



Reanda Haroon Zakaria & Company
Chartered Accountants



**MOONACO SECURITIES
(PRIVATE) LIMITED**

Financial Statements
For the year ended June 30, 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MOONACO SECURITIES (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

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

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

Basis for Opinion

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

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 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**.

Rhza Reanela Haroon Zakaria & Co.
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: 26 SEP 2018

DIRECTORS' REPORT

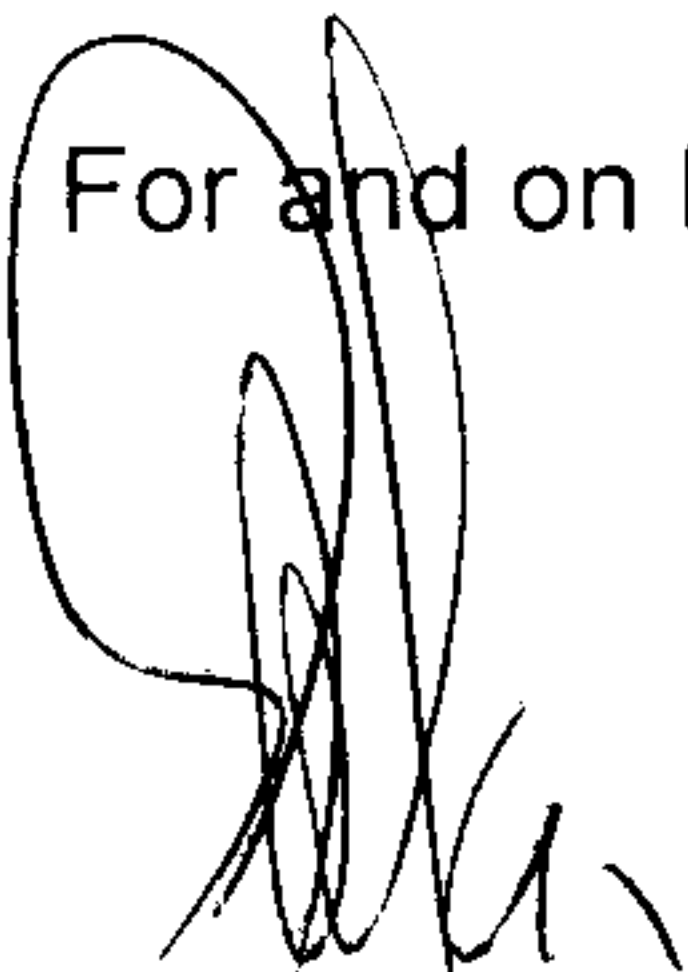
On behalf of the Board of Directors of Moonaco Securities (Private) Limited, I am pleased to present the audited financial statements of the Company for the year ended June 30, 2018.

The KSE100 Index shed 4,654 points during the fiscal year to close at 41,910 points, reflecting a decline of 10%. Despite market expectation of strong foreign inflows following Pakistan's inclusion in the MSCI Emerging Markets, foreign investors continued to remain net sellers and sold stocks worth USD289mn. Economic concerns increased due to rising twin deficits followed by stringent policy measures by the government (16% PKR depreciation and 75bps increase in interest rates).

The Company's profit for the year was recorded at Rs. 710,789 as compared to Rs. 6,997,761 for the corresponding period mainly due to lower commission income and prior year tax adjustment.

Going forward, Pakistan equities are expected to rebound with restoration of political stability, gradual improvement in macroeconomic trends and potential revival of foreign investor interest after steep PKR depreciation.

