Clearing Company of Pakistan Limited- Future market	**1,000,000**	700,000
	Others	**10,200**	10,200
		4,010,200	3,515,009

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		2018	2017
		Rupees	
9	**TRADE DEBTS**		
	Considered good- secured	**1,341,183**	1,389,090
	Considered doubtful- unsecured	**112,784**	112,784
		1,453,967	1,501,874
	Less: Provision for doubtful debts	**(112,784)**	(112,784)
		1,341,183	1,389,090
10	**SHORT TERM INVESTMENTS- 'Available-for-sale'**		
	Investment in quoted securities		
	Cost of investment	**477,574,758**	430,482,168
	Surplus on revaluation:		
	Opening balance	**155,809,042**	182,585,252
	Reclassification of surplus upon reclassification of short term investment to long term investment	**(14,071,830)**	-
	Change in fair value recognized during the year	**(48,103,504)**	(26,776,210)
		93,633,708	155,809,042
		571,208,466	586,291,210
10.1	**Details of securities pledged**		
	Pledged with Banks		
	Brokerage House	**149,001,100**	266,417,630
	Pledged with PSX / NCCPL		
	Brokerage House	**194,815,810**	201,632,740
11	**LOAN, ADVANCE, DEPOSIT AND OTHER RECEIVABLES**		
	Staff loan	**286,900**	-
	Advance to supplier	-	1,000,000
	Exposure deposit with PSX against Deliverable Futures Contracts	**11,000,000**	11,000,000
	Receivable from PSX against profit held on Deliverable Futures Contracts	**1,787,135**	2,001,005
	Receivable from PSX against profit on deposit against Deliverable Futures Contracts	**35,664**	31,144
	Other receivables	**201,487**	838,610
		13,311,186	14,870,759
12	**INCOME TAX REFUNDABLE**		
	Opening balance	**10,972,752**	8,345,981
	Advance tax paid during the year	**8,837,758**	11,583,577
	Provision for taxation - current	**(9,730,678)**	(8,609,533)
	Provision for taxation - prior	**1,119,355**	(347,273)
		(8,611,323)	(8,956,806)
	Closing balance	**11,199,187**	10,972,752

13 CASH AND BANK BALANCES

	Note	2018	2017
		Rupees	
Cash in hand		**10,636**	11,025
Cash at bank			
-Current accounts		**62,651,992**	88,832,550
-Saving accounts	*13.1*	**6,337,274**	32,093
		68,989,266	88,864,643
		68,999,902	88,875,668

13.1 The return on these balances is 5% to 6% (2017: 5% to 5.5%) per annum on daily product basis.

13.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 61.28 million (2017: Rs. 60.86 million).

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018	2017		2018	2017
(Number of shares)			Rupees	
974,000	974,000	Ordinary shares of Rs.100/- each fully paid in cash	**97,400,000**	97,400,000

14.1 Categories of shareholders

	2018		2017	
	Number of shares held	**% of Shares held**	Number of shares held	% of Shares held
Individuals				
Ibrahim Ahmed Memon	**287,000**	**29.47%**	287,000	29.47%
Muhammad Amin Memon	**587,000**	**60.27%**	587,000	60.27%
Eman Amin	**50,000**	**5.13%**	50,000	5.13%
Muhammad Mustafa Amin	**50,000**	**5.13%**	50,000	5.13%
	974,000	**100.00%**	974,000	100.00%

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

15 TRADE AND OTHER PAYABLES

	2018	2017
	Rupees	
Trade payables	**61,278,262**	60,858,418
Accrued expenses	**2,661,997**	1,270,717
Withholding income tax payable	**43,488**	-
Future profit withheld payable to clients	**1,369,515**	1,546,595
UIN net demand- Deliverable futures contracts	**6,996,979**	6,022,375
Others	**10,694**	-
	72,360,935	69,698,105

16 CONTINGENCY AND COMMITMENT

16.1 Contingency

The Additional Commissioner Inland Revenue has prejudicial apportioned expenses against dividend income thereby created huge demand of Rs. 1.6 million. The Company has challenged the order by filing an appeal before the Commissioner (Appeals). The legal adviser of the Company is of the opinion that the balance of convenience is in the favor of the Company, owing to which the impugned demand so created is in utter defiance of the binding precedent of the superior courts and, hence, no liability has been provided in these financial statements.

16.2 Commitment

	2018	2017
	Rupees	
Guarantee given by a Habib Metropolitan Bank Limited on behalf of the Company in favour of Natinal Clearing Company of Pakistan Limited	-	5,000,000

			2018	2017
17	**COMMISSION AND DIVIDEND REVENUE**	*Note*	Rupees	
	Commission income		**26,883,502**	44,136,015
	Less: Commission paid		-	(2,320,033)
	Net commission earned		**26,883,502**	41,815,982
	IPO income		**68,548**	607,795
	Dividend income		**32,044,307**	29,473,687
			58,996,357	71,897,464

