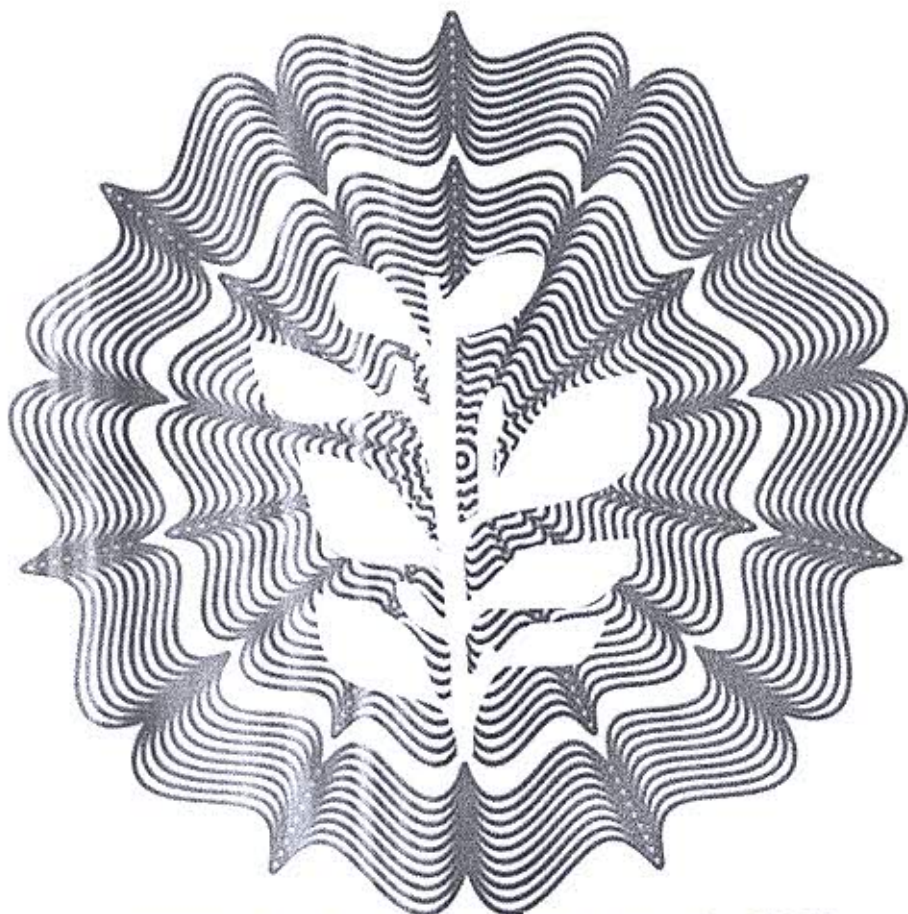




SHAJARPAK
SECURITIES

**FINANCIAL
STATEMENT FOR THE
YEAR ENDED 30 JUNE
2020**



INDEPENDENT AUDITOR'S REPORT

To the members of Shajarpak Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shajarpak Securities (Private) Limited (the Company), which comprise the statement of financial position as at 30 June 2020, 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 or 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 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

Shajarpak Securities (Private) Limited – 30 June 2020

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 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.

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 Mr. Rashid Rahman Mir.


Rashid Rahman Mir, Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Lahore: 26 AUG 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

NON CURRENT ASSETS

3

4

5

CURRENT ASSETS

102,995,909	52,692,099
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The annexed notes from 1 to 25 form an integral part of these financial statements.

