

**REANDA**

Reanda Haroon Zakaria & Company
Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AMANAH INVESTMENTS LIMITED
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **Amanah Investments Limited** which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity 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, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other 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.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat 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 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the statement of financial position was prepared.

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

RHZ coReanda Haroon Zakaria & Co
Reanda Haroon Zakaria & Company
Chartered Accountants

01 OCT 2020

Place: Karachi
Dated:

AMANAH INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
<u>ASSETS</u>			
Non Current Assets			
Property and equipment	4	3,457,451	3,753,485
Intangible assets	5	2,518,000	2,524,000
Long term investment	6	26,943,129	22,875,798
Long term deposits	7	3,750,000	3,750,000
Deferred tax asset	8	-	-
		36,668,580	32,903,283
Current Assets			
Short term deposits	9	1,400,000	1,400,000
Short term investments	10	109,414,288	107,840,694
Income tax refunds due from the Government	11	50,859	294,190
Cash and bank balances	12	24,724,154	10,154,476
		135,589,301	119,689,360
Total Assets		172,257,881	152,592,643
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
6,000,000 Ordinary shares of Rs. 10 each		60,000,000	60,000,000
Issued, subscribed and paid-up capital	13	49,013,990	49,013,990
Revenue reserve		97,854,671	92,964,444
Shareholders' equity		146,868,661	141,978,434
Current Liabilities			
Trade and other payable	14	23,360,220	8,585,209
Short term borrowing	15	2,029,000	2,029,000
		25,389,220	10,614,209
Contingency and commitments	16		
Total Equity and Liabilities		172,257,881	152,592,643

The annexed notes from 1 to 28 form an integral part of these financial statements.


Chief Executive


Director

AMANAH INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Operating revenue	17	3,681,798	4,064,831
Operating and administrative expenses	18	(3,625,851)	(3,692,780)
Operating profit		55,947	372,051
Other charges	19	(289,400)	(28,612,558)
Finance cost - bank charges		(1,880)	(2,440)
		(291,280)	(28,614,998)
		(235,333)	(28,242,947)
Other income	20	5,907,524	1,985,357
Profit / (loss) before taxation		5,672,191	(26,257,590)
Taxation - net	21	(781,964)	(791,300)
Profit / (loss) after taxation		4,890,227	(27,048,890)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the year		4,890,227	(27,048,890)

The annexed notes from 1 to 28 form an integral part of these financial statements.

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Chief Executive



Director

AMANAH INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	<i>Issued, subscribed and paid-up share capital</i>	<i>Revenue Reserves Unappropriated profit</i>	<i>Total</i>
	----- Rupees -----		
Balance as at June 30, 2018	49,013,990	120,013,334	169,027,324
Total comprehensive loss for the year	-	(27,048,890)	(27,048,890)
Balance as at June 30, 2019	<u>49,013,990</u>	<u>92,964,444</u>	<u>141,978,434</u>
Total comprehensive income for the year	-	4,890,227	4,890,227
Balance as at June 30, 2020	<u><u>49,013,990</u></u>	<u><u>97,854,671</u></u>	<u><u>146,868,661</u></u>

Unappropriated profit can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

The annexed notes from 1 to 28 form an integral part of these financial statements.

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Chief Executive

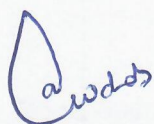


Director

AMANAH INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		5,672,191	(26,257,590)
Adjustment for:			
Dividend income	17	(2,689,564)	(3,466,048)
Depreciation	18	488,579	553,771
Amortization	18	6,000	6,000
Capital gain on disposal of investments - net	20	(1,228,589)	(960,566)
Unrealized (gain) / loss on remeasurement of investments carried at fair value through profit or loss	20	(3,217,684)	28,351,498
Finance cost		1,880	2,440
Cash used in operating activities before working capital changes		(967,187)	(1,770,495)
Working capital changes			
Decrease in current assets			
Short term deposits		-	1,127,480
Increase / (decrease) in current liabilities			
Trade and other payables		14,775,011	(20,783,257)
Cash generated from / (used in) operations		14,775,011	(19,655,777)
		13,807,824	(21,426,272)
Taxes paid	11.1	(538,633)	(747,604)
Finance costs paid		(1,880)	(2,440)
		(540,513)	(750,044)
Net cash generated from / (used in) operating activities		13,267,311	(22,176,316)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred	4	(192,545)	(42,950)
Short term investments made - net		(1,194,652)	(523,128)
Dividend received	17	2,689,564	3,466,048
Net cash generated from investing activities		1,302,367	2,899,970
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term borrowing		-	(723,698)
Net cash used in financing activities		-	(723,698)
Net increase / (decrease) in cash and cash equivalent (A+B+C)		14,569,678	(20,000,044)
Cash and cash equivalents at the beginning of the year	12	10,154,476	30,154,520
Cash and cash equivalents at the end of the year	12	24,724,154	10,154,476

The annexed notes from 1 to 28 form an integral part of these financial statements.



