



**Annual Report**  
**June 30, 2019**

**TRUST SECURITIES & BROKERAGE LIMITED**

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## COMPANY INFORMATION

### Board of Directors:

Ms. Zenobia Wasif  
Mr. Muhammad Khurram Faraz  
Mr. Abdul Basit  
Mr. Khizer Hayat Farooq  
Mr. Junaid Shehzad Ahmad  
Mr. Zulfiqar Ali Anjum  
Mr. Talha Muhammad Razi

Chairman/Director (Executive)  
Chief Executive Officer/Director (Executive)  
Director (Non-Executive)  
Non-Executive (Independent)  
Non-Executive (Independent)  
Executive  
Non-Executive

### Chief Financial Officer

Waseem Ahmad Khan

### Company Secretary

Syed Maqsood Ahmad

### Audit Committee:

Mr. Junaid Shehzad Ahmad	Chairman
Mr. Khizer Hayat Farooq	Member
Mr. Muhammad Talha Razi	Member

### H.R & Remuneration Committee:

Mr. Khizer Hayat Farooq	Chairman
Mr. Abdul Basit	Member
Ms. Zenobia Wasif	Member

### Auditors:

Reanda Haroon Zakaria & Company  
Chartered Accountants

### Internal Auditors:

Muhammad Adnan Siddiqui  
Chartered Accountant

### Legal Advisors:

Mr. Abdul Majeed  
Advocate

### Share Registrar:

Hameed Majeed Associates (Pvt.) Ltd.  
H.M. House, 7-Bank Square, Lahore.  
Tel: (92-42) 3723 5081-82, Fax: (92-42)

37358817

### Bankers:

Habib Bank Limited, Karachi  
J.S. Bank Limited, Karachi  
Habib Metropolitan Bank Limited, Lahore

Bank Alfalah Limited, Lahore  
MCB Bank Limited, Lahore  
Al-Baraka Bank (Pakistan) Limited, Lahore

### Registered Office:

Suite No. 401 & 402, 4<sup>th</sup> Floor, Business & Finance Centre,  
I.I. Chundrigar Road, Karachi (Pakistan)  
UAN: (92-21)111-000-875  
Tel: (92-21) 32469044-48, Fax: (92-21)32467660

### Branch Office Karachi:

2<sup>nd</sup> Floor, PSX New Building  
Stock Exchange Road, Karachi, Pakistan  
Tel: (92-21) 32460161-7, Fax: (92-21) 32467660

### Branch Office Lahore:

2<sup>nd</sup> Floor, Associated House  
Building No. 1&2, 7-Kashmir Road, Lahore  
Tel: (92-42)36310241-44, Fax: (92-42) 36373040

Website: [www.tsbl.com.pk](http://www.tsbl.com.pk) E-mail: [info@tsbl.com.pk](mailto:info@tsbl.com.pk)

## **Our Mission**

To provide our clients premium quality  
Service and deliver optimal return to our  
Shareholders

## **Our Vision**

To become a leading securities firm and  
Contribute its role in the growth of domestic  
Capital markets and economy

# CODE OF ETHICS

We are strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices:

1. Trust & Integrity
2. Fair Treatment
3. Respectful Treatment
4. Observance of the Rules and Regulations
5. Observance of the Interests of the Contracting Parties
6. Preserve the confidentiality of information communicated by clients within the scope of the Manager-client relationship
7. Use reasonable care and prudent judgment when managing client assets
8. Not engage in practices designed to distort prices or artificially inflat trading volume with the intent to mislead market participants
9. Maximize client portfolio value by seeking best execution for all client transactions
10. Establish policies to ensure fair and equitable trade allocation among client
11. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements
12. Everyone has different needs, preferences and circumstances. They therefore need a portfolio that truly caters to them
13. Ensure portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.

## **TRUST SECURITIES & BROKERAGE LIMITED**

### **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE TWENTYSIXTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON FRIDAY, OCTOBER 25, 2019 AT 2:45 P.M. AT SUITE # 401-402, 4<sup>TH</sup> FLOOR, BUSINESS & FINANCE CENTRE, I.I. CHUNDRIGAR ROAD, KARACHI TO TRANSACT THE FOLLOWING BUSINESS**

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#### **ORDINARY BUSINESS:**

1. To confirm the minutes of the last Annual General Meeting held on October 27, 2018.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and the Auditors' reports thereon.
3. To appoint Auditors of the Company for the year 2019-20 and to fix their remuneration.
4. To discuss any other matter with the permission of the Chair.

#### **Special Business:**

1. To consider, and if thought fit, to pass the following resolution as special resolution with or without modification relating to transmission of Annual audited financial statements of the Company through CD or DVD or USB:

**Resolved that** the transmission of the Annual audited financial statements of the Company together with the Directors' and Auditors' Report thereon, the notes and other information forming part thereof through CD or DVD or USB to members instead of sending in Book form / hard copy be and is hereby approved in terms of SECP S.R.O # 470 dated May 31, 2016.

***By Order of the Board***

Karachi  
October 03, 2019

Sd/-  
**COMPANY SECRETARY**

#### **NOTES:**

1. The register of members will remain closed from October 19, 2019 to October 25, 2019 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as proxy. Proxies must be received at the Company's registered office not less than 48 hours before the meeting and must be duly stamped and signed.
3. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy, a copy of shareholders attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

4. The Financial Statements of the Company for the year ended June 30, 2019 will be placed on Company's website <http://tsbl.com.pk> in due course of time.
5. Members who have not yet submitted photocopy of their CNIC and email address are requested to send the same to the Share Registrar of the Company.
6. Video Conference Facility: In terms of the Companies Act, 2017, members residing in other cities and holding at least 10% of the total paid up shares capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the standard Form available on the website of the Company.
7. The Annual Report is being transmitted to shareholders through CD or DVD or USB instead of sending in Book form / hard copy in terms of SECP SRO # 470(I)/ 2016 dated May 31, 2016 and its subsequent approval in the Annual General Meeting.

**Statement under Section 134(3) of the Companies Act, 2017**

The Securities & Exchange Commission of Pakistan (SECP) vide S.R.O # 470 dated May 31, 2016 has permitted the listed companies to Transmit the annual audited accounts through CD/DVD/USB instead of sending the same in Book form, subject to fulfillment of a few conditions including seeking consent from the Members.

This will be cost effective way for the company to transmit the accounts through CD/DVD/USB. However company will supply a copy in Book form if it will receive a written request from a shareholder of the Company.

# DIRECTORS' REPORT

For the Year Ended 30<sup>th</sup> June, 2019

## DEAR SHAREHOLDERS,

The directors are pleased to present the Audited Financial Statements of the Company for the year ended 30<sup>th</sup> June 2019 together with auditors' and Directors' report thereon as per accounting, regulatory and legal requirements.

## MARKET AND PERFORMANCE REVIEW

The financial year 2018-19 saw chaos and turmoil in the capital markets. Reasons behind the chaos were manifold, but primary reasons were political uncertainty whereby the government constantly changed their ministerial portfolios and their policies; economic uncertainty in term of IMF loan, depreciation of the rupee, rising interest rates resulting in higher inflation.

The higher policy rate was a convincing factor for investors to divert their funds in risk free products and earning higher rates as offered by banks; thereby witnessing a shift of investor funds from capital markets to the banking sector.

Another reason for lack of investor confidence has been the extra ordinary documentation and paper work required by the regulators to fully document this sector of the economy, with added regulation and requirements coupled with strict compliance are the results of guidelines issued under the FATF regime.

## FINANCIAL RESULTS:

The summarized financial results are as follows:

	NOTE	2019 (RUPEES)	2018 (RUPEES)
Operating Revenue	20	37,074,178	2,905,421
Loss on Sale of short term investments		(4,044,924)	-
(Loss)/Gain on re-measurement of Investments – at FVTPL		(994,321)	47,679
		<b>32,034,933</b>	2,953,100
Operating and Administrative expenses	21	(63,418,060)	(22,063,568)
Finance Cost	22	(1,172,273)	(1,083,015)
		<b>(64,590,333)</b>	(23,146,583)
<b>Operating loss</b>		<b>(32,555,400)</b>	(20,193,483)
Other Charges	23	(6,671,378)	(80,739)
Other income	24	16,391,442	2,081,988
<b>Loss before Taxation</b>		<b>(22,835,336)</b>	(18,192,234)
Taxation	25	(601,112)	(368,462)
<b>Loss after Taxation</b>		<b>(23,436,448)</b>	(18,560,696)
<b>Loss per share – basic and diluted</b>	26	<b>(0.78)</b>	(0.91)

## PERFORMANCE REVIEW



The major reason for the loss in revenue are due to negative market forces as earlier mentioned in the market review, low volumes we witnessed throughout the course of the year, reasons for which were political and economic instability. TSBL has worked hard during these challenging time to keep its expenses at the bare minimum and simultaneously trying to increase its market share.

Our main source of income is commission which is directly related to volume generation. As mentioned, volumes were significantly lower than average benchmark for the past many years. Despite volume contraction, the company maintained a strict control over its expenses, which included operational expense as well.