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

DIRECTOR



SHAJARPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

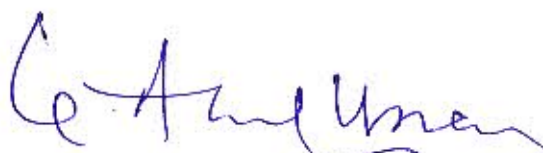
	NOTE	30-Jun-20 Rupees	30-Jun-19 Rupees
OPERATING INCOME	13	6,909,339	5,281,430
LOSS ON SALE OF SECURITIES - NET	14	-	(356,780)
OTHER INCOME	15	1,313,618	1,778,545
		8,222,957	6,703,195
OPERATING EXPENSES	16	(6,646,682)	(7,325,313)
FINANCE COST		(580)	(2,434)
		(6,647,262)	(7,327,747)
REALIZED FAIR VALUE RESERVE ON INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AS "FVOCI"		-	77,738
PROFIT/(LOSS) BEFORE TAXATION		1,575,695	(546,814)
TAXATION	17	(369,860)	(257,624)
PROFIT/(LOSS) AFTER TAXATION FOR THE YEAR		1,205,835	(804,438)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX:			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
UNREALIZED LOSS ON INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AS "FVOCI"		(229,478)	(4,732,890)
REALIZED FAIR VALUE RESERVE ON INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AS "FVOCI"		-	(77,738)
		(229,478)	(4,810,628)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		(229,478)	(4,810,628)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		976,357	(5,615,066)
EARNINGS/(LOSS) PER SHARE-BASIC AND DILUTED	18	0.34	(0.26)

The annexed notes from 1 to 25 form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.


DIRECTOR


DIRECTOR



SHAJARPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Capital Reserve	Revenue Reserve	Total
		Fair value reserve - unrealized	Unappropriated profit/(loss)	
Rupees				
Balance as at 01 July 2018	30,000,000	6,113,088	4,501,983	40,615,071
Bonus shares issued from un-appropriated profit	1,000,000	-	(1,000,000)	-
Ordinary shares issued - fully paid in cash	4,000,000	-	-	4,000,000
Loss after taxation for the year	-	-	(804,438)	(804,438)
Other comprehensive loss for the year	-	(4,810,628)	-	(4,810,628)
Total comprehensive loss for the year	-	(4,810,628)	(804,438)	(5,615,066)
Balance as at 30 June 2019	35,000,000	1,302,460	2,697,545	39,000,005
Profit after taxation for the year	-	-	1,205,835	1,205,835
Other comprehensive loss for the year	-	(229,478)	-	(229,478)
	-	(229,478)	1,205,835	976,357
Balance as at 30 June 2020	35,000,000	1,072,982	3,903,380	39,976,362

The annexed notes from 1 to 25 form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.


DIRECTOR


DIRECTOR



SHAJRPAK SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

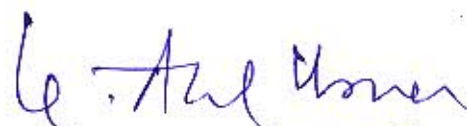
NOTE	30-Jun-20 Rupees	30-Jun-19 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	1,575,695	(546,814)
Adjustments for:		
Depreciation	264,008	304,820
Amortization on computer software	217,013	241,125
Loss on sale of securities	-	356,780
Dividend income	(1,234,773)	(1,739,387)
Finance cost	580	2,434
Realized fair value reserve on investment in equity instruments designated as "FVOCI"	-	(77,738)
	(753,172)	(911,966)
Operating cash flows before working capital changes	822,523	(1,458,780)
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in current assets:		
Trade debts	(3,793,240)	(2,511,816)
Loans & advances	(9,740)	(64,550)
Taxes refundable/adjustable	100,934	(298,712)
(Decrease)/increase in current liabilities:		
Trade and other payables	49,327,453	(4,815,757)
	45,625,407	(7,690,835)
Cash generated from/(used in) operations	46,447,930	(9,149,615)
Finance cost paid	(580)	(2,434)
Income tax paid	(369,860)	(257,624)
Net cash generated from/(used in) operating activities	46,077,490	(9,409,673)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(17,000)	(19,550)
Decrease in long term deposits	-	100,000
Increase in Short term investments	(618,676)	(1,269,052)
Proceeds from sale of investments	-	805,400
Dividend received	1,234,773	1,739,387
Net cash generated from investing activities	599,097	1,356,185
CASH FLOW FROM FINANCING ACTIVITIES		
Ordinary shares issued	-	4,000,000
Net cash generated from/(used in) financing activities	-	4,000,000
Net increase/(decrease) in cash and cash equivalents during the year	46,676,587	(4,053,488)
Cash and cash equivalents at the beginning of the year	18,914,578	22,968,066
Cash and cash equivalents at the end of the year	12 65,591,165	18,914,578

The annexed notes from 1 to 25 form an integral part of these financial statements.

Statement under section 232(1) of the Companies Act, 2017:

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.