Chief Executive



Director

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AMANAH INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 THE COMPANY AND GENERAL INFORMATION

1.1 Legal status and operations

Amanah Investments Limited was incorporated in Pakistan as a public limited company (unquoted) under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on August 05, 2005 and commenced its business on February 03, 2006. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Ltd. - PSX. The registered office of the Company is situated at Room no. 123, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The Company's principal business is trading and brokerage of listed securities, underwriting and making investments.

1.2 Impact of COVID-19 on the financial statements

Management has thoroughly evaluated the effects of COVID-19 on the operations of the Company and concluded that there are no material implications of COVID-19 that could have required any disclosure in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

Further, disclosures of liquid capital (note no. 24) and net capital balance (note no. 25) are prepared to meet the specific requirements of Securities and Exchange Commission of Pakistan (SECP) in accordance with the guidelines given under Second and Third Schedule to the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with clarifications and guidelines issued by the SECP from time to time.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except stated otherwise. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.4 Critical accounting 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- Review of useful life and residual value of property and equipment (note 3.1 and 4);
- Intangible assets (note 3.2 and 5);
- Assumptions and estimates used in calculating the provision for ECL on trade debts (note 3.4);
- Provision for taxation including deferred tax (note 3.9, 8 and 21); and
- Revenue recognition (note 3.12 and 17)

2.5 New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020

The following amendments to accounting standards are effective for the year ended June 30, 2020. Except as explained otherwise, these standards 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 for period beginning on or after</i>
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 'Regulatory Deferral Accounts'	July 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': 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'.	January 1, 2019

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

2.5.1 First time adoption of new Standards

IFRS 14 'Regulatory Deferral Accounts'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 1480 (I)/2019 dated November 27, 2019, to be effective for annual periods beginning on or after July 1, 2019. The objective of this standard is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IFRS 14 is not applicable on these financial statements of the Company as the Company does not deal in any goods or services that are subject to rate regulations.

IFRS 16 'Leases'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 434 (I)/2018 dated April 9, 2018, to be effective for annual periods beginning on or after January 1, 2019. This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term period (of less than 12 months) and low value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cashflows.

The accounting for lessors will not significantly change.

Changes in accounting policy resulting from the adoption of IFRS 16 will be applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, IFRS 16 is not applicable on these financial statements as the Company does not have any asset on lease basis.

2.6 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>
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023

Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	Amendments to IFRS 7
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

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

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

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation on property and equipment is charged to income by applying the reducing balance method at the rates specified in the relevant note. Depreciation is charged from the month in which they are available for use and on deletions up to the month of deletion.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss account during the financial year in which they are incurred.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use or disposal and significant risks and rewards incidental to ownership have been transferred. Gains or losses on disposal of assets, if any, are recognized in the profit or loss account, as and when incurred.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3.2 Intangible assets

Trading Rights Entitlement Certificate (TREC)

This is initially measured at apportioned value of carrying value of surrendered card which is apportioned between TREC and Shares of PSX. Subsequent to its initial recognition, it is measured at cost less impairment, if any. Impairment test is done to assess whether this is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amounts.

Computer Software

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 5.1 to these financial statements.

Amortization is charged from the month when the asset is available for use while no amortization is charged in the month of disposal.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposal, if any, of assets are included in income currently.

3.3 Financial assets and liabilities

3.3.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.3.2 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 or 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 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 provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

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.

3.3.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or 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.

3.3.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

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.

3.3.5 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.

3.3.6 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.

3.3.7 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.

3.4 Trade debts

Trade debts are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.5 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the company and accordingly are not included in these financial statements.

3.6 Deposits

Deposits are recorded initially at cost and subsequently measured at amortized cost but since the balances are considered to be recoverable within the next financial year, therefore, balances recognized initially are considered to be their amortized cost. Prepayments are recorded at cost which is the fair value of consideration to be received / adjusted in future.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and subsequently measured at amortized cost but since the balances are considered to be utilizable within the next financial year, therefore, balances recognized initially are considered to be their amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks in current and deposit accounts.

3.8 Provisions

Provisions are recognized when the company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at the each reporting date and adjusted to reflect current best.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enacted on the date of statement of financial position and only adjustment to tax payable in respect of previous year.

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.10 Contingent liabilities

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.11 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

3.12 Revenue recognition

- Gains arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.
- Dividend income on equity investments is recognized, when the right to receive the same is established.
- Unrealized gains arising on revaluation of securities classified as 'financial assets at fair value through profit or loss are included in profit and loss account in the period in which they arise.
- Gain on sale of fixed assets is recorded when title is transferred in favor of the transferee.
- Income on placement of funds is recognized on accrual basis.
- Brokerage income and other income are recognized as and when services have been provided and performance obligations are met. The transaction price of Company's contracts with clients for the brokerage services does not include any variable consideration, any significant financing component, any non-cash consideration or any consideration payable to its customers.
- Miscellaneous income is recognized on occurrence of transactions when related performance obligations are met.