Our loss per share was reduce to 0.78 paisa per share against 0.91 paisa per share in 2018 reflects an improvement of 16%.

### **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

- The financial statements prepared by the management of the Company present fair state of affairs, the result of its operations, cash-flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Accounting policies have been consistently applied in the accounts, in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound and design. It has been effectively implemented by the management and is monitored by the internal and external auditor as well as the Board of Directors and audit committee. The board reviews the effectiveness of established internal control through audit committee and suggests, wherever required, further improvement in the internal control systems.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no reported instance of any material departure from the best practices of the corporate governance.
- Summary of key operating and financial data of last six years has been included in this report.
- Pattern of shareholding is annexed to this report.
- During the financial year 2018-2019, various meetings of the Board of Directors were held.

The number of meetings and attendance of the Directors was as under:

**ATTENDANCE REPORT OF DIRECTORS FROM JULY 01, 2018 TO JUNE 30, 2019**

S. NO.	NAME OF DIRECTORS	TOTAL MEETINGS	ATTENDANCE
01.	Mr. Abdul Basit	FOUR	FOUR
02.	Mr. Muhammad Khurram Faraz	FOUR	FOUR
03.	Mr. Muhammad Ashraf <i>(Resigned on February 22, 2019)</i>	THREE	THREE
04.	Mr. Khizer Hayat Farooq	FOUR	FOUR
05.	Mr. Junaid Shehzad Ahmad	FOUR	THREE
06.	Mr. Muhammad Talha Razi	FOUR	ONE
07.	Mr. Muhammad Ahmad <i>(Resigned on February 22, 2019)</i>	THREE	THREE
08.	Mr. Zulfiqar Ali Anjum <i>(Joined February 22, 2019)</i>	TWO	TWO
09.	Mrs. Zenobia Wasif <i>(Joined February 22, 2019)</i>	TWO	TWO

During the course of the financial year 2018-19 Mrs. Zenobia Wasif was elected as Chairperson of the company replacing Mr. Khurram Faraz who subsequently took over the mantle as Chief Executive replacing Mr. Abdul Basit who remains the director of the company.

**RECONSTITUTION OF BOARD COMMITTEES**

The Board has reconstituted the following Board Committees

**AUDIT COMMITTEE**

1. Mr. Junaid Shehzad Ahmed
2. Mr. Khizer Hayat Farooq
3. Mr. Muhammad Talha Razi

**H.R. & REMUNERATION COMMITTEE:**

1. Mr. Khizer Hayat Farooq
2. Mrs. Zenobia Wasif
3. Mr. Abdul Basit

**AUDITORS**

Present auditors M/s. Reanda Haroon Zakaria & Co., Chartered Accountants, are due to retire at forthcoming Annual General Meeting of the company and being eligible, have offered themselves for re-appointment. The audit committee of the board has also recommended their appointment as statutory auditors for the financial year ending June 30, 2020.

**FUTURE OUTLOOK**

Recent measures being taken by the government and the regulator reflect seriousness on both their respective parts to encourage activity in the bourse.

Matters on CGT, other taxes, compliance issues, excessive documentation are all being addressed by the regulator with positive support from the government, which provides relief on ease of doing business to both brokerage houses and the investor.

As of now, the rupee has stabilized, interest rates remain unmoved and the market shows consolidation and sign of stability, if not recovery. As soon as the economic indicators show signs of positivity, we feel that the market will stage a comeback and recovery will commence which will results

in higher volumes, higher participation by investors thereby resulting in profitability for brokerage houses in the form of incremental commissions

Future prospects for TSBL only look to be on the positive side and we expect better results as the market gains confidence and investors re-enter the market.

#### **ACKNOWLEDGMENT**

We are grateful to the company's stakeholders for their continuing confidence and patronage. We are appreciative of our bankers, the Securities and Exchange Commission of Pakistan as well as the management of the Pakistan Stock Exchange for their support and guidance.

We pray to Almighty Allah for his blessings, guidance and Prosperity to us, our company and The Nation.

\_\_\_\_\_  
Sd/-  
**ZENOBIA WASIF**  
**CHAIRMAN/DIRECTOR**

\_\_\_\_\_  
Sd/-  
**MUHAMMAD KHURRAM FARAZ**  
**CHIEF EXECUTIVE OFFICER**

Dated: 30<sup>th</sup> September, 2019.

## ANNEXURE - A

**TRUST SECURITIES & BROKERAGE LIMITED**  
**BALANCE SHEETS AS AT 30TH JUNE**

	2019	2018	2017	2016	2015	2014
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property and equipment	13,475,292	1,912,030	1,035,402	3,603,295	3,668,342	3,000,666
Intangibles	6,563,434	4,042,600	1,542,600	1,542,600	1,542,600	1,542,600
Long term investments	2,720,000	2,720,000	2,720,000	2,759,423	2,772,444	3,113,568
Long term deposits	1,675,149	1,825,149	525,149	725,149	925,149	839,149
	24,433,875	10,499,779	5,823,151	8,630,467	8,908,535	8,495,983
Current Assets	218,515,581	212,782,288	28,732,116	24,761,996	36,111,025	52,721,094
<b>TOTAL ASSETS</b>	<b>242,949,456</b>	<b>223,282,067</b>	<b>34,555,267</b>	<b>33,392,463</b>	<b>45,019,560</b>	<b>61,217,077</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital and Reserves</b>						
Authorised share capital	750,000,000	750,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up capital	300,000,000	300,000,000	100,000,000	100,000,000	100,000,000	100,000,000
General reserve	-	-	-	3,500,000	3,500,000	3,500,000
Capital reserve	-	-	-	27,849	40,870	288,903
Accumulated losses	(129,759,698)	(106,323,250)	(87,969,799)	(88,879,958)	(96,693,731)	(80,240,692)
	170,240,302	193,676,750	12,030,201	14,647,891	6,847,139	23,548,211
Current Liabilities	72,709,154	29,605,317	22,525,066	18,744,572	38,172,421	37,668,866
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>242,949,456</b>	<b>223,282,067</b>	<b>34,555,267</b>	<b>33,392,463</b>	<b>45,019,560</b>	<b>61,217,077</b>

## TRUST SECURITIES & BROKERAGE LIMITED

### PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE

	2019	2018	2017	2016	2015	2014
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue	37,074,178	2,905,421	8,019,005	4,180,239	6,359,377	6,848,634
Gain /(loss) on sale of securities / re-measurement of investments	(5,039,245)	47,679	59,987	98,043	516,302	34,528
	32,034,933	2,953,100	8,078,992	4,278,282	6,875,679	6,883,162
Operating and administrative expenses	(63,418,060)	(22,063,568)	(9,736,563)	(8,947,797)	(9,055,396)	(8,313,923)
Finance cost	(1,172,273)	(875,770)	(11,807)	(10,260)	(9,379)	(9,915)
	(64,590,333)	(22,939,338)	(9,748,370)	(8,958,057)	(9,064,775)	(8,323,838)
	(32,555,400)	(19,986,238)	(1,669,378)	(4,679,775)	(2,189,096)	(1,440,676)
Other charges	(6,671,378)	(80,739)	(2,848,604)	(973,405)	(15,796,274)	(5,265,425)
Other income	16,391,442	2,081,988	2,056,919	13,586,886	1,705,301	1,454,154
Profit / (loss) before taxation	(22,835,336)	(17,984,989)	(2,461,063)	7,933,706	(16,280,069)	(5,251,947)
Taxation	(601,112)	(368,462)	(128,778)	(119,933)	(172,970)	(100,562)
<b>Profit / (loss) after taxation</b>	<b>(23,436,448)</b>	<b>(18,353,451)</b>	<b>(2,589,841)</b>	<b>7,813,773</b>	<b>(16,453,039)</b>	<b>(5,352,509)</b>
<b>Earnings / (loss) per share - basic &amp; diluted</b>	<b>(0.78)</b>	<b>(0.90)</b>	<b>(0.22)</b>	<b>0.78</b>	<b>(1.65)</b>	<b>(0.54)</b>

**PATTERN OF SHAREHOLDING  
AS ON JUNE 30TH, 2019**

Number of Shareholders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
117	1 -	100	8,408	0.03
572	101 -	500	258,137	0.86
59	501 -	1000	54,108	0.18
74	1001 -	5000	181,352	0.60
10	5001 -	10000	72,900	0.24
4	10001 -	15000	53,500	0.18
2	15001 -	20000	40,000	0.13
1	20001 -	25000	25,000	0.08
1	25001 -	30000	26,500	0.09
2	30001 -	35000	60,700	0.20
5	35001 -	40000	196,000	0.65
2	40001 -	45000	87,500	0.29
4	45001 -	50000	199,500	0.67
1	50001 -	55000	55,000	0.18
3	55001 -	60000	179,000	0.60
1	75001 -	80000	80,000	0.27
1	80001 -	85000	85,000	0.28
1	90001 -	95000	93,000	0.31
4	95001 -	100000	400,000	1.33
2	100001 -	105000	205,500	0.69
1	135001 -	140000	140,000	0.47
1	145001 -	150000	150,000	0.50
1	190001 -	195000	192,500	0.64
2	195001 -	200000	400,000	1.33
1	245001 -	250000	248,500	0.83
1	270001 -	275000	274,500	0.92
3	295001 -	300000	899,000	3.00
1	325001 -	330000	328,000	1.09
1	640001 -	645000	640,500	2.14
1	745001 -	750000	750,000	2.50
1	765001 -	770000	769,000	2.56
1	945001 -	950000	950,000	3.17
1	1315001 -	1320000	1,320,000	4.40
1	1910001 -	1915000	1,911,000	6.37
1	2075001 -	2080000	2,078,000	6.93
1	2895001 -	2900000	2,900,000	9.67
1	2980001 -	2985000	2,981,645	9.94
1	2995001 -	3000000	3,000,000	10.00
1	7705001 -	7710000	7,706,250	25.69
<b>888</b>			<b>30,000,000</b>	<b>100.00</b>