DIRECTOR


DIRECTOR



SHAJARPAK SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 STATUS AND NATURE OF BUSINESS

Shajarpak Securities (Private) Limited (the company) is incorporated in Pakistan on 23 December 2013 and its registered office is situated at 415-424 Alfalah Building, The Mall, Lahore, Pakistan while its principal place of business is situated at 101, Lahore Stock Exchange Building, Lahore, Pakistan. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited and principal activities of the company include shares brokerage, investment in securities, portfolio management and other dealings related to shares and securities.

2 BASIS OF PREPARATION & SIGNIFICANT ACCOUNTING POLICIES

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."

The management has voluntarily adopted IFRS instead of International Financial Reporting Standard for Small and Medium-Sized Entities (SMEs) issued by International Accounting Standard Board (IASB) and accordingly excessive disclosures has been given to achieve fair presentation of the financial statement.

2.2 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

a) Standards and interpretations that became effective but not relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments resulting from Annual Improvements 2015-2017 Cycle).
- IFRS 11 - Joint Arrangements (Amended by Annual Improvements to IFRS Standards 2015-2017 Cycle).
- IFRS 16 - Leases
- IFRS 16 - Leases - (Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS 12- Income Taxes - (Amended by Annual Improvements to IFRS Standards 2015-2017 Cycle).
- IAS 19 - Employee Benefits-(Plan amendment, curtailment or settlement).
- IAS 23 - Borrowing Costs-(Amendments resulting from annual improvements 2015-2017 Cycle).
- IAS 28 - Investments in Associates-(Amended by Long-term Interests in Associates and Joint Ventures).
- IFRIC 23 - Uncertainty Over Income Tax Treatments.

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amended-definition of business)-(applicable for annual periods beginning on or after 1 January 2020).
- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022).



- IFRS 7 - Financial Instruments: Disclosures - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020).
- IFRS 9 - Financial Instruments - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020).
- IFRS 9 - Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018-2020)-(applicable for annual periods beginning on or after 1 January 2022).
- IAS 1- Presentation of Financial Statements - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).
- IAS 1- Presentation of Financial Statements - (Amended Amendments regarding the classification of liabilities)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 8- Accounting Policies , Changes in Accounting Estimates and Errors - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).
- IAS 16- Plant property and equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020).
- IAS 41- Agriculture - (Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (taxation in fair value measurements))-(effective for annual periods beginning on or after 1 January 2020).

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts
- IFRS 14 – Regulatory Deferral Accounts

2.3 Accounting convention

These financial statements have been prepared under the "Historical Cost Convention" except for financial instruments which are stated at fair value. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

2.4 Judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Taxation	(note 2.7)
Useful lives of depreciable assets and residual value	(note 2.9)
Intangible assets	(note 2.10)

2.5 Provisions

Provisions are recognized in the statement of financial position when the company has a legal or constructive obligation as a result of past events, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.



2.6 Trade & other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of consideration to be paid in future for goods and services.

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credit and rebates, if any available under the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. 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 the current rate of taxation. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax is charged and credited to income except in the case of items credited or charged to equity in which case it is included in equity.

2.8 Impairment

The carrying amounts of the company's assets are reviewed at statement of financial position date to determine whether there is any indication of impairment, if any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognized.

2.9 Property & Equipment and Depreciation

Owned Assets

Property & Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on additions during the year from the month in which Property & Equipment become available for use while no depreciation is charged from the month of deletions/disposals.

Depreciation is charged to profit on reducing balance method so as to write off the value of assets over their estimated useful lives at rates disclosed in note 7. Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Minor renewals or replacements, maintenance, repairs, gains or losses on disposal of Property & Equipment are included in statement of profit or loss currently. Major renewals and improvements are capitalized.

An item of Property & Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as net difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

2.10 Intangible assets

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to statement of profit or loss on a reducing balance method basis so as to write off the value of assets over their estimated useful lives at rates disclosed in note 8. Amortization is charged on additions during the year from the month in which intangible assets become available for use while no amortization is charged from the month of deletions/disposals. Amortization methods, residual values and useful lives of assets are reviewed at each financial year end and adjusted if impact on amortisation is significant.