18	**ADMINISTRATIVE EXPENSES**			
	Salaries, benefits and allowances		**18,433,801**	22,085,300
	Directors' remuneration	*18.1*	**3,840,000**	4,280,000
	PSX service charges		**873,507**	1,546,328
	C.D.C charges		**807,757**	1,791,602
	N.C.C.P.L and other charges		**377,604**	1,021,719
	Insurance expenses		**192,975**	178,250
	Printing and stationery		**439,537**	432,083
	Fees and subscription		**1,056,242**	1,213,495
	Communication expenses		**412,168**	435,663
	Auditors' remuneration	*18.2*	**350,000**	350,000
	Vehicle running expenses		**586,760**	484,157
	Donation	*19.3 / 19.4*	**1,775,000**	3,000,000
	Rent, rates and taxes		**215,380**	511,426
	Travelling and conveyance expenses		**888,205**	609,667
	Entertainment expenses		**594,494**	526,521
	Repairs and maintenance		**589,858**	547,318
	Depreciation		**1,200,929**	834,474
	General expenses		**1,666,801**	613,345
	Provision for impairment		-	112,784
			34,301,018	40,574,132

18.1 Chief Executive, Directors and Executives remuneration

	Chief Executive		Directors		Total	
	2018	2017	**2018**	2017	**2018**	2017
	Rupees					
Basic salary	**1,600,008**	1,600,008	**960,000**	960,000	**2,560,008**	2,560,008
House allowance	**639,984**	639,984	**384,000**	384,000	**1,023,984**	1,023,984
Utility allowance	**160,008**	160,008	**96,000**	96,000	**256,008**	256,008
Bonus	-	200,000	-	240,000	-	440,000
	2,400,000	2,600,000	**1,440,000**	1,680,000	**3,840,000**	4,280,000
Number of persons	1	1	1	1	2	2

19.1.1 In addition to the above, the Directors and Chief Executive Officer have been provided with Company maintained cars.

		2018	2017
18.2	**Auditors' remuneration**	Rupees	
	Audit fee	**350,000**	350,000

18.3 None of the directors or their spouse are interested in the donee institutions.

18.4 This includes a donation to Memon Hospital, Hyderabad amounting to Rs. 600,000. (2017: Rs. 700,000)

		Note	2018	2017
19	**FINANCE COSTS**		Rupees	
	Markup on running finance	19.1	**888,387**	1,217,704
	Bank charges		**65,043**	145,491
			953,430	1,363,195

19.1 This represents markup on short term working capital finance facility with limit upto Rs. 200 million (2017: Rs. 200 million), secured against pledge of promissory note amounting to Rs. 341.48 million, lien over portfolio of shares listed at PSX, lien over T-call account and personal guarantees of directors. The rate of mark-up for running finance ranges @ 3 months KIBOR +1 % per annum (2017: 3 months KIBOR+1%).

19.2 As of the reporting date, the unavailed facility of short term borrowings amounts to Rs. 200 million (2017: Rs. 200 million).

		2018	2017
20	**OTHER INCOME**	Rupees	
	Profit on cash margin placed with PSX	**475,019**	520,117
	Profit on saving accounts	**4,627,263**	5,963,303
		5,102,282	6,483,420

21	**TAXATION**		
	Current	**9,730,678**	6,609,533
	Prior	**(1,119,355)**	347,273
		8,611,323	6,956,806

21.1 Reconciliation of tax expense with accounting profit

Accounting profit before tax	**37,996,930**	84,116,917
Tax at the applicable rate of 30% (2017: 31%)	**11,399,079**	26,076,244
Tax effect of exempt income and income taxed at lower rate	**(2,561,180)**	(19,501,674)
Tax effect of tax credit on donation	-	(930,000)
Tax effect of inadmissible expenses	**892,779**	964,963
Effect of prior tax	**(1,119,355)**	347,273
	8,611,323	6,956,806

21.2 The income tax assessments of the Company have been finalised up to and including the tax year 2017. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

21.3 Comparison of last three years of income tax provision with tax assessed is presented below:

Accounting year	Tax year	Provision for taxation	Tax assessed
		Rupees	
June 30, 2017	2017	6,956,806	5,837,451
June 30, 2016	2016	7,233,013	6,810,627
June 30, 2015	2015	5,724,353	6,989,337

22 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of major shareholders, key management personnel, directors of the Company and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. During the year, there have been no transactions with related parties of the Company other than those disclosed elsewhere in the financial statements.

23 FINANCIAL INSTRUMENTS

23.1 Financial risk factors

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

- 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. Cash is held only with banks with high quality credit worthiness.