**DETAILED CATEGORIES OF SHAREHOLDERS  
AS ON JUNE 30TH, 2019**

Sr.#	Name	Shares Held	Percentage
<b>Directors, Chief Executive Officer, and their spouse and minor children</b>			
1	MR. MUHAMMAD KHURRAM FARAZ	500	0.0017
2	MR. ZULFIQAR ALI ANJUM	500	0.0017
3	MRS. ZENOBIA WASIF	500	0.0017
4	MR ABDUL BASIT	500	0.0017
5	MUHAMMAD TALHA RAZI	42,500	0.1417
6	JUNAID SHEHZAD AHMED	3,000,000	10.0000
7	MR. KHIZER HAYAT FAROOQ	101,500	0.3383
8	MEHREEN KHURRAM	300,000	1.0000
	<b>Running Total:</b>	<b>3,446,000</b>	<b>11.4867</b>
<b>Associated Companies, Undertakings and Related Parties</b>			
1	SIKANDER MAHMOOD	7,706,250	25.6875
2	AHMAD KAMAL	25,000	0.0833
	Running Total:	7,731,250	25.7708
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>			
1	FIDELITY INVESTMENT BANK LTD.	4,400	0.0147
2	MCB BANK LIMITED - TREASURY	300,000	1.0000
	Running Total:	<b>304,400</b>	<b>1.0147</b>
<b>Modarbas and Mutual Funds</b>			
1	TRUST MODARABA	30,200	0.1007
	Running Total:	<b>30,200</b>	<b>0.1007</b>
<b>General Public (Local)</b>			
	Running Total:	<b>10,266,004</b>	<b>34.2200</b>
<b>Others</b>			
1	HIGHLINK CAPITAL (PVT.) LIMITED	300	0.0010
2	SALIM SOZER SECURITIES (PVT.) LTD.	100,000	0.3333
3	TRUST SECURITIES & BROKERAGE LIMITED - MF	192,500	0.6417
4	MAPLE LEAF CAPITAL LIMITED	1	0.0000
5	RAO SYSTEMS (PVT.) LTD.	1,000	0.0033
6	MAAN SECURITIES (PRIVATE) LIMITED	2,000	0.0067
7	S.H. BUKHARI SECURITIES (PVT) LIMITED	2,500	0.0083
8	S.H. BUKHARI SECURITIES (PVT) LIMITED	300	0.0010
9	SARFRAZ MAHMOOD (PRIVATE) LTD	500	0.0017
10	HAMID ADAMJEE TRUST	950,000	3.1667
11	PRUDENTIAL SECURITIES LIMITED	1,900	0.0063
12	Y.S. SECURITIES & SERVICES (PVT) LTD.	500	0.0017
13	PARAMOUNT COMMODITIES (PRIVATE) LIMITED	2,981,645	9.9388
14	MG MEDIA (PVT.) LIMITED	2,078,000	6.9267
15	NASH ADVERTISING (PVT.) LIMITED	1,911,000	6.3700
	Running Total:	<b>8,222,146</b>	<b>27.4072</b>
	<b>Grand Total:</b>	<b>30,000,000</b>	<b>100.0000</b>

**STATEMENT OF COMPLIANCE WITH LISTED  
COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2017  
TRUST SECURITIES & BROKERAGE LIMITED  
FOR THE YEAR ENDED JUNE 30, 2019**

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (The regulations) in the following manner:

1. The total numbers of directors are Seven (07) as per following:

- a) MALE : Six (06)  
 b) FEMALE : One (01)

2. The composition of Board is as follows:

Category	Names
Independent Directors	a) Mr. Khizer Hayat Farooq b) Mr. Muhammad Junaid Shehzad
Other Non-Executive Directors	c) Mr. Talha Razi d) Mr. Abdul Basit e) Mrs. Zenobia Wasif
Executive Directors	f) Mr. Muhammad Khurram Faraz g) Mr. Zulfiqar Ali Anjum

- The independent directors meet the criteria of independence as defined under Companies Act 2017.
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
  4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
  5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
  6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provision of the act and these regulations.



7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Directors are expected to obtain requisite certifications under Directors' Training Programs in future in order to comply with the requirements of CCG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed Committees comprising of members given below:

**Audit committee**

1. Mr. Muhammad Junaid Shehzad Chairman
2. Mr. Khizer Hayat Farooq Member
3. Mr. Talha Razi Member

**H.R. & Remuneration committee:**

1. Mr. Khizer Hayat Farooq Chairman
2. Mrs. Zenobia Wasif Member
3. Mr. Abdul Basit Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
  - a) Audit committee: 4
  - b) HR and remuneration committee: 1
15. The Board has outsourced the internal audit function to a firm of Chartered Accountant who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered

with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations have been complied with.

sd/-  
\_\_\_\_\_  
**ZENOBIA WASIF**  
**CHAIRMAN**

**Karachi.**  
**Dated: September 30, 2019**

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the members of Trust Securities and Brokerage Limited**

#### **Review Report on the Statement of Compliance contained in listed companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Trust Securities and Brokerage Limited** ("the Company") for the year ended June 30, 2019 in accordance with the requirement of regulation 40 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the Related party transaction by the board of directors upon recommendations of the Audit committee. We have not carried out procedures to assess and determine the company's process for identification of the related party and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

<b>S. No</b>	<b>Note Reference</b>	<b>Description</b>
1.	9	The board has not arranged Directors' Training Program for 50% of its Directors as required by regulation 20(1)(a) of the "Listed Companies (Code of Corporate Governance) Regulation, 2017".

Sd/-  
**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi  
**Date:** September 30, 2019

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TRUST SECURITIES AND BROKERAGE LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of Trust Securities and Brokerage Limited, which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, 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, 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, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No.	Key Audit Matters	How the matter was addressed in our Audit
1	<p>The company has maintained a provision for doubtful debts amounting to Rs.60.469 million. Material portion of the provision has been carried forward from previous years.</p> <p>Provisions are made against trade receivables after assessing Company's historical experience of recovery from clients and assessing ageing analysis of the Company.</p> <p>The matter is considered as a key audit matter because; there is significant judgment involved</p>	<p>In order to address the matter we:</p> <ol style="list-style-type: none"> <li>1. Reviewed the ageing analysis prepared by the management.</li> <li>2. Traced the parties against whom the provision was made to check whether any recovery was made from them.</li> <li>3. Considered identification of any related party relationship from any such customer.</li> </ol>

No.	Key Audit Matters	How the matter was addressed in our Audit
	in computation of provision for doubtful debts, particularly regarding the estimation of future recovery.  Refer note 10 to these financial statements	4. Also considered any further business with such customers to detect any misstatement.  Based on our audit procedure we found provision for doubtful debt to be satisfactory.
2	IFRS 9 'Financial Instruments' has become effective for the current financial year as per the SECP vide its notification SRO 229(1)/2019.  IFRS 9 sets out the new requirements for the classification, measurement and impairment of financial instruments. The impact of the adoption of the standard on the financial statements of the company is disclosed in note 3.1 to the financial statements.  The application of the new standard requires management to make significant estimates and judgments such as determination of impairment for certain financial assets using expected credit loss model. We focused on this area due to the significance of the significant management judgments in respect of the application of the new standard.	In order to address the matter we: <ol style="list-style-type: none"> <li>1. We evaluated the appropriateness of the new accounting policies for the classification, measurement and impairment of the financial assets adopted by the company in accordance with the requirement of IFRS 9</li> <li>2. We considered the approaches and methodology used by the company for classification and measurement of its Investments in equity securities within the scope of IFRS 9.</li> <li>3. We evaluated the adequacy of a provision of impairment under expected credit loss model of IFRS 9 for financial assets and concluded that ECL on such instruments is not significantly different from existing provision held.</li> <li>4. We evaluated the adequacy of disclosure made regarding the application of IFRS 9 and its impact on the financial statements of the company for the year.</li> </ol>

### Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in the annual report for the year ended June 30, 2019, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, information, we are required to report that fact. We have nothing to report in this regard.

### 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them

all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and, statement of 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 is deductible at source under the Zakat and Ushr Ordinance, 1980.
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, section 62 of the Futures Market Act 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the balance sheet was prepared.