4 PROPERTY AND EQUIPMENT

Particulars	Owned					Total
	Office premises	Furniture and fittings	Computer accessories	Office equipment	Vehicle	
	----- Rupees -----					
Year ended June 30, 2020						
Opening net book value	860,058	517,929	216,803	236,925	1,921,770	3,753,485
Additions during the year	-	89,000	96,845	6,700	-	192,545
Depreciation charged for the year	(43,003)	(55,501)	(77,893)	(23,916)	(288,266)	(488,579)
Net book value as at June 30, 2020	817,055	551,428	235,755	219,709	1,633,505	3,457,451
At June 30, 2020						
Cost	1,170,000	1,043,950	843,875	276,700	2,547,500	5,882,025
Accumulated depreciation	(352,945)	(492,522)	(608,120)	(56,991)	(913,996)	(2,424,574)
Net book value as at June 30, 2020	817,055	551,428	235,755	219,709	1,633,505	3,457,451
Year ended June 30, 2019						
Opening net book value	905,324	570,305	264,521	263,250	2,260,906	4,264,306
Additions during the year	-	4,900	38,050	-	-	42,950
Depreciation charged for the year	(45,266)	(57,276)	(85,768)	(26,325)	(339,136)	(553,771)
Net book value as at June 30, 2019	860,058	517,929	216,803	236,925	1,921,770	3,753,485
At June 30, 2019						
Cost	1,170,000	954,950	747,030	270,000	2,547,500	5,689,480
Accumulated depreciation	(309,942)	(437,021)	(530,227)	(33,075)	(625,730)	(1,935,995)
Net book value as at June 30, 2019	860,058	517,929	216,803	236,925	1,921,770	3,753,485
Rate of depreciation	5%	10%	30%	10%	15%	

5 INTANGIBLE ASSETS

	Note	2020 Rupees	2019 Rupees
Computer Software	5.1	18,000	24,000
Trading Right Entitlement Certificate (TREC)	5.2	2,500,000	2,500,000
		<u>2,518,000</u>	<u>2,524,000</u>

5.1 Computer Software

Opening book value	24,000	30,000
Amortization charge	(6,000)	(6,000)
Closing book value	<u>18,000</u>	<u>24,000</u>

As at June 30

Cost	60,000	60,000
Accumulated amortization	(42,000)	(36,000)
	<u>18,000</u>	<u>24,000</u>

Rate of amortization

10%	10%
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5.2 Trading Right Entitlement Certificate (TREC)	5.2.1	<u>2,500,000</u>	<u>2,500,000</u>
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5.2.1 The management of the Company has valued TREC at Rs. 2.5 million as on reporting date, based on the invitation for bid for the purchase of TREC issued by the PSX via notice PSX / N-882 dated August 3, 2020 indicating the minimum bid price for TREC to be Rs. 2.5 million.

Previously, TREC was valued on the basis of offer for issuance of TREC issued by the PSX via notice PSX / N-1245 dated February 26, 2018 indicating fee for new TREC Certificate amounting to Rs. 2.5 million.

6 LONG TERM INVESTMENT

- At fair value through profit or loss

Un-quoted Shares

Al Baraka Bank (Pakistan) Limited

Carrying value	22,875,798	22,625,998
Gain on remeasurement of investment at fair value through profit or loss	20.1	4,067,331
	6.1	<u>26,943,129</u>

6.1 Al Baraka Bank (Pakistan) Limited

2020 2019
-- Number of Shares --

2,938,823	2,938,823	Al Baraka Bank (Pakistan) Limited	6.1.1	<u>26,943,129</u>	<u>22,875,798</u>
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6.1.1 On October 14, 2016, Burj Bank Limited was merged with Albaraka Bank (Pakistan) Limited in accordance with Scheme of Amalgamation duly approved by the SBP according to which each 1.7 share of Burj Bank Limited was swapped with 1 share of Albaraka Bank (Pakistan) Limited at the Swap ratio of 1:1.7 thereby 4,996,000 shares of Burj Bank Limited were converted into 2,938,823 shares of Albaraka Bank (Pakistan) Limited. These shares are freezed in the CDC depository system as the Company is the Sponsor shareholder and is required to obtain approval of the SBP and fulfill other requisite formalities to sell these shares.

As on June 30, 2020, book value per share of Albaraka Bank (Pakistan) Limited, based on the latest available financial statements of the bank for the quarter ended June 30, 2020 was Rs. 9.168 (2019: Rs. 7.784) per share. Breakup value of the Bank has been considered as the approximate fair value as per IFRS - 13.