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

	2018	2017
	Rupees	
Long term deposits	4,010,200	3,515,039
Trade debts	1,341,183	1,389,090
Loan, deposit and other receivables	13,311,186	13,870,759
Bank balances	68,989,266	88,864,643
	87,651,835	107,639,531

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for the provision already recognized. None of the other financial assets are either past due or impaired. The aging of trade debts at the reporting date is as follows:

	2018	2017
	Rupees	
Upto five days	209,578	101,092
More than five days	1,244,389	1,400,782
	1,453,967	1,501,874

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities and the Company could be required to pay its liabilities earlier than expected or face difficulty in raising funds to meet commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The following are the contractual maturities of financial liabilities, including interest

	2018		
	Carrying Value	Contractual cash flow	Up to one year
Trade and other payables	72,317,447	72,317,447	72,317,447

	2017		
	Carrying Value	Contractual cash flow	Up to one year
Trade and other payables	69,698,105	69,698,105	69,698,105

(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. At the balance sheet date, the Company does not hold any significant interest bearing financial instruments.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2018	2017	**2018**	2017
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Bank deposits - Saving accounts	**5% - 6%**	5%-5.5%	**6,337,274**	32,093
Financial liabilities				
Short term borrowings	**3 Months KIBOR + 1%**	3 Months KIBOR + 1%	**-**	-

(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, 2018 and shows the effect of a hypothetical 5% increase or decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenario.

	Fair value	Hypothetical price change	Hypothetical increase (decrease) in profit before tax
June 30, 2018	**592,562,048**	**5% change**	**29,628,102**
June 30, 2017	596,582,162	5% change	29,829,108

23.2 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.

	2018		
	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost
June 30, 2018			
Financial assets			
Long term investment	-	**21,353,582**	-
Long term deposits	**4,010,200**	-	-
Trade debts	**1,341,183**	-	-
Short term investments	-	**571,208,466**	-
Loan, deposit and other receivables	-	-	-
Cash and bank balances	**68,999,902**	-	-
	74,351,285	**592,562,048**	-
Financial liabilities			
Trade and other payables	-	-	**72,317,447**

	2017		
	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost
June 30, 2017			
Financial assets			
Long term investment	-	10,290,952	-
Long term deposits	3,515,009	-	-
Short term investments	-	586,291,210	-
Trade debts	1,389,090	-	-
Loan, deposits and other receivables	13,870,759	-	-
Cash and bank balances	88,875,668	-	-
	107,650,526	596,582,162	-
Financial liabilities			
Trade and other payables	-	-	69,698,105

23.3 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

June 30, 2018	Level 1	Level 2	Level 3	Total
	Rupees			
-Long term investment	**21,353,582**	-	-	**21,353,582**
-Short term investments	**571,208,466**	-	-	**571,208,466**
	592,562,048	-	-	**592,562,048**

June 30, 2017	Level 1	Level 2	Level 3	Total
	Rupees			
-Long term investment	10,290,952	-	-	10,290,952
-Short term investments	586,291,210	-	-	586,291,210
	596,582,162	-	-	596,582,162

24 CAPITAL ADEQUACY LEVEL AND CAPITAL RISK MANAGEMENT

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 to be disclosed by Central Depository Company of Pakistan Limited is calculated as follows;

	2018	2017
	Rupees	
Total assets	**705,823,702**	727,340,854
Less: Total liabilities	**72,360,935**	69,698,105
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	**633,462,767**	657,642,749

While determining the value of the total assets of the Company, notional value of the TRE Certificate as determined by Pakistan Stock Exchange Limited has been considered.

25 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation. Reclassifications made in the financial statements are as follows :

Reclassification from component	**Reclassification to component**	**Rupees**
Long term deposits	**Long term deposits**	
Deposits-PSX	National Clearing Company of Pakistan Limited-Basic deposit	200,000
Loan, advances and other	**Loan, advances and other receivables**	
Receivables	Receivable from PSX against profit held on Deliverable Futures Contracts	2,001,005

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Reclassification from component	Reclassification to component	Rupees
Receivables	Receivable from PSX against profit	
	on deposit against Deliverable Futures Contracts	31,144
Receivables	Others	838,610
Trade and other payables	**Trade and other payables**	
Accrued and other liabilities	Accrued expenses	1,270,717
Accrued and other liabilities	Future profit withheld	1,546,595
Accrued and other liabilities	UIN net demand- Deliverable futures contracts	6,022,375

26 NUMBER OF EMPLOYEES

	2018	2017
	Number	
Total number of employees as at June 30	29	32
Average number of employees during the year	30.5	28

27 AMENDMENTS TO THE PREVIOUSLY ISSUED FINANCIAL STATEMENTS

As stated in note 3.1 to the financial statements, this set of financial statements is the amended version of the previously issued financial statements for the year ended June 30, 2018 (which were approved by the Board of Directors of the Company in their meeting held on September 25, 2018). After the said financial statements had been issued, it was identified that the value of certain assets which has been declared by the Company under the Voluntary Declaration of Domestic Assets Act, 2018 and there is no contribution in this respect by the shareholder and therefore, amount shown as "Advance against equity" in previously issued financial statements has been adjusted.

Hence, in order to depict the true financial position of the Company as at June 30, 2018 , the management deemed it necessary to issue the amended financial statements and accordingly reclassified the amount shown as "Advance against equity " to accumulated reserves.

A summary of the amendments made in previously reported figures is produced below:

Balance sheet as at June 30, 2018	As previously reported	As amended	Change
Equity and liabilities			
Unappropriated profit	420,431,447	423,881,447	3,450,000
Advance against equity	3,450,000	-	(3,450,000)
	423,881,447	423,881,447	-

28 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors of the Company in their meeting held on 07 NOV 2018 .

29 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE DIRECTOR