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

Sd/-

**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

Place: Karachi  
Dated: 30-09-2019

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipment	4	13,475,292	1,912,030
Intangibles	5	6,563,434	4,042,600
Long term investments	6	2,720,000	2,720,000
Long term deposits	7	1,675,149	1,825,149
Deferred taxation	8	-	-
		<b>24,433,875</b>	10,499,779
<b>Current Assets</b>			
Short term investments	9	2,289,821	288,240
Trade debts	10	33,784,462	20,585,123
Investment in margin financing	11	19,960,193	9,661,801
Investment in margin trading system - net	12	5,100,203	-
Advances, deposits, prepayments and other receivables	13	65,135,295	54,610,033
Tax refunds due from government	14	6,911,780	2,364,431
Cash and bank balances	15	85,333,827	125,272,660
		<b>218,515,581</b>	212,782,288
<b>Total Assets</b>		<b>242,949,456</b>	223,282,067
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
75,000,000 (2018 : 75,000,000) Ordinary shares Ordinary shares) of Rs. 10 each		<b>750,000,000</b>	750,000,000
Issued, subscribed and paid-up capital	16	<b>300,000,000</b>	300,000,000
<b>Reserves</b>			
Accumulated losses		<b>(129,759,698)</b>	(106,323,250)
<b>Shareholders' Equity</b>		<b>170,240,302</b>	193,676,750
<b>Current Liabilities</b>			
Subordinated loan	17	-	8,900,000
Trade and other payables	18	72,709,154	20,705,317
		<b>72,709,154</b>	29,605,317
<b>Contingency and Commitment</b>	19		
<b>Total Equity and Liabilities</b>		<b>242,949,456</b>	223,282,067

The annexed notes form an integral part of these financial statements

Sd/-  
\_\_\_\_\_  
*Chief Executive*

Sd/-  
\_\_\_\_\_  
*Chief Financial Officer*

Sd/-  
\_\_\_\_\_  
*Director*



**TRUST SECURITIES AND BROKERAGE LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Operating revenue	20	37,074,178	2,905,421
Loss on sale of short term investments		(4,044,924)	-
(Loss) / gain on remeasurement of investments - at FVTPL		(994,321)	47,679
		<u>32,034,933</u>	<u>2,953,100</u>
Operating and administrative expenses	21	(63,418,060)	(22,063,568)
Finance cost	22	(1,172,273)	(1,083,015)
		<u>(64,590,333)</u>	<u>(23,146,583)</u>
<b>Operating loss</b>		<u>(32,555,400)</u>	<u>(20,193,483)</u>
Other charges	23	(6,671,378)	(80,739)
Other income	24	16,391,442	2,081,988
<b>Loss before taxation</b>		<u>(22,835,336)</u>	<u>(18,192,234)</u>
Taxation	25	(601,112)	(368,462)
<b>Loss after taxation</b>		<u>(23,436,448)</u>	<u>(18,560,696)</u>
<b>Loss per share - basic and diluted</b>	26	<u>(0.78)</u>	<u>(0.91)</u>

The annexed notes form an integral part of these financial statements

Sd/-  
\_\_\_\_\_  
*Chief Executive*

Sd/-  
\_\_\_\_\_  
*Chief Financial Officer*

Sd/-  
\_\_\_\_\_  
*Director*

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>Loss for the year</b>	<b>(23,436,448)</b>	<b>(18,560,696)</b>
Other comprehensive loss	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(23,436,448)</u></b>	<b><u>(18,560,696)</u></b>

The annexed notes form an integral part of these financial statements

Sd/-  
\_\_\_\_\_  
*Chief Executive*

Sd/-  
\_\_\_\_\_  
*Chief Financial Officer*

Sd/-  
\_\_\_\_\_  
*Director*

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Share Capital</i>	<i>Revenue Reserves Accumulated losses</i>	<i>Shareholders Equity</i>
	----- <i>Rupees</i> -----		
<b>Balance as at June 30, 2017</b>	<b>100,000,000</b>	<b>(87,969,799)</b>	<b>12,030,201</b>
<b>Transaction with owners of the company</b>			
Issuance of shares	200,000,000	-	200,000,000
<b>Total comprehensive Income for the year</b>			
Comprehensive loss for the year ended June 30, 2018	-	(18,560,696)	(18,560,696)
Present value adjustment of subordinated loan at initial recognition	-	1,110,696	1,110,696
Reversal of present value adjustment of subordinated loan (Note 17)	-	(903,451)	(903,451)
	-	(18,353,451)	(18,353,451)
<b>Balance as at June 30, 2018</b>	<b>300,000,000</b>	<b>(106,323,250)</b>	<b>193,676,750</b>
<b>Total comprehensive Income for the year</b>			
Comprehensive loss for the year ended June 30, 2019	-	(23,436,448)	(23,436,448)
<b>Balance as at June 30, 2019</b>	<b>300,000,000</b>	<b>(129,759,698)</b>	<b>170,240,302</b>

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

Sd/-  
\_\_\_\_\_  
*Chief Executive*

Sd/-  
\_\_\_\_\_  
*Chief Financial Officer*

Sd/-  
\_\_\_\_\_  
*Director*

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>(22,835,336)</b>	<b>(18,192,234)</b>
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	1,228,015	172,559
Amortization	229,166	-
Provision for doubtful debts	6,671,378	80,739
Interest income	(12,225,759)	(1,225,433)
Finance cost	1,108,567	1,083,015
Dividend income	(546,988)	(421,988)
Impairment cost	-	30,000
Reversal of provision for doubtful debts	(101,039)	(506,912)
Gain on sale of fixed assets	(1,220)	-
Unrealised loss / (gain) on remeasurement of investment	994,321	(47,679)
	<u>(2,643,559)</u>	<u>(835,699)</u>
	<b>(25,478,895)</b>	<b>(19,027,933)</b>
<b>Changes in Working Capital:</b>		
<b>Increase in current assets</b>		
Trade debts	(19,769,678)	(17,980,321)
Investment in margin financing	(10,298,392)	(9,661,801)
Investment in margin trading system - net	(5,100,203)	-
Advances, deposits, prepayments and other receivables	(9,018,384)	(51,377,108)
	<u>(44,186,657)</u>	<u>(79,019,230)</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	51,834,028	(1,819,749)
<b>Cash used in operations</b>	<u>(17,831,524)</u>	<u>(99,866,912)</u>
Taxes paid	(4,978,652)	(1,123,689)
Finance cost paid	(1,108,567)	(875,770)
Long term deposits - net	150,000	(1,300,000)
<b>Net cash used in operating activities</b>	<u>(23,768,743)</u>	<u>(103,166,371)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(13,115,357)	(649,187)
Capital work in progress	320,000	(400,000)
Purchase of intangibles	(2,750,000)	(2,500,000)
Proceeds from sale of property and equipment	5,300	-
Interest income received	10,718,881	1,225,433
Dividend income received	546,988	421,988
Investments - net	(2,995,902)	(90,000)
<b>Net cash used in investing activities</b>	<u>(7,270,090)</u>	<u>(1,991,766)</u>

	<i>Note</i>	<b>2019</b> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Repayment) / Proceeds from subordinated loans		<b>(8,900,000)</b>	8,900,000
Proceeds from issuance of right shares		-	200,000,000
<b>Net cash (used in) / generated from financing activities</b>		<b>(8,900,000)</b>	208,900,000
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>		<b>(39,938,833)</b>	103,741,863
<b>Cash and cash equivalents at beginning of year</b>		<b>125,272,660</b>	21,530,797
<b>Cash and cash equivalents at end of year</b>	15	<b>85,333,827</b>	125,272,660

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

Sd/-	Sd/-	Sd/-
_____ <i>Chief Executive</i>	_____ <i>Chief Financial Officer</i>	_____ <i>Director</i>

**TRUST SECURITIES AND BROKERAGE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**1 THE COMPANY AND ITS OPERATION**

The Company was incorporated in Pakistan on October 19, 1993 as a Public Limited Company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The company is listed on Pakistan Stock Exchange Limited. The Company is the Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited.

The geographical location and address of of company offices are as under:

- Head Office : Suite No. 401-402, 4th floor, Business and Finance Center, I.I Chundrigar Road, Karachi.
- Branch Offices : Suite No. 202, 2nd floor New Stock Exchange Building, I.I. Chundrigarh Road, Karachi.  
  
2nd Floor, Associated House, Building # 1 & 2, 7-Kashmir Road, Lahore.

The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex, and other financial instruments and corporate financial services.

Further the company is also engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange.

**2 BASIS OF PREPARATION**

**2.1 Basis of Measurement**

These Financial Statements have been prepared under the historical cost convention, except that certain investments are stated at fair value.

**2.2 Functional and presentation currency**

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

**2.3 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

***Property and equipment***

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

***Intangible assets***

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment.