Intangible assets having indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the company. However, the carrying amount is reviewed at each statement of financial position date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

2.11 Trade debts and other receivables

These are initially recorded at fair value and subsequently measured at amortized cost. Debts considered irrecoverable are written off/provided for in the year in which these are so determined by the management. Any allowance for doubtful debts is not created.

2.12 Tax on commission

This is shown as a deduction from commission income in statement of profit or loss.

2.13 Revenue Recognition

Brokerage and service charges are recognized as and when services are provided on accrual basis. Capital gains or losses on sale of investments are taken to income as and when these actually arise. Dividend is recognized when the shareholder's right to receive dividend is established.

2.14 Cash and Cash Equivalents

These consist of cash in hand, balances with banks and other short term highly liquid investments that are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

2.15 Financial instruments

Initial Recognition

Financial assets and financial liabilities are recognized when entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on trade date basis, except for sale and purchase of securities in future market, which are accounted for at settlement date.

Initial Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs on initial recognition that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

All the financial assets of the Company as at statement of financial position date are carried under following categories.

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.



Financial liabilities

Financial liabilities and equity instruments issued by Company are classified according to the substance of the contractual arrangements entered into. Financial liabilities are subsequently measured at amortized cost, using the effective interest method.

Derecognition

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.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

The effective interest method applied to financial liability is of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognized on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

2.16 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when the company has a legally enforceable right to set off the recognized asset and liability or intend either to settle on net basis or to realize the assets and settle the liabilities simultaneously. Corresponding income on the asset and charge on the liability is also offset.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

2.18 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date, except those covered under forward exchange contracts which are stated at contracted rate. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. All exchange differences are included in profit or loss for the year.

2.19 Related parties transactions

Transactions with related parties are carried out at arm's length and priced at comparable uncontrolled market price.

Parties are said to be related if they are generally considered to be able to influence the operating and financial decisions of the company and vice versa.

2.20 Presentation & functional currency

Figures in these financial statements are rounded off to the nearest rupee, which is the company's presentation and functional currency. Comparative figures have been reclassified and rearranged, wherever necessary to facilitate comparison. Significant reclassifications and rearrangements are disclosed in relevant notes.



Note

30-Jun-20
Rupees30-Jun-19
Rupees

3 SHARE CAPITAL

30-Jun-20	30-Jun-19
Number of Shares	

Authorized capital

Ordinary shares of Rs. 10/- each	10,000,000	10,000,000	100,000,000	100,000,000
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Issued, subscribed and paid up capital

Ordinary shares of Rs. 10/- each				
- Fully paid in cash	3,400,000	3,400,000	34,000,000	34,000,000
- Fully paid bonus shares	100,000	100,000	1,000,000	1,000,000
	<u>3,500,000</u>	<u>3,500,000</u>	<u>35,000,000</u>	<u>35,000,000</u>

All the shares are similar with respect to their rights on voting, board selection, first refusal and block voting.

4 DEFERRED LIABILITIES

Deferred Taxation

Deferred tax is recognized in past years in respect of all temporary differences arising from carrying values of assets and liabilities in financial statements and their tax base. The company in accordance with its policies and as matter of prudence has not recognised deferred tax asset of Rs. 1,445,467/- (2019: Rs. 766,575/-). The deferred tax asset not recognised is mainly on account of unused tax losses and minimum tax adjustable.

5 TRADE AND OTHER PAYABLES

Trade payables	5.1	62,628,046	13,279,987
Accrued & other liabilities		304,550	401,997
Taxes payables		<u>86,951</u>	<u>10,110</u>
		<u>63,019,547</u>	<u>13,692,094</u>

5.1 This includes balances amounting to Rs. 10,963,864/- (2019: Rs. 1,110,942/-) due to directors, chief executive & other related parties.

6 CONTINGENCIES AND COMMITMENTS

The company is not exposed to any contingent liability and has not made any commitment at the year end (2019: Nil).