7 LONG TERM DEPOSITS	Note	2020 Rupees	2019 Rupees
<i>Against</i>			
NCEL Building Management Limited - office		2,500,000	2,500,000
Pakistan Mercantile Exchange Limited - membership		750,000	750,000
NCCPL - Clearing member deposit		400,000	400,000
CDC - Participant deposit		100,000	100,000
		<u>3,750,000</u>	<u>3,750,000</u>

8 DEFERRED TAX ASSET

This comprises of the following:

Deductible temporary differences

Unused Alternative Corporate Tax credit	156,191	-
Unused capital loss	2,090,623	2,348,483
	<u>2,246,814</u>	<u>2,348,483</u>

Taxable temporary differences

Accelerated tax depreciation	(60,350)	(62,354)
	<u>2,186,464</u>	<u>2,286,129</u>

Asset not recognized

8.1	<u>(2,186,464)</u>	<u>(2,286,129)</u>
	<u>-</u>	<u>-</u>

- 8.1 The Company has not recognized its entire deferred tax asset relating to net deductible differences up to the year ended June 30, 2020 as the management expects that major portion of taxes of the Company in foreseeable future will fall under ACT, minimum tax and final tax regime.

Unrecognized deductible temporary differences as on June 30, 2019 and their expiry dates are as follows:

<i>Deductible difference</i>	<i>Expiry</i>	<i>2019 Rupees</i>
<i>Capital loss</i>		
Realized loss for Tax Year 2020	30-Jun-23	353,519
Realized loss for Tax Year 2019	30-Jun-22	1,624,528
Unrealized loss as on June 30, 2020	3 Tax years after the year of disposal of shares	11,959,441
<i>Alternative Corporate Tax</i>		
Tax year 2020	30-Jun-30	156,191

9 SHORT TERM DEPOSITS

To NCCPL - against ready market exposure	1,250,000	1,250,000
Against rent	150,000	150,000
	<u>1,400,000</u>	<u>1,400,000</u>

10 SHORT TERM INVESTMENTS

	Note	2020 Rupees	2019 Rupees
<i>- At fair value through profit or loss</i>			
<i>Quoted Shares</i>			
Carrying value		110,203,935	136,381,992
Loss remeasurement of investments at fair value through profit or loss		(849,647)	(28,601,298)
	10.1	109,354,288	107,780,694
<i>Un-quoted Shares</i>			
Uniliver Pakistan Limited	10.2	60,000	60,000
		109,414,288	107,840,694

10.1 In shares of listed securities - At fair value through profit or loss

2020 Number of Ordinary Shares	2019		2020 Rupees	2019 Rupees
30,000	30,000	Al Shaheer Corporation Ltd.	343,200	378,000
7,500	7,500	Amreli Steels Ltd.	244,800	184,950
1,000	1,000	Atlas Battery Ltd.	168,060	96,050
19,875	19,875	Attock Refinery Ltd.	1,775,235	1,535,741
2,000	2,000	Bannu Woollen Mills Ltd.	65,400	68,000
7,337,732	7,334,732	B.R.R. Guardian Modaraba	63,764,891	59,558,024
20,000	20,000	Chakwal Spinning Mills Ltd.	32,800	33,000
30,500	30,000	Crescent Steel & Allied Products Ltd.	1,387,750	1,133,400
30,000	30,000	Dewan Farooque Spinning Mills Ltd.	39,600	43,800
22	22	D.G. Khan Cement Company Ltd.	1,877	1,244
1,268	1,153	EcoPack Ltd.	27,592	15,473
19,000	19,000	Friesland Campina Engro Pakistan Ltd.	1,396,690	1,108,270
94,000	94,000	Fauji Cement Company Ltd.	1,586,720	1,478,620
82,000	82,000	Fauji Fertilizer Bin Qasim Ltd.	1,308,720	1,494,860
22,562	22,562	Fauji Fertilizer Company Ltd.	2,481,594	1,967,406
12,500	12,500	Fauji Foods Ltd.	118,125	164,875
720,000	724,000	First Prudential Modaraba	576,000	629,880
27,360	22,800	General Tyre & Rubber Company Ltd.	1,627,920	1,174,428
101,500	101,500	Ghani Automobile Industries Ltd.	620,165	348,145
2,100	32,100	Ghani Gases Ltd.	33,033	245,244
10,800	10,800	Hub Power Company Ltd.	783,000	850,500
9,500	9,500	Imperial Sugar Ltd.	127,395	113,715
2,200	12,000	International Industries Ltd.	201,806	924,840
20,000	22,500	International Steels Ltd.	1,033,000	893,475
19	16	Jauharabad Sugar Mills Ltd.	276	208
678,500	513,500	K-Electric Ltd.	2,042,285	2,254,265
168,000	168,000	Lalpir Power Ltd.	1,960,560	2,184,000
1,000	1,000	Loads Ltd.	13,900	15,110
3,500	3,500	MACPAC Films Ltd.	80,815	47,600
1,308	1,035	Mehran Sugar Mills Ltd.	70,776	60,734
500	500	National Refinery Ltd.	53,640	56,735
-	100,000	Orix Modaraba	-	1,550,000
23,500	23,500	Pak Elektron Ltd.	538,855	470,470
2,500	2,500	Pakistan Oilfields Ltd.	876,575	1,014,725
9,482,246	9,455,095		85,383,055	82,095,787