***Trade debts***

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

***Income taxes***

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

***2.4 Standards, interpretations and amendments to approved accounting standards***

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 3.1 are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

***2.4.1 New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2019***

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

<b><i>Standard or Interpretation</i></b>	<b><i>Effective date (annual periods beginning on or after)</i></b>
IFRS 2 Share-based Payment - Clarification on the classification and measurement of share-based payment transactions (Amendments)	01 January 2018

		<i>Effective date (annual periods beginning on or after)</i>
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts - (Amendments)	01 January 2018
IFRS 9	Financial instruments	Annual period ending on or after June 30, 2019
IFRS 15	Revenue from Contracts with Customers	01 July 2018
IAS 40	Investment Property - Clarification on transfers of property to or from investment property (Amendments)	01 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration - Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	01 January 2018

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

#### ***First time adoption of new Standards***

##### ***IFRS 9 - Financial Instruments***

This standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaced the majority of requirements of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognized either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

The impact of the adoption of IFRS 9 has been in the following areas:

##### ***(i) Classification and measurement of financial assets and financial liabilities***

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the year ended June 30, 2019 other than that loans and receivables and held to maturity investments are classified under the category of amortized cost. Under IFRS 9, the classification of financial assets is based on the objective of the entity's business model that is the Company's objective is to hold assets only to collect cash flows, or to collect cash flows and to sell ("the Business Model test") and the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding ("the SPPI test").



**(ii) Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

**(iii) Impairment of financial assets**

IFRS 9 replaces the ‘incurred loss’ model of IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive). Since these assets are short term in nature, therefore no credit loss is expected on these balances

**Presentation of impairment**

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

**Impact of the new impairment model**

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements on the reporting date does not have a material impact on provision for doubtful debts measured under IAS 39.

**IFRS 15 - Revenue from Contracts with Customers**

This standard was notified by the Securities and Exchange Commission of Pakistan (‘SECP’) to be effective for annual periods beginning on or after July 1, 2018. IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 provides a single, principle-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations in a contract are satisfied.

The company is generating revenue from brokerage commission hence there is no material impact on adoption of IFRS-15

#### 2.4.2 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments 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 certain additional disclosures:

		<i>Effective from accounting period beginning on or after</i>
IFRS 3	Business Combinations: Amendments to clarify the definition of a business	01 January 2020
IFRS 9	Prepayment Features with Negative Compensation and modifications of financial liabilities - (Amendments)	01 January 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 July 2018
IFRS 16	Leases	01 January 2019
IAS 1	Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material (Amendments)	01 January 2020
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28	Long term interests in Associates and Joint ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatment - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	01 January 2019

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

***Standard or Interpretation***

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance Contracts

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Change in accounting policy**

During the year, the Company changed its accounting policy for measurement of its long term and short investment from Available for sale (AFS) and Held for trading (HFT) category to Financial Asset at Fair Value through other comprehensive income (FVTOCI) and Fair value through profit or loss (FVTPL) Category respectively.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

Company has long term investments in un-quoted shares which is classified as available for sale (AFS) and due to non availability of active market, it is measured at cost. Since, its fair value can not be measured reliably, the company has classified the investment at FVTOCI

The change in accounting policy does not have any financial impact.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018.

	<b><i>Original Classification Under IAS 39</i></b>	<b><i>New Classification under IFRS 9</i></b>	<b><i>Original Carrying amount</i></b>	<b><i>New Carrying amount</i></b>
<b><i>As at 30 June 2018</i></b>				
Long term investments	Available for sale	FVTOCI	2,720,000	2,720,000
Long term deposits	Loans & receivables	Ammortized cost	1,825,149	1,825,149
Short term investments	FVTPL	FVTPL	288,240	288,240
Trade debts	Loans & receivables	Ammortized cost	20,585,123	20,585,123
Investment in margin financing	Loans & receivables	Ammortized cost	9,661,801	9,661,801
Advances, deposits, prepayments and other receivables	Loans & receivables	Ammortized cost	54,610,033	54,610,033
Cash and bank balances	Loans & receivables	Ammortized cost	125,272,660	125,272,660

**3.2 Property and Equipment**

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Depreciation is charged to income using the reducing method at the rates specified in the relevant note. Monthly depreciation is charged on additions during the month while no depreciation is charged on assets in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of an asset is charged to profit and loss account.

The Company reviews the useful lives and residual value of its assets on regular basis . Any change in the estimates in future years might affect the carrying amounts of the respective items of property, equipment with a corresponding effect on the depreciation charge.

### **3.3 Capital work in progress**

Capital work-in-progress is stated at cost accumulated upto the balance sheet date less impairment if any. Transfer are made to relevant property, plant and equipment category as and when assets are available for their intended use.

### **3.4 Intangible Assets**

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

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an 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.

An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit and loss account when the asset is derecognized.

### **3.5 Financial instruments**

#### **3.5.1 Initial Recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost as the case may be.

### 3.5.2 *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income (“FVTOCI”), or
- at fair value through profit and loss (“FVTPL”),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

#### ***Financial assets at amortized cost***

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### ***Financial assets at fair value through OCI***

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

#### ***Financial assets at fair value through P&L***

A financial asset is measured at fair value through P&L unless it is measured at amortized or at fair value through OCI.

### 3.5.3 *Financial liabilities*

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss (“FVTPL”), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

### **3.5.4 Subsequent measurement**

#### ***Financial assets at FVTOCI***

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Investments in un-quoted equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value. However, in limited circumstances, where there is insufficient recent information is available or where there is wide range of possible fair value measurements, the cost may be an appropriate estimate of fair value.

#### ***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

#### ***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

### **3.5.5 Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### **3.5.6 Derecognition**

#### ***Financial assets***

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

#### ***Financial liabilities***

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

#### ***3.5.7 Offsetting of financial assets and financial liabilities***

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

#### ***3.6 Trade debts***

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL).

Trade receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction

#### ***3.7 Advances, deposits, prepayments and other receivables***

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount.

Other receivables are recognized and carried at cost which is the fair value of the consideration to be received in the future for goods and services

#### ***3.8 Cash and cash equivalents***

These include cash in hand and bank balances and are carried at cost.

#### ***3.9 Employees compensated absences***

Provision for liabilities towards employees compensated absences is made on the basis of unavailed leave balances, for all its permanent employees who have completed minimum qualifying period.

### **3.10 Trade and other payables**

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received up to the year end, whether or not billed to the Company. The company follows settlement date accounting.

### **3.11 Taxation**

#### ***Current***

Provision for current taxation is based on taxable income at the current rates for taxation after taking into account tax credit and rebates available, if any in accordance with the provision of income ordinance 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed/ finalized during the year.

#### ***Deferred***

Deferred tax is provided in full using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred tax liabilities are recognized for taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credit, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences carry forward of unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax relation to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss account.

### **3.12 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### **3.13 Revenue**

Brokerage commission, consultancy and other income are recognised as and when such services are provided and performance obligation is satisfied.

Interest income is recognized on a time proportion basis using the effective interest rate of return. Dividend income is recorded when the right to receive the dividend is established.

Capital gain / (loss) on sale of securities are included in profit and loss account on the date at which the transaction takes place.



### **3.14 Expenses**

All expenses are recognized in the profit and loss account on accrual basis.

### **3.15 Impairment**

#### ***Non-Financial assets***

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **3.16 Related party transactions**

All transactions with related parties are carried out by the Company at arms' length price using the admissible pricing method.

	<i>Note</i>	<b>2019</b> <b>Rupees</b>	<b>2018</b> <b>Rupees</b>
<b>4 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>13,395,292</b>	1,512,030
Capital work in progress	4.2	<b>80,000</b>	400,000
		<b>13,475,292</b>	1,912,030

**4.1 Operating fixed assets**

<i>Particular</i>	<i>Computers</i>	<i>Furniture and fittings</i>	<i>Vehicles</i>	<i>Office equipment</i>	<i>Total</i>
----- Rupees -----					
<b>Year ended June 30, 2018</b>					
Opening net book value	107,435	378,894	81,261	467,812	1,035,402
Additions	454,713	17,400	-	177,074	649,187
Depreciation charged	(66,523)	(38,251)	(16,252)	(51,533)	(172,559)
Net book value as at June 30, 2018	495,625	358,043	65,009	593,353	1,512,030
<b>Year ended June 30, 2019</b>					
Opening net book value	495,625	358,043	65,009	593,353	1,512,030
Additions	554,986	5,164,382	49,500	2,408,821	8,177,689
Transferred from CWIP	-	3,407,668	-	1,530,000	4,937,668
<b>Disposal</b>					
Cost	(246,882)	-	-	(18,400)	(265,282)
Accumulated Depreciation	244,795	-	-	16,407	261,202
	(2,087)	-	-	(1,993)	(4,080)
Depreciation charged	(266,987)	(561,789)	(20,427)	(378,812)	(1,228,015)
Net book value as at June 30, 2019	781,537	8,368,304	94,082	4,151,369	13,395,292
<b><u>At June 30, 2018</u></b>					
Cost	2,945,152	1,954,188	1,182,500	1,441,633	7,523,473
Accumulated depreciation	2,449,527	1,596,145	1,117,491	848,280	6,011,443
<b>Net book value</b>	495,625	358,043	65,009	593,353	1,512,030
<b><u>At June 30, 2019</u></b>					
Cost	3,253,256	10,526,238	1,232,000	5,362,054	20,373,548
Accumulated depreciation	2,471,719	2,157,934	1,137,918	1,210,685	6,978,256
<b>Net book value</b>	781,537	8,368,304	94,082	4,151,369	13,395,292
<b>Rate of depreciation %</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	<b>10%</b>	

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>4.2 Capital work in progress</b>			
Opening balance		<b>400,000</b>	-
Addition during the year		<b>4,617,668</b>	400,000
Transferred to fixed assets		<b>(4,937,668)</b>	-
Closing balance		<b>80,000</b>	400,000

## 5 INTANGIBLES

### *Trading Rights Entitlement Certificate (TREC)*

Pakistan Stock Exchange Limited	5.1&5.2	<b>1,280,000</b>	1,280,000
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### *Offices*

LSE Financial Services Limited (LFSL)	5.3	<b>262,600</b>	262,600
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### *Pakistan Mercantile Exchange Limited (PMEX) membership*

Pakistan Mercantile Exchange Limited		<b>2,500,000</b>	2,500,000
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### *Software*

	5.4	<b>2,520,834</b>	-
		<b>6,563,434</b>	<b>4,042,600</b>

**5.1** Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integrations) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received the equity shares of LSE Financial Services Limited (LFSL) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of Lahore Stock Exchange (Guarantee) Limited.