Description	Leasehold	Owned			
	Stock Exchange	Furniture & Fittings	Office Equipment	Computers	Air Conditioning Equipment
Rupees					
Total					

Cost

Balance as at 01 July 2018

Additions during the year

Disposals

Balance as at 30 June 2019

Additions during the year

Disposals

Balance as at 30 June 2020

Accumulated depreciation

Balance as at 01 July 2018

Charge for the year

On disposals

Balance as at 30 June 2019

Charge for the year

On disposals

Balance as at 30 June 2020

Carrying amount - 30 June 2020

Carrying amount - 30 June 2019

Rates of Depreciation %

2.5	15	15	30	15
4,675,708	92,095	342,206	150,209	27,480
4,795,598	108,347	383,846	214,585	32,330
5,534,706				
577,138	88,549	287,421	797,806	39,685
122,964	18,282	65,904	91,965	5,705
-	-	-	-	-
700,102	106,831	353,325	889,771	45,390
119,890	16,252	58,640	64,376	4,850
-	-	-	-	-
819,992	123,083	411,965	954,147	50,240
2,359,427				
5,495,700	215,178	754,171	1,104,356	77,720
-	-	-	-	-
5,495,700	215,178	737,171	1,104,356	77,720
-	-	-	-	-
5,495,700	209,478	723,321	1,104,356	77,720
-	5,700	13,850	-	-
-	-	-	-	-
7,610,575				
19,550				



	Note	30-Jun-20 Rupees	30-Jun-19 Rupees
8 INTANGIBLE ASSETS			
Trading Right Entitlement Certificate (TRE Certificate)	8.1	2,500,000	2,500,000
Computer Software	8.2	1,953,117	2,170,130
		<u>4,453,117</u>	<u>4,670,130</u>
8.1 Value as at July 01,		2,500,000	2,500,000
Impairment loss on TRE Certificate		<u>2,500,000</u>	<u>2,500,000</u>

The TRE Certificate carried on the value which has been advised by PSX for the Base Minimum Capital Requirement and considered having indefinite useful life.

8.2 Computer Software

Cost

Opening balance	3,523,000	3,523,000
Additions during the year	-	-
Disposals during the year	-	-
Closing balance	<u>3,523,000</u>	<u>3,523,000</u>

Accumulated Amortization

Opening balance	1,352,870	1,111,745
Charged during the year	217,013	241,125
On disposal	-	-
Closing balance	<u>1,569,883</u>	<u>1,352,870</u>

Carrying amounts (WDV)

<u>1,953,117</u>	<u>2,170,130</u>
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Amortization Rate

<u>10%</u>	<u>10%</u>
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8.3 The company has no internally generated intangible assets.

9 TRADE DEBTS

<u>7,017,197</u>	<u>3,223,957</u>
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These are unsecured but considered good by the management.

The balances due from directors, chief executive & other related parties along with their maximum aggregate balance due at the end of any month during the year were as follows;

<u>Name of related party</u>	<u>Maximum aggregate balance</u>		
Mr. Omer Bin Aamir	53,050	-	-
Khawaja Ahmed Arsalan	183	-	-
Khawaja Ahmed Usman	652	652	198
Miss. Momina Omer	24,106	-	-
Miss. Sarah Khalid Usman	678	-	-
		<u>652</u>	<u>198</u>



10 SHORT TERM INVESTMENTS

At fair value through OCI ★

	Note	30-Jun-20 Rupees	30-Jun-19 Rupees
Quoted shares	10.1	9,745,260	9,356,062
Un-Quoted shares	10.2	7,663,293	7,663,293
		<u>17,408,553</u>	<u>17,019,355</u>

10.1 Quoted shares:

Name of investee	30 June 2020			30 June 2019		
	Number of shares	Cost	Carrying Value	Number of shares	Cost	Carrying Value
		Rupees	Rupees		Rupees	Rupees
Oil & Gas Development Corp.	5,300	801,031	577,700	5,300	801,031	696,897
Engro Fertilizers Limited	11,000	878,626	663,080	11,000	878,626	703,670
Engro Corporation Limited	4,400	1,546,155	1,288,848	4,400	1,546,155	1,168,640
Nishat (Chunian) Limited	50,000	1,977,170	1,622,500	50,000	1,977,170	1,751,000
Haseol Petroleum Ltd.	41,395	1,627,725	562,972	8,250	1,296,275	566,115
Millat Tractors Limited	3,375	2,334,377	2,383,290	3,000	2,085,501	2,587,140
Cherat Cement Company Limited	11,000	1,412,239	958,870	10,000	1,373,889	309,600
Fauji Cement Company Limited	100,000	2,297,950	1,688,000	100,000	2,297,950	1,573,000
	226,470	12,875,273	9,745,260	191,950	12,256,597	9,356,062