C/f

2020	2019		2020	2019
Number of Ordinary Shares			Rupees	Rupees
9,482,246	9,455,095	B/f	85,383,055	82,095,787
43,544	9,204	Pakistan Petroleum Ltd.	3,778,748	1,329,334
1,627,953	1,627,953	Pakistan Stock Exchange Ltd.	16,116,735	21,163,389
84,000	84,000	Pakistan Telecommunication Co. Ltd.	745,920	694,680
-	10,500	Pioneer Cement Ltd.	-	237,825
37,500	37,500	Power Cement Ltd.	232,500	241,125
50,000	50,000	Quice Food Industries Ltd.	237,500	135,500
-	40,000	Redco Textiles Ltd.	-	109,200
10,000	10,000	Safe Mix Concrete Ltd.	51,900	81,400
5,000	5,000	Sui Southern Gas Company Ltd.	66,700	103,400
175,000	175,000	Telecard Ltd.	213,500	183,750
3,650	3,650	The Searl Company Ltd.	727,190	534,944
22,000	22,000	TPL Corp. Ltd.	113,740	107,360
50,000	50,000	TREET Corporation Ltd.	893,000	763,000
105,000	-	Bank Islami Pakistan Ltd.	793,800	-
11,695,893	11,579,902		109,354,288	107,780,694

10.1.1 This includes securities amounting to Rs. 4.527 million (2019 : 4.742 million) that have been pledged with NCCPL against margin exposure, while securities amounting to Rs. 21.949 million (2019: 4.745 million) have been pledged with PSX against base minimum capital.

10.2 This represents 4 shares of Uniliver Pakistan Limited - an unlisted company. In the absence of active market of the shares, these are carried at buy back price of Rs. 15,000 per share as issued by the company on May 2, 2013. Furthermore, in view of the interim and final dividends received from the investee company for the year ended December 31, 2019, the management is of the opinion that the fair value of these shares will not be less than its carrying value.

11 INCOME TAX REFUNDS DUE FROM THE GOVERNMENT	Note	2020 Rupees	2019 Rupees
Income tax refundable		50,859	294,190
11.1 Balance as on July 01,		294,190	349,513
Prior year adjustment	21	(131,813)	(202,336)
Taxes paid during the year		538,633	747,604
Tax liability for the year	21	(650,151)	(600,591)
Balance as on June 30,		50,859	294,190

12 CASH AND BANK BALANCES

Cash in hand		220,800	475,664
Cash at banks			
- Own			
Current accounts		12,257	17,932
PLS accounts	12.1	2,158,871	1,665,063
		2,171,128	1,682,995
- Client			
PLS accounts	12.1	22,332,226	7,995,817
		24,724,154	10,154,476

12.1 These represent accounts maintained with Shariah compliant financial institutions and carry markup at the rate ranging between 7% to 10% (2019: 7% to 8%) per annum.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019	2020	2019
Number of Shares		Rupees	Rupees
<u>4,901,399</u>	<u>4,901,399</u>	<u>49,013,990</u>	<u>49,013,990</u>

13.1 Pattern of Shareholding:

S. No.	Names	No. of shares	Percentage
1	Muhammad Omar	634,100	12.94%
2	Mrs. Farhat Omar	1,001,300	20.43%
3	Abdul Wahab	2,161,000	44.09%
4	Rashid Omar	602,999	12.30%
5	Amin H. Karim	374,000	7.63%
6	Others	128,000	2.61%
		<u>4,901,399</u>	<u>100.00%</u>

13.2 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

13.3 During the period, movement above 5% shareholding is not incurred.

14 TRADE AND OTHER PAYABLE	Note	2020 Rupees	2019 Rupees
Trade creditors	14.1	22,332,226	7,995,817
Accrued liabilities		1,027,994	589,392
		<u>23,360,220</u>	<u>8,585,209</u>

14.1 This includes Rs. 20.386 (2019: Rs. 7.818) million payable to related parties.

15 SHORT TERM BORROWING

- unsecured and interest free

From Family member (related party)	<u>2,029,000</u>	<u>2,029,000</u>
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15.2 The loan is interest free and is repayable on demand. Borrowing was utilized to fulfill the working capital requirements of the Company.

16 CONTINGENCY AND COMMITMENTS

16.1 Contingency

There are no contingencies binding on the Company as on the reporting date that may have required disclosure in these financial statements.

16.2 Commitments

Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

	2020 Rupees	2019 Rupees
For purchase of shares	<u>-</u>	<u>2,070,032</u>
For sale of shares	<u>303,000</u>	<u>2,199,981</u>

	2020	2019
Note	Rupees	Rupees

17 OPERATING REVENUE

Brokerage commission	17.1	992,234	598,783
Dividend income		2,689,564	3,466,048
		<u>3,681,798</u>	<u>4,064,831</u>

17.1 Brokerage commission

Gross commission	1,121,224	676,625
Less: Sindh Sales Tax	(128,990)	(77,842)
	<u>992,234</u>	<u>598,783</u>