**5.2** This certificate is subject to Hypothecation charge in favor of Pakistan Stock Exchange Limited.

**5.3** This represent cost of offices given by LSE Financial Services Limited with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>5.4 Software</b>		
Opening net book value	-	-
Additions	<b>2,750,000</b>	-
Amortization charge	<b>(229,166)</b>	-
<b>Closing net book value</b>	<b>2,520,834</b>	-
Cost	<b>2,750,000</b>	-
Accumulated amortization	<b>(229,166)</b>	-
<b>Net book value</b>	<b>2,520,834</b>	-
<b>Amortization rate</b>	<b>10%</b>	-

**6 LONG TERM INVESTMENTS****Fair Value thorough - OCI  
In shares of Un-quoted company**

2019	2018	Name of securities	Note	Carrying Value	
				2019 Rupees	2018 Rupees
843,975	843,975	LSE Financial Services	6.1	2,720,000	2,720,000
<b>In shares of quoted companies</b>					
5,000	5,000	Sunshine Cotton Mills Limited		1,650	1,650
		Provision for impairment		(1,650)	(1,650)
				<b>2,720,000</b>	<b>2,720,000</b>

**6.1** This represents unquoted shares of LSE Financial Services Limited received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

Out of total number of shares owned, 60% shares (i.e. 506,385 shares) of the said entity are held in separate CDC blocked account, to restrict the sale of these shares by the members. Where as 40% of total shares i.e. 337,590 for Rs.10 each have been credited to the Company's CDC house account and are pledged in favour of Pakistan Stock Exchange Limited.

**6.2** The net asset value of shares of LSE financial service limited Rs. 21.75 per share. This is based on un-audited financial statements for the period ended December 31, 2018.

**7 LONG TERM DEPOSITS****- Unsecured - Considered good**

	2019 Rupees	2018 Rupees
LSE Financial Service Limited	-	50,000
National Clearing Company of Pakistan Limited	1,400,000	1,500,000
Central Depository Company of Pakistan Limited	100,000	100,000
Utility deposits	175,149	175,149
	<b>1,675,149</b>	<b>1,825,149</b>

**8 DEFERRED TAXATION**

Deferred tax asset is net off of taxable / (deductible) temporary differences in respect of the followings:-

**Taxable temporary differences**

Accelerated tax depreciation	18,666	2,548
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**Deductible temporary differences**

Provision for doubtful debts	(17,535,946)	(15,630,548)
Assessed tax losses	(13,458,993)	(11,132,224)
Minimum tax	(508,661)	-
Capital loss	(326,869)	-
Unrealized loss on investments	(134,235)	-
	<b>(31,964,704)</b>	<b>(26,762,772)</b>
<b>Unrecognized deferred tax asset</b>	<b>(31,946,038)</b>	<b>(26,760,224)</b>
	<b>-</b>	<b>-</b>

The Company has not recognised above deferred tax asset due to the uncertainty regarding taxable profits in foreseeable future against which the deferred tax asset can be utilized or adjusted.

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>9 SHORT TERM INVESTMENTS</b>			
<i>At fair value through profit or loss</i>			
In shares of quoted company		<b>2,259,821</b>	258,240
In shares of unquoted company	9.1 & 9.2	<b>30,000</b>	30,000
		<b>2,289,821</b>	288,240
<b>9.1 Unquoted company</b>			
Carrying amount		<b>60,000</b>	60,000
Accumulated impairment		<b>(30,000)</b>	(30,000)
		<b>30,000</b>	30,000

**9.2** This represents investment in fully paid ordinary shares of Takaful Pakistan Limited. The break-up value is Rs. 5.23 per share based on un audited financial statements for the period ended March 31, 2019.

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>10 TRADE DEBTS</b>			
Considered good		<b>33,784,462</b>	20,585,123
Considered doubtful		<b>60,468,781</b>	53,898,442
		<b>94,253,243</b>	74,483,565
Provision for doubtful debts	10.3 & 10.4	<b>(60,468,781)</b>	(53,898,442)
		<b>33,784,462</b>	20,585,123

**10.1** The total value of securities pertaining to clients are Rs. 296.108 million held in sub-accounts of the company. Securities pledged by client to the financial institutions amounting to Rs. 7.85 million. .

**10.2 Aging analysis**

The aging analysis of trade debts is as follows:

		<i>As on June 30, 2019</i>	
	<i>Note</i>	<i>Amount</i>	<i>Custody value</i>
<i>-----Rupees-----</i>			
Upto fourteen days		<b>11,095,559</b>	<b>164,211,522</b>
More than fourteen days	10.2.1	<b>83,157,684</b>	<b>131,896,165</b>
		<b>94,253,243</b>	<b>296,107,687</b>

**10.2.1** Adequate provision of Rs. 60.469 million (2018: Rs.53.898 million) has been provided in respect of amount due from customers.

**10.3** The legal suit for recovery of trade debts having a book value of Rs. 23.15 million are pending with the Supreme Court of Pakistan. In spite of legal proceedings, the adequate provision is made in these financial statements as a matter of prudence.

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>10.4 Provision for doubtful debts</b>			
Balance as on July 01		<b>53,898,442</b>	54,324,615
Provision made during the year	23	<b>6,671,378</b>	80,739
		<b>60,569,820</b>	54,405,354
Reversal of excess provision		<b>(101,039)</b>	(506,912)
		<b>60,468,781</b>	53,898,442

#### **11. INVESTMENT IN MARGIN FINANCING**

This amount is given as a Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in house account. The company is financing on Financing Participation Ratio (FPR) of maximum 78% and charging markup upto the rate of 14% fixed rate.

#### **12. INVESTMENT IN MARGIN TRADING SYSTEM - NET**

This amount represents Finanee Participation Ratio (FPR) in Margin Trading System (MTS) as at 30 june 2019.

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<i>- Considered good</i>			
<b>Advances</b>			
Advance to staff		<b>4,686,090</b>	691,000
Advance for purchase of fixed assets		-	15,000,000
		<b>4,686,090</b>	15,691,000
<b>Deposits</b>			
Deposit against exposure margin	13.1	<b>28,816,625</b>	22,000,000
Deposits against margin trading system	13.2	<b>26,826,182</b>	15,804,175
		<b>55,642,807</b>	37,804,175
<b>Prepayments</b>			
Short term prepayments		<b>209,000</b>	561,825
<b>Other receivables</b>			
Other receivables		<b>40,000</b>	15,000
Markup receivable against leverage products		<b>1,506,878</b>	60,303
Retained profit future contract		<b>3,050,520</b>	477,730
		<b>4,597,398</b>	553,033
		<b>65,135,295</b>	54,610,033

13.1 This represents deposits with National Clearing Company of Pakistan Limited against exposure margin in respect of future and ready counter.

13.2 This represents deposits with National Clearing Company of Pakistan Limited against the exposure margin against trade and sustained losses to date on Margin Trading Services.

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>14 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Sales tax refundable		-	566,811
Income tax refundable	14.1	<b>6,911,780</b>	1,797,620
		<b>6,911,780</b>	2,364,431

**14.1 Income Tax Refundable**

Opening tax refund		<b>1,797,620</b>	1,609,204
Tax paid during the year		<b>5,715,272</b>	556,878
		<b>7,512,892</b>	2,166,082
Provision for the year	25	<b>(590,709)</b>	(368,462)
Prior year		<b>(10,403)</b>	-
		<b>6,911,780</b>	1,797,620

**15 CASH AND BANK BALANCES**

Cash in hand		<b>203,492</b>	27,195
<b>Cash at banks</b>			
In current accounts		<b>85,037,342</b>	115,174,744
In saving account	15.1	<b>92,993</b>	10,070,721
	15.2	<b>85,130,335</b>	125,245,465
		<b>85,333,827</b>	125,272,660

15.1 Saving account carries markup which ranges from 2.5% to 11.28% (2018 : 2.5% to 5.2%) per annum.

		<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>15.2 Balance pertaining to :</b>			
Clients		<b>62,197,215</b>	24,561,273
Brokerage house		<b>22,933,120</b>	100,684,192
		<b>85,130,335</b>	125,245,465

15.3 During the year, company has obtained a running finance facility of Rs. 50 million from a banking company to finance daily clearing obligation of Pakistan stock exchange and settlement of client trade. The facility carries markup of 1 month kibar + 2.5% per annum to be paid on quarterly basis. The facility is secured against first exclusive charge over shares amounting to Rs. 83.333 million and pledge of shares with a minimum margin of 35% on shares. The facility is fully un-availed at year end.