10.2 Unquoted shares:

Name of investee	30 June 2020			30 June 2019		
	Number of shares	Cost	Carrying Value	Number of shares	Cost	Carrying Value
		Rupees	Rupees		Rupees	Rupees
LSE Financial Services Ltd.	337,590	3,460,298	7,663,293	337,590	3,460,298	7,663,293
	337,590	3,460,298	7,663,293	337,590	3,460,298	7,663,293

★ Shares having carrying value of Rs. 7,663,293/- (2019: Rs. 7,663,293/-) have been pledged against Base Minimum Capital (BMC) and shares having carrying value of Rs. 5,525,510/- (2019: Rs. 3,899,510/-) have been pledged against market exposure for trade of shares with Pakistan Stock Exchange. Further the unquoted shares have been taken at breakup value as per latest available audited financial statements for the year ended 30 June 2019.

11 TAXES RECOVERABLE/ADJUSTABLE

Advance income tax	1,915,749	1,904,447
Less : provision for taxation	(369,860)	(257,624)
	<u>1,545,889</u>	<u>1,646,823</u>

12 CASH AND BANK BALANCES

Cash in hand

Cash at bank:

Current accounts

12.1	65,591,165	18,914,578
	<u>65,591,165</u>	<u>18,914,578</u>

12.1 It includes Rs. 60,900,104/- (2019: Rs 12,392,805/-) pertaining to clients kept in separate bank accounts.



	Note	30-Jun-20 Rupees	30-Jun-19 Rupees
13 OPERATING INCOME			
Gross commission income		8,014,834	6,126,459
Less: Taxes on commission		(1,105,495)	(845,029)
		<u>6,909,339</u>	<u>5,281,430</u>
14 LOSS ON SALE OF SECURITIES			
Carrying value of investment		-	1,162,180
Fair value at time of sale (proceeds)		-	(805,400)
		<u>-</u>	<u>356,780</u>
15 OTHER INCOME			
Income from financial assets:			
Dividend Income in form of:			
Cash		947,547	1,271,370
Bonus shares		287,226	468,017
	15.1	<u>1,234,773</u>	<u>1,739,387</u>
Markup income		49,669	29,637
		<u>1,284,442</u>	<u>1,769,024</u>
Income from non-financial assets:			
Income from physical shares processing		14,670	5,701
Reversal of excess provision		14,506	-
Commission from IPO		-	3,820
		<u>29,176</u>	<u>9,521</u>
		<u>1,313,618</u>	<u>1,778,545</u>
15.1	It includes dividends related to investments derecognised during the year amounting to Rs. nil (2019: 30,300).		
16 OPERATING EXPENSES			
Staff salaries & allowances		3,331,520	3,546,708
Printing & stationery		54,409	60,824
Entertainment		74,554	187,770
Travelling & conveyance		19,110	20,370
Repairs and maintenance		201,330	234,570
Postage & courier		37,597	45,091
Newspaper & Periodicals		5,135	4,968
Rent, Rates & Taxes		18,567	30,729
Telephone and internet expenses		445,029	525,035
Electricity expenses		260,663	272,986
PSX related charges		113,866	92,034
NCCPL Charges		92,863	79,965
Central depository expenses (Net)		12,830	11,550
Fees and subscriptions		994,280	1,187,942
Depreciation	7	264,008	304,820
Insurance Charges		4,683	7,726
Amortization of software	8	217,013	241,125
Office maintenance		95,424	95,424
Auditors' remuneration	16.1	250,000	209,000
Other Auditors' fees		95,000	119,523
Other Expenses		58,801	47,153
		<u>6,646,682</u>	<u>7,325,313</u>
16.1	Auditors' remuneration consist of:		
Audit Fee		165,000	159,500
Taxation Services		55,000	49,500
Other Certifications		30,000	-
		<u>250,000</u>	<u>209,000</u>



	Note	30-Jun-20 Rupees	30-Jun-19 Rupees
17	TAXATION		
Current	17.1	369,860	257,624
Deferred taxation		-	-
Prior year		-	-
		<u>369,860</u>	<u>257,624</u>

17.1 Provision for the current year has been made at the current tax rate after taking into account tax rebates and tax credits available. The income tax assessments of the Company have been finalized up to tax year 2019.