18 OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and other benefits		1,029,000	600,000
Fees and subscriptions		189,530	339,193
Professional charges		84,000	205,400
CDC charges		69,889	74,461
Security expenses		535,140	590,000
PSX charges		177,642	118,733
Telephone expenses		103,240	98,380
Printing and stationary		22,725	27,687
Rent expense		-	350,000
NCCPL charges		82,581	83,443
NCHS charges		92,859	62,243
KATS terminal charges		333,104	215,860
Computer service and maintenance		176,056	186,376
Repair and maintenance		162,852	79,400
Depreciation	4	488,579	553,771
Amortization	5.1	6,000	6,000
Miscellaneous expenses		72,654	101,833
		<u>3,625,851</u>	<u>3,692,780</u>

19 OTHER CHARGES

Unrealized loss on remeasurement of investments at fair value through profit or loss - net	20.1	-	28,351,498
Auditors' remuneration	19.1	289,400	261,060
		<u>289,400</u>	<u>28,612,558</u>

19.1 Auditors Remuneration

Annual audit fee	160,000	145,000
Out of pocket	10,000	10,000
Other professional services	119,400	106,060
	<u>289,400</u>	<u>261,060</u>

20 OTHER INCOME	Note	2020 Rupees	2019 Rupees
<i>- from financial assets</i>			
Unrealized gain on remeasurement of investments at fair value through profit or loss - net	20.1	3,217,684	-
Profit on exposure deposit with PSX		47,018	44,267
Capital gain on disposal of investments - net		1,228,589	960,566
Profit on bank deposits		1,304,813	955,247
		<u>5,798,104</u>	<u>1,960,080</u>
<i>- from other than financial assets</i>			
Miscellaneous income		109,420	25,277
		<u>5,907,524</u>	<u>1,985,357</u>

**20.1 Unrealized gain / (loss) on remeasurement of investments
at fair value through profit or loss - net**

Gain on long term investments	4,067,331	249,800
Loss on short term investments	(849,647)	(28,601,298)
Net gain / (loss) on remeasurement of investments	<u>3,217,684</u>	<u>(28,351,498)</u>

21 TAXATION - NET

Current	650,151	600,591
Prior	131,813	202,336
Deferred	-	(11,627)
	<u>781,964</u>	<u>791,300</u>

21.1 The relationship between tax expense and accounting loss has not been presented for the current and previous financial year as relationship between these could not be developed due to tax being arising under alternative corporate tax and final tax regime of the Income Tax Ordinance, 2001.

21.2 Returns for the tax year up to 2019 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001, however the CIT has power to re-assess any of the five preceding tax years.

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES	Note	2020 Rupees	2019 Rupees
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22.1 Financial Instruments by Category

Financial assets

At fair value through profit or loss

Long term investment	6	26,943,129	22,875,798
Short term investments	10	109,414,288	107,840,694
		<u>136,357,417</u>	<u>130,716,492</u>

At amortized cost

Long term deposits	7	3,750,000	3,750,000
Short term deposits	9	1,400,000	1,400,000
Cash and bank balances	12	24,724,154	10,154,476
		<u>29,874,154</u>	<u>15,304,476</u>
		<u>166,231,571</u>	<u>146,020,968</u>

<i>Financial Liabilities</i>	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
<i>At amortized cost</i>			
Trade and other payable	14	23,360,220	8,585,209
Short term borrowing	15	2,029,000	2,029,000
		<u>25,389,220</u>	<u>10,614,209</u>

22.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk) operational 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.

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

- Credit risk
- Liquidity risk
- Market risk
- Operational 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.

22.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally out of receivables from customers, loans, deposits and other receivables. 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 margin 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>2020 Rupees</i>	<i>2019 Rupees</i>
Long term deposits	7	3,750,000	3,750,000
Short term deposits	9	1,400,000	1,400,000
Bank balances	12	24,503,354	9,678,812
		<u>29,653,354</u>	<u>14,828,812</u>

Credit Rating of Company's Banks

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

<i>Name of banks</i>	<i>Rating Agency</i>	<i>Credit rating</i>	
		<i>Short term</i>	<i>Long term</i>
Dubai Islamic Bank	JCR-VIS	A-1+	AA
Askari Bank Limited	PACRA	A1+	AA+
Bank Al Habib	PACRA	A1+	AA+
Al Baraka Bank (Pakistan) Limited	PACRA	A1	A
Habib Metropolitan Bank	PACRA	A1+	AA+

Other financial assets do not require any provision for expected credit losses (ECL) as these mainly comprise of balances recoverable from the regulators.

22.4 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, working capital and running finance facility from banks with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

<i>2020</i>				
<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to six months</i>	<i>Six months to one year</i>	
<i>----- Rupees -----</i>				
<i>Financial liabilities</i>				
Trade and other payable	23,360,220	23,360,220	17,520,165	5,840,055
Short term borrowing	2,029,000	2,029,000	-	2,029,000
	<u>25,389,220</u>	<u>25,389,220</u>	<u>17,520,165</u>	<u>7,869,055</u>
<i>2019</i>				
<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year</i>	
<i>----- Rupees -----</i>				
<i>Financial liabilities</i>				
Trade and other payable	8,585,209	8,585,209	8,585,209	-
Short term borrowing	2,029,000	2,029,000	2,029,000	-
	<u>10,614,209</u>	<u>10,614,209</u>	<u>10,614,209</u>	<u>-</u>

22.5 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:

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.