**16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

<i>2019</i>	<i>2018</i>		<i>2019</i>	<i>2018</i>
<i>Number of Shares</i>	<i>Number of Shares</i>	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>300,000,000</u>	<u>300,000,000</u>
		16.1		

**16.1 Pattern of shareholding**

<i>Serial number</i>	<i>Name of shareholder</i>	<i>2019</i>	
		<i>Number of shares held</i>	<i>% of shares held</i>
1	Sikander Mahmood	<b>7,706,250</b>	<b>25.69%</b>
2	Junaid Shehzad Ahmed	<b>3,000,000</b>	<b>10.00%</b>
3	Paramount Commodities (Private) Limited	<b>2,981,645</b>	<b>9.94%</b>
4	Mg Media (Pvt.) Limited	<b>2,078,000</b>	<b>6.93%</b>
5	Nash Advertising (Pvt.) Limited	<b>1,911,000</b>	<b>6.37%</b>
6	Other institution not more than 5% holding	<b>1,586,101</b>	<b>5.29%</b>
7	Other individuals not more than 5% holding	<b>10,737,004</b>	<b>35.79%</b>
		<u><b>30,000,000</b></u>	<u><b>100%</b></u>

**17 SUBORDINATED LOAN**

In 2018, company had obtained interest free loan from sponsors (unsecured) to meet capital requirements of the company. The Company had repaid loan during the year after meeting all legal requirements.

<i>2019</i>	<i>2018</i>
<i>Rupees</i>	<i>Rupees</i>

**18 TRADE AND OTHER PAYABLES**

Trade creditors	<b>58,134,515</b>	12,260,755
Accrued liabilities	<b>2,163,110</b>	4,432,197
Employees compensated absences	<b>1,816,473</b>	1,816,473
Other liabilities	<b>10,595,056</b>	2,195,892
	<u><b>72,709,154</b></u>	<u>20,705,317</u>

**19 CONTINGENCY AND COMMITMENT****19.1 Contingency**

**19.1.1** The Company is defending an appeal filed with the Honorable Supreme Court of Pakistan against the order passed by the Divisional Bench of Lahore High Court in favour of the Company against defamation claim of Rs.5 million. The Company is confident of a favourable out come and accordingly no provision for the aforesaid amount has been made in these financial statements.



**19.1.2** During the year, the company has received a notice from sindh revenue board (SRB) under section 23(2) of the Act, 2011 and subsequently order is passed relating to short payment of sales tax and penalty amounting to Rs. 987,546 and Rs. 49,377 respectively. However, the Company has filed an appeal against the order with commissioner of appeals, Sindh Revenue Board. The hearing is due on 30th september 2019 for which management is confident that the judgement will be passed in favour of the company. Accordingly, no provision is made in the financials

## 19.2 Commitment

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end: -

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
For purchase of shares		<b>379,835,018</b>	47,066,401
For sale of shares		<b>379,504,840</b>	66,900,508

## 20 OPERATING REVENUE

Brokerage income	<b>36,527,190</b>	2,483,433
Dividend income	<b>546,988</b>	421,988
	<b>37,074,178</b>	2,905,421

## 21 OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, benefits and allowances		<b>37,978,851</b>	7,155,677
Commission and clearing house expenses		<b>4,402,354</b>	547,640
Communication expenses		<b>1,331,474</b>	558,895
Printing and stationary		<b>1,809,696</b>	249,222
Entertainment expenses		<b>1,938,696</b>	187,457
Travelling and lodging expenses		<b>942,232</b>	122,217
Repairs and maintenance		<b>949,971</b>	379,304
Advertisement and publicity		<b>51,000</b>	91,825
Electricity and utilities		<b>1,838,514</b>	625,636
Insurance expenses		-	3,035
Depreciation	4	<b>1,228,015</b>	172,559
Amortization		<b>229,166</b>	-
Internet and software maintenance charges		<b>2,048,625</b>	959,013
Charity and donation		<b>301,000</b>	2,000
Legal and professional charges		<b>268,030</b>	704,439
Fees and subscription		<b>1,832,477</b>	6,941,802
Rent, rates and taxes		<b>4,261,993</b>	1,849,801
Auditors remuneration	21.1	<b>769,800</b>	766,900
Miscellaneous expenses		<b>1,236,166</b>	746,146
		<b>63,418,060</b>	22,063,568

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<b>21.1 Auditors' remuneration</b>			
Statutory audit fee		<b>400,000</b>	400,000
Interim review fee		<b>200,000</b>	200,000
Other certification charges		<b>165,000</b>	165,000
Out of pocket expenses		<b>4,800</b>	1,900
		<b>769,800</b>	766,900
<b>22 FINANCE COST</b>			
Amortization of interest free loan	17	-	207,245
Mark up on MTS		<b>1,108,567</b>	-
Bank charges		<b>63,706</b>	875,770
		<b>1,172,273</b>	1,083,015
<b>23 OTHER CHARGES</b>			
Provision for doubtful debts	10.4	<b>6,671,378</b>	80,739
<b>24 OTHER INCOME - Net</b>			
<i>Income from financial assets</i>			
Interest on saving account		<b>259,172</b>	1,104,811
Interest income on exposure deposited		<b>11,966,587</b>	120,622
Reversal of provision for doubtful debts	10.4	<b>101,039</b>	506,912
		<b>12,326,798</b>	1,732,345
<i>Income from other than financial assets</i>			
Gain on sale of fixed assets		<b>1,220</b>	-
Others		<b>4,063,424</b>	349,643
		<b>16,391,442</b>	2,081,988
<b>25 TAXATION</b>			
Current		<b>590,709</b>	368,462
Prior year tax		<b>10,403</b>	-
		<b>601,112</b>	368,462

**25.1** Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment 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.

**25.2** Due to the brought forward tax losses, provision for current income tax is based on section 113 of the Income Tax Ordinance, 2001. Accordingly tax expense reconciliation with the accounting profit is not reported.

25.3 The provision for current year tax represents minimum tax on annual turnover at the rate of 1.25%. The computes current tax expense based on the generally accepted interpretation of tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient. A comparison of last four years of income tax provision with tax assessed is presented below:

<i>Provision for Taxation</i>	<i>Tax year</i>	<i>Provision for Taxation</i>	<i>Tax Assessed</i>
June 30 2018	2018	368,462	378,865
June 30 2017	2017	128,778	128,778
June 30 2016	2016	119,933	124,249
June 30 2015	2015	172,970	172,970
		<b>2019</b>	<b>2018</b>

**26 LOSS PER SHARE**  
**- Basic and Diluted**

Loss attributable to ordinary shareholders	<b>Rs.</b>	<b>(23,436,448)</b>	<b>(18,560,696)</b>
Weighted average number of ordinary shares in issue		<b>30,000,000</b>	<b>20,414,201</b>
Loss per share - basic and diluted	<b>Re.</b>	<b>(0.78)</b>	<b>(0.91)</b>
		<b>2019</b>	<b>2018</b>
		<b>Rupees</b>	<b>Rupees</b>

**27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

***Financial Assets and Liabilities***

***Financial assets***

Long term deposits	<b>1,675,149</b>	1,825,149
Investments	<b>5,009,821</b>	3,008,240
Trade debts	<b>33,784,462</b>	20,585,123
Deposits and other receivables	<b>60,240,205</b>	38,357,208
Investment in margin financing	<b>19,960,193</b>	9,661,801
Investment in margin trading system - net	<b>5,100,203</b>	-
Cash and bank balances	<b>85,333,827</b>	125,272,660
	<b>211,103,860</b>	<b>198,710,181</b>

***Financial Liabilities***

Subordinated loans	-	8,900,000
Trade and other payables	<b>72,709,154</b>	20,705,317
	<b>72,709,154</b>	<b>29,605,317</b>

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained below: -

- a) Credit risk
- b) Liquidity risk
- c) Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### 27.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

#### *Exposure to credit risk*

Credit risk of the Company arises principally from long term and short term investments, trade debts, loan and advances, accrued income, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below:-

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Long term investments	6	<b>2,720,000</b>	2,720,000
Long term deposits	7	<b>1,675,149</b>	1,825,149
Short term investments	9	<b>2,289,821</b>	288,240
Trade debts	10	<b>33,784,462</b>	20,585,123
Deposits and other receivables	13	<b>60,240,205</b>	38,357,208
Investment in margin financing	11	<b>19,960,193</b>	9,661,801
Investment in margin trading system - net	12	<b>5,100,203</b>	-
Cash at banks	15	<b>85,333,827</b>	125,272,660
		<b><u>211,103,860</u></b>	<b><u>198,710,181</u></b>

#### *Trade debts*

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 other factors.