17.2 **Relationship between tax expense and accounting profit:**

The company has not prepared reconciliation between tax expense and accounting profit as it charged to minimum tax/fixed tax/alternate corporate tax during current and previous year and the relation between tax expense and accounting profit is not meaningful.

18 **EARNINGS PER SHARE - BASIC AND DILUTED**

Earnings per share is calculated by dividing the profit/(loss) after tax for the year by the weighted average number of shares outstanding during the year as follows:

Profit/(loss) after tax	1,205,835	(804,438)
Weighted average number of ordinary shares outstanding during the year	3,500,000	3,102,192
Earnings per share	0.34	(0.26)

The Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised, therefore no figure for diluted earnings per share has been presented.

19 **REMUNERATION OF DIRECTORS, EXECUTIVES AND CHIEF EXECUTIVE**

No remuneration or benefits of any kind, to any of the chief executive, directors and executives of the company, were charged in these financial statements (2019: Nil).

20 **TRANSACTIONS WITH RELATED PARTIES**

The company, in the normal course of business, carries out transactions with various related parties which comprise of key management personnel. Balances due to/due from related parties are disclosed in note 5 and 9. Remuneration of directors and chief executive is disclosed in note 19. Total amount of transactions with directors, chief executives and other related parties are as follows:

Relationship

Directors, Chief executives and other related parties

Nature of transaction

Commission on trading of securities	133,201	52,230
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Following are the related parties with whom the company had entered into transactions during the year:

Name	Relationship	Basis of relationship	Shareholding
Mr. Omer Bin Aamir	Chief Executive (CEO)	Key Management Personal	-
Khawaja Ahmed Arsalan	Director	Shareholding	25%
Khawaja Ahmed Imran	Director	Shareholding	25%
Khawaja Ahmed Usman	Director	Shareholding	25%
Khawaja Ahmed Hassan	Director	Shareholding	25%
Miss. Momina Omer	Family member	Spouse of CEO	-
Miss. Rubina Arsalan	Family member	Spouse of Director	-
Miss. Sarah Khalid Usman	Family member	Spouse of Director	-
Miss. Ayesha Hassan	Family member	Spouse of Director	-



21 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the company's risk management policies.

21.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade debts. Out of the total financial assets of Rs. 91,621,705/- (2019: Rs. 40,840,440/-) the financial assets which are subject to credit risk are amounted to Rs. 91,621,705/- (2019: Rs. 40,840,440/-).

To manage exposure to credit risk in respect of trade debts management performs credit reviews taking into account the customer's financial position, past experience and obtain advance payments from certain parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	30-Jun-20 Rupees	30-Jun-19 Rupees
Long Term Deposits	1,023,000	1,023,000
Trade debts	7,017,197	3,223,957
Short term investments	17,408,553	17,019,355
Loans, advances & prepayment	581,790	659,550
Bank balances	65,591,165	18,914,578
	<u>91,621,705</u>	<u>40,840,440</u>

All the trade debts at the statement of financial position date represent domestic parties. The aging of trade debts at the reporting date is:

Due for 1-14 days	5,551,700	1,561,099
Due for more than 14 days	1,465,497	1,662,858
	<u>7,017,197</u>	<u>3,223,957</u>

In the opinion of the management, no provision is necessary for balances due for more than 14 days as these are considered good based on payment history.

Credit risk related to bank balance

The bank balance represents low credit risk as this is placed with bank having good credit rating assigned by independent credit rating agency. The credit quality of bank balance can be assessed with reference to external credit rating as follows:

Bank Name	Rating Agency	Rating		30-Jun-20 Rupees	30-Jun-19 Rupees
		Short term	Long term		
Bank Al-Habib Limited	PACRA	A-1+	AA+	63,158,774	17,837,547
Summit Bank Limited	VIS	A-3	BBB-	384,331	339,156
MCB Bank Limited	PACRA	A-1+	AAA	2,048,060	737,875
				<u>65,591,165</u>	<u>18,914,578</u>

21.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The company is not materially exposed to liquidity risk as substantially all obligations/commitments of the company are short term in nature.