Interest / mark up (profit) rate risk

Interest / mark-up (profit) 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.

At the financial position date, the interest (profit) rate profile of the Company's significant interest bearing financial instruments was as follows:

	2020	2019	2020	2019
	<i>Effective interest</i>		<i>Carrying amounts</i>	
	<i>profit rate (in %)</i>		<i>Rupees</i>	<i>Rupees</i>
<i>Financial</i>	7% to 10%	7% to 8%		
PLS accounts	per annum	per annum	24,491,097	9,660,880

Cash flow sensitivity

A change of 100 basis points in interest (profit) rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2019.

	<i>Profit and Loss 100 bp</i>	
	<i>Increase</i>	<i>Decrease</i>
<i>As at June 30, 2020</i>		
Cash flow Sensitivity	244,911	(244,911)
<i>As at June 30, 2019</i>		
Cash flow Sensitivity	96,609	(96,609)

Price risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

At reporting date, if the market prices of each of the marketable securities held by the Company had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / (lower) by the amount shown below. The analysis is performed on same basis for 2019.

	2020	2019
<i>Effect on profit</i>		
<i>Increase</i>	<u>11,695,893</u>	<u>11,579,902</u>
<i>Decrease</i>	<u>(11,695,893)</u>	<u>(11,579,902)</u>

22.6 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market price risk, interest rate risk and investing excessive liquidity.

22.7 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 year ended June 30, 2020.

Capital is monitored on the basis of gearing ratio. This is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings from financial institutions less cash and bank balances.

The Company has not availed any borrowing facility from financial institutions as on the reporting date, therefore, gearing ratio is nil.

22.8 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arising from the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

- i* Requirements for appropriate segregation of duties between various functions, roles and responsibility;

- ii Requirements for the reconciliation and monitoring of transactions;
- iii Compliance with regulatory and other legal requirements;
- iv Documentation of control and procedures;
- v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- vi Ethical and business standards;
- vii Risk mitigation, including insurance where this is effective.

22.9 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.

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>
	<i>----- Rupees -----</i>		
June 30, 2020			
Short term investments - at fair value through P&L	109,354,288	-	60,000
Long term investments - at fair value through P&L	-	-	26,943,129
	109,354,288	-	27,003,129
June 30, 2019			
Short term investments - at fair value through P&L	107,780,694	-	60,000
Long term investments - at fair value through P&L	-	-	22,875,798
	107,780,694	-	22,935,798

23 RELATED PARTY TRANSACTION

23.1 Related parties comprise of associated companies, Director, Key Management Personnel and their close family members. Year end balances of related parties are disclosed in the relevant notes to these financial statements while details of transactions during the year with the related parties are as follows:

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Sales of shares on behalf of related parties		225,226,843	181,973,503
Purchase of shares on behalf of related parties		250,442,122	347,250,464
Commission earned from brokerage transactions	23.1.1	290,660	486,060
Repayment of loan		-	723,698

23.1.1 PSX, vide its circular PSX/N-1258 dated October 09, 2019 and amendments made in Chapter 4 of the PSX Rule Book, has promulgated minimum brokerage rates to be charged by the brokerage houses to its clients but specifying therein that no minimum rate apply to sponsors, directors and their immediate family members.

After the promulgation of this amendment, the Company has waived the commission from the trades made by the Directors and their close family members.

23.2 Followings are the particulars of related parties with whom the company has entered into transactions during the current financial year.

<i>Name of related party</i>	<i>% of holding</i>	<i>Basis of relationship</i>
Mr. Muhammad Omar	12.94%	Key Management Personnel
Mr. Abdul Wahab	44.09%	Key Management Personnel
Mr. Rashid Omar	12.30%	Key Management Personnel
Mrs. Farhat Omar	20.43%	Close family member
Omar H. Karim (Pvt.) Ltd.	n/a	Common directorship
Unifood International (Pvt.) Ltd.	n/a	Common directorship
Yarparvar (Pvt.) Ltd.	n/a	Common directorship

24 COMPUTATION OF LIQUID CAPITAL AS OF JUNE 30, 2020

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	ASSETS	----- Amount in Rupees -----		
1.1	Property and Equipment	3,457,451	100.00%	-
1.2	Intangible Assets	2,518,000	100.00%	-
1.3	Investment in Government Securities	-	-	-
1.4	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure up to 1 year.	-	-	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure up to 1 year.	-	-	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	-	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	109,354,288	64,883,647	44,470,641
	ii. If unlisted, 100% of carrying value.	27,003,129	100.00%	-
1.6	Investment in subsidiaries	-	-	-
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	3,750,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	1,250,000	-	1,250,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	150,000	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)	-	-	-