All the trade debtors at the balance sheet date represent domestic parties.

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

<b>Bank</b>	<b>Rating agency</b>	<b>Ratings</b>	
		<b>Short term</b>	<b>Long term</b>
<b>Private sector commercial banks</b>			
Bank Alfalah Limited	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA-
Habib Bank Limited	JCRVIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
<b>Islamic Bank</b>			
Albaraka Bank (Pakistan) Limited	PACRA	A1	A

**27.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are contractual maturities of financial liabilities, including estimated interest payments:-

	<b>2019</b>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	<i>----- Rupees -----</i>			
<b>Financial liabilities</b>				
Subordinated loan	.	.	.	.
Trade and other payables	72,709,154	72,709,154	72,709,154	.

	<b>2018</b>			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	<i>----- Rupees -----</i>			
<b>Financial liabilities</b>				
Subordinated loan	8,900,000	8,900,000	8,900,000	-
Trade and other payables	20,705,317	20,705,317	20,705,317	-

### 27.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:-

#### 27.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

#### 27.3.2 Interest / mark up rate risk

Financial assets and liabilities include balances of Rs. 0.093 million (2018 : Rs. 10.071 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been indicated in respective notes.

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. 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 where significant changes in gap position can be adjusted. The Company is not exposed to any short term borrowing arrangements having variable rate pricing.

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

	<i>2019</i>	<i>2018</i>
	<i>Carrying amount</i>	
	<i>Rupees</i>	<i>Rupees</i>
<i>Financial assets</i>		
Cash and bank balances	<b>92,993</b>	<b>10,070,721</b>

#### *Sensitivity analysis*

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	<i>Profit and loss 100 bp</i>	
	<i>increase</i>	<i>decrease</i>
<i>As at June 30, 2019</i>		
Cash flow sensitivity-Variable rate financial instruments	<u>9,299</u>	<u>(9,299)</u>
<i>As at June 30, 2018</i>		
Cash flow sensitivity-Variable rate financial instruments	<u>1,007,072</u>	<u>(1,007,072)</u>

### 27.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up 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 or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities at the balance sheet date amounting to Rs. 2.26 million (2018 : Rs. 0.258 million).

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable which if not, impairment loss has been recognised and other opportunities may be considered. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted associates which are carried at fair value determined through latest sales price. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

#### *Sensitivity analysis*

The table below summarizes Company's equity price risk as of June 30, 2019 and 2018 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices of the quoted securities as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

	<i>Fair Value</i>	<i>Hypothetical price change</i>	<i>Estimated fair value after hypothetical change in prices</i>	<i>Hypothetical increase (decrease) in Shareholders' Equity</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<i>June 30, 2019</i>	<b>2,259,821</b>	<b>10% increase</b>	<b>2,485,803</b>	<b>225,982</b>
		<b>10% decrease</b>	<b>2,033,839</b>	<b>(225,982)</b>
<i>June 30, 2018</i>	258,240	10% increase	284,064	25,824
		10% decrease	232,416	(25,824)

**27.3.4 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 arm's length transaction.

**27.3.5 Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

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

Level 2: Inputs other than quoted prices included within 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).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- Rupees -----		
<b>June 30, 2019</b>			
Investments at fair value through OCI	-	-	2,720,000
Investments at fair value through Profit or loss	2,259,821	-	60,000
<b>June 30, 2018</b>			
Investments at fair value through OCI	-	-	2,720,000
Investments at fair value through Profit or loss	258,240	-	60,000

**28 CAPITAL RISK MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the financial year ended June 30, 2019.

The Company does not obtained any financing facility and working with 100% equity financing, therefore, no gearing is identified.

**29 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, directors of the Company, key management employees and chief executive officer. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions.



Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in this financial statement, are as under:

<i>Relationship with party</i>	<i>Transactions with</i>	<i>Nature of Transactions</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
Shareholder	Paramount Commodities (Pvt) Limited	Trade receivables	<b>15,469,602</b>	18,557,445
		The maximum aggregate amount outstanding during the year was Rs. 28,242,540		
		Brokerage commission earned	<b>990,540</b>	-
Shareholder	MG Media (Private) Limited	Trade receivables	<b>354,409</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 506,608		
		Brokerage commission earned	<b>135,303</b>	-
Shareholder	Nash Advertising (Private) Limited	Trade receivables	<b>4,037,595</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 17,835,181		
		Brokerage commission earned	<b>131,180</b>	-
Shareholder	Mr. Sikandar Mehmood	Trade receivables	<b>410,278</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 10,744,434		
		Subordinated loans	<b>(8,900,000)</b>	8,900,000
		Brokerage commission earned	<b>15,325</b>	-
Common shareholding	Arabian Sea Enterprises Limited	Payable against trade of marketable securities	<b>26,703,544</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 43,229,234		
		Brokerage commission earned	<b>410,963</b>	-
Non Executive Director	Mr. Junaid Shehzad Ahmed	Trade receivables	<b>15,600</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 15,600		
Non Executive Director	Mr. Khizer Hayat	Trade payable	<b>11,615</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 12,055		
		Brokerage commission earned	<b>2,019</b>	-
Executive Director	Mr. Zulfiqar Ali Anjum	Trade payable	<b>61,729</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 184,953		
		Advance against salary	<b>56,000</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 100,000		
Non Executive Director	Mr. Muhammad Talha Razi	Trade receivables	<b>26,181</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 26,181		
		Brokerage commission earned	<b>5,745</b>	-
Close family member of Director	Mrs. Mehreen Khurram	Trade payable	<b>612,339</b>	-
		The maximum aggregate amount outstanding during the year was Rs. 1,286,605		
		Brokerage commission earned	<b>24,135</b>	-

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

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

	<i>Chief Executives</i>		<i>Directors</i>		<i>Other Executives</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	----- <i>Rupees</i> -----					
Managerial remuneration	<b>1,699,820</b>	1,450,763	<b>1,254,000</b>	120,000	<b>9,180,000</b>	640,000
Commission paid to	-	130,272	<b>810,131</b>	282,904	<b>2,566,261</b>	-
Brokerage commission	-	34,533	<b>70,431</b>	7,950	-	-
Other expenses incurred	<b>172,800</b>	185,259	<b>68,730</b>	-	-	-
	<b>1,872,620</b>	1,800,827	<b>2,203,292</b>	410,854	<b>11,746,261</b>	640,000
Number of persons	<b>*2</b>	1	2	3	6	2

**30.1** The chief executive has been provided with the free use of company maintained vehicle in accordance with the company's policy.

\*During the year i.e. July 2018-June 2019, there was a change in chief Executive officer of the company. The new chief Executive officer was appointed w.e.f. April 30, 2019.

**31 OPERATING SEGMENT**

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company at June 30, 2019 are located in Pakistan.

<b>2019</b>	<b>2018</b>
<b>Rupees</b>	<b>Rupees</b>

**32 CAPITAL ADEQUACY LEVEL**

The capital adequacy level of the company is as follows:

Total assets	<b>242,949,456</b>	223,282,067
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Less: Total Liabilities	<b>(72,709,154)</b>	(29,605,317)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
<b>Capital adequacy level</b>	<b><u>170,240,302</u></b>	<b><u>193,676,750</u></b>

**32.1** While determining the value of total assets of TREC holder, notional value of TRE certificate held by such participant as at year ended June 30, 2019 as determined by the Pakistan Stock Exchange Limited - PSX has been considered.

	<i>2019</i>	<i>2018</i>
<b>33 NUMBER OF EMPLOYEES</b>		
As at June 30	<b><u>59</u></b>	<b><u>43</u></b>
Average employees	<b><u>55</u></b>	<b><u>27</u></b>

**34 DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on 30th September 2019.

**35 GENERAL**

Figures have been rounded off to the nearest rupee.

Sd/-  
\_\_\_\_\_  
*Chief Executive*

Sd/-  
\_\_\_\_\_  
*Chief Financial Officer*

Sd/-  
\_\_\_\_\_  
*Director*








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# FORM OF PROXY

## 26<sup>th</sup> Annual General Meeting

I/We \_\_\_\_\_ of \_\_\_\_\_ holding  
Computerized National Identity Card (CNIC) /Passport No. \_\_\_\_\_ and being a  
member of Trust Securities & Brokerage Limited, hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ holding CNIC / Passport No. \_\_\_\_\_ or failing him/her  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ holding  
CNIC/Passport No. \_\_\_\_\_ as my/our proxy to vote for me/ us and on my/our behalf at  
the 26<sup>th</sup> Annual General Meeting of the Company, to be held on the 25<sup>th</sup> day of October 2019 at 2:45 P.M. at Karachi and at  
any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2019

### WITNESSES

1. Signature _____	2. Signature _____
Name _____	Name _____
Address _____	Address _____
_____	_____
CNIC No. _____	CNIC No. _____

**CDC Account No.**

Revenue Stamp  
of Rs. 5/-

### Notes:

1. This Proxy Form, duly completed and signed, must be received of the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The Prxy-holder shall produce his/her original CNIC at the time of the meeting.
5. In case of corporation entity, the Board of Diurectors' resolution / Power of Attorney with specimen signature shall be submitted along with Prox Form.