The following are the contractual maturities of the financial liabilities:

	Carrying amount	Contractual Cash flows	Six Months or Less	Six to twelve months	One to two years
	Rupees				
30 June 2020					
Trade and other payables	62,932,596	62,932,596	62,932,596	-	-
	62,932,596	62,932,596	62,932,596	-	-
30 June 2019					
Trade and other payables	13,681,984	13,681,984	13,681,984	-	-
	13,681,984	13,681,984	13,681,984	-	-

21.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

21.3.1 Currency risk

The Company is not exposed to any currency risk as it does not hold any foreign currency receivables and payables.

21.3.2 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 rate. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The company manages these mismatches through risk management strategies.

21.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Company is exposed to equity price risk since it has investment in quoted equity securities amounting to Rs. 9,745,260/- (2019: Rs. 9,356,062/-) and unquoted equity securities amounting to Rs. 7,663,293/- (2019: Rs. 7,663,293/-) at statement of financial position date.

The carrying value of investment subject to equity price risk are based on quoted market prices and unquoted shares break-up value as per latest available audited financial statements. Market & break-up prices are subject to fluctuation and consequently the amount recognized in the subsequent sale of an investment may significantly differ from the reported values.

The Company's strategy is to hold its equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

Sensitivity analysis

The table below summarizes company's equity price risk as of 30 June 2020 shows the effects of a hypothetical 10% increase and a 10% decrease in market & break-up prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, results could be worse because of the nature of equity markets.



Had all equity investments been measured at fair values as required by IFRS 9 "Financial Instruments", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase/ (decrease) in profit before tax
30 June 2020	17,408,553	10% increase	19,149,408	1,740,855	1,740,855
		10% decrease	15,667,698	(1,740,855)	(1,740,855)
30 June 2019	17,019,355	10% increase	18,721,291	1,701,936	1,701,936
		10% decrease	15,317,420	(1,701,936)	(1,701,936)

21.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

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

		Level 1	Level 2	Level 3
30 June 2020	Equity securities	9,745,260	7,663,293	-
30 June 2019	Equity securities	9,356,062	7,663,293	-

As at 30 June 2020, the fair value of all financial instruments has been based on the valuation methodology outlined below:

Long term deposits

Long term deposits do not carry any rate of return. The fair value of these has been taken at book value as it is not considered materially different and readily exchangeable.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

Categories of financial instruments

Financial Instrument	Categories of financial instrument	30-Jun-20 Rupees	30-Jun-19 Rupees
Financial Assets			
Long Term Deposits	At amortized cost	1,023,000	1,023,000
Trade debts	At amortized cost	7,017,197	3,223,957
Loans, advances & prepayment	At amortized cost	581,790	659,550
Cash and bank balances	At amortized cost	65,591,165	18,914,578
		74,213,152	23,821,085
Short term investments	At fair value through OCI	17,408,553	17,019,355
		91,621,705	40,840,440
Financial Liabilities			
Trade and other payables	At amortized cost	62,932,596	13,681,984
		62,932,596	13,681,984



22 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditors and market confidence, sustain future development of business, 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The capital adequacy level of the company is as follows;

	30-Jun-20 Rupees	30-Jun-19 Rupees
Total assets	102,995,909	52,692,099
Less : Total liabilities	(63,019,547)	(13,692,094)
Less : Revaluation reserves (created upon revaluation of fixed assets)	-	-
	39,976,362	39,000,005

While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the company as at year ended 30 June 2020 as determined by Pakistan Stock Exchange has been considered.

Consistently with others in the industry, the company monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt ÷ equity. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Equity comprises of share capital, reserves and unappropriated profit. The company has nil amount of borrowings/net debts at the year end, therefore gearing ratios of the company is not applicable.

23 NUMBER OF EMPLOYEES

Number of employees as at 30 June 2020 were 7 (2019: 8).

Average number of employees during the year were 7 (2019: 8).

24 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There are no significant activities since 30 June 2020 causing any adjustment/disclosure in these financial statements.

25 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 26 AUG 2020 by the Board of Directors.

Statement under section 232(1) of the Companies Act, 2017:

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.


DIRECTOR


DIRECTOR