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.15	Advances and receivables other than trade receivables	----- Amount in Rupees -----		
	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	-	-	-
	ii. Tax refunds due from Government	50,859	-	50,859
	iii. Receivables other than trade receivables	-	-	-
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MTM gains.	-	-	-
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.	-	-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	-	-	-
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	-	-	-
	vi. 100% haircut in the case of amount receivable from related parties.	-	-	-
1.18	Cash and Bank balances			
	i. Bank balance - proprietary accounts	2,171,128	-	2,171,128
	ii. Bank balance - customer accounts	22,332,226	-	22,332,226
	iii. Cash in hand	220,800	-	220,800
1.19	Subscription money against Investment in IPO/offer for Sale: No haircut if shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.20	Total Assets	172,257,881		70,495,654

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2	LIABILITIES	----- Amount in Rupees -----		
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	22,332,226	-	22,332,226
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	1,027,994	-	1,027,994
	iii. Short-term borrowings	2,029,000	-	2,029,000
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: 100% haircut in case of long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other non-current liabilities as per accounting principles and included in the financial statements	-	-	-
2.4	Subordinated Loans			
	i. 100% haircut in case of Subordinated loans which fulfill the conditions specified by SECP	-	-	-
	In this regard, following conditions are specified:			
	a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period			
	b. No haircut will be allowed against short term portion which is repayable within next 12 months.			
	c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Advance against shares for increase in capital of securities broker	-	-	-
	100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
2.6	Total Liabilities	25,389,220		25,389,220

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3	RANKING LIABILITIES RELATING TO:	----- Amount in Rupees -----		
3.1	Concentration in Margin Financing			
	The amount calculated client - to - client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-	-
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed.	-	-	-
3.3	Net underwriting Commitments			
	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment.	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	Concentrated proprietary positions			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	6,376,489	6,376,489

<i>S. No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
3.9	Opening Positions in futures and options	----- Amount in Rupees -----		
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral / pledged with securities exchange after applying VaR haircuts	-	-	-
	ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	Short sell positions			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilities	-	6,376,489	6,376,489

Calculation Summary of Liquid Capital:

1	Adjusted value of Assets (serial number 1.20)	70,495,654
2	Less: Adjusted value of liabilities (serial number 2.6)	(25,389,220)
3	Less: Total ranking liabilities (series number 3.11)	(6,376,489)
		<u>38,729,945</u>

25 COMPUTATION OF NET CAPITAL BALANCE AS OF JUNE 30, 2020

CURRENT ASSETS

	Note	2020 Rupees
Cash in hand and bank balances		
Cash in hand		220,800
Bank Balances		
Bank balances pertaining to brokerage house		2,171,128
Bank balances pertaining to clients		22,332,226
		24,503,354
	12	24,724,154
Margin deposited with NCCPL		
against exposure ready market	9	1,250,000
Investment in listed securities		
Securities on the exposure list marked to market	25.1	87,404,802
Less: 15% discount		(13,110,720)
		74,294,081
Total Current Assets	A	100,268,235

CURRENT LIABILITIES

Trade Payable		
Book values	14	22,332,226
Less: over due for more than 30 days	25.2	(1,046,865)
		21,285,361
Other liabilities	25.2	4,103,859
Total Current Liabilities	B	25,389,220
NET CAPITAL BALANCE	A minus B	74,879,015

25.1 Securities on the exposure list marked to market

Investment in listed securities	10.1	109,354,288
Less: shares pledged with PSX against base minimum capital		(21,949,486)
		87,404,802

25.2 Other liabilities

Trade creditors over due more than 30 days		1,046,865
Accrued liabilities	14	1,027,994
Short term borrowing	15	2,029,000
		4,103,859

26 CAPITAL ADEQUACY LEVEL

	Note	2020 Rupees	2019 Rupees
Total Assets		172,257,881	152,592,643
Less: Total Liabilities		(25,389,220)	(10,614,209)
Less: Revaluation Reserve (created upon revaluation of fixed assets)		-	-
Capital Adequacy Level	24.1	<u>146,868,661</u>	<u>141,978,434</u>

26.1 While determining the value of total assets of the TREC Holder, notional value of the TRE certificate held by M/s. Amanah Investment Limited as at year ended June 30, 2020, as determined by the Pakistan Stock Exchange has been considered.

26.1.1 Disclosure has been provided in pursuant of the requirements of 'Limit on Asset Under Custody Regime' read with Regulation 6.8 of CDC regulations.

27 GENERAL

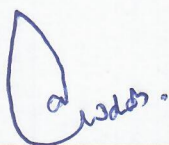
- Number of employees as on the reporting date and average number of employees during the year were 3 (2019: 02) and 3 (2019: 02) respectively.
- Figures have been rounded off to the nearest Rupee.
- As at the reporting date, securities held on the name of sub-account holders (clients) amounting to Rs. 210.381 (2019: Rs. 167.323) million comprising of Rs. 28,794,994 (2019: 10,431,781) shares.

28 DATE OF AUTHORIZATION FOR ISSUE

01 OCT 2020

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

RH260


Chief Executive


Director