For and on behalf of the Board of Directors



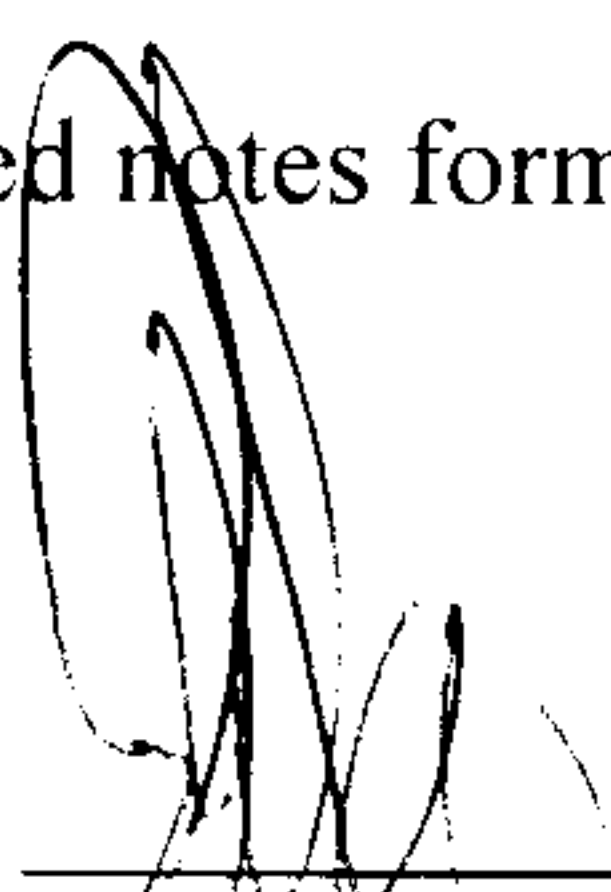
Mohammad Saleem Moon
Chief Executive Officer

Karachi: September 26, 2018

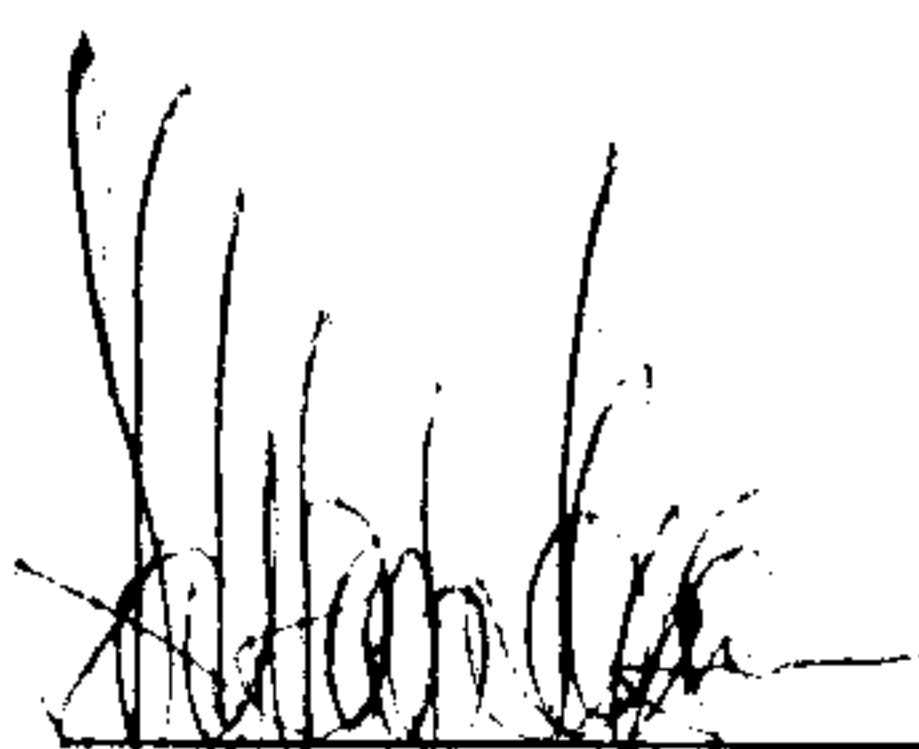
MOONACO SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	13,309,328	14,797,452
Intangible assets	6	2,500,000	2,500,000
Long term investments	7	21,353,582	41,163,833
Long term deposits	8	1,500,000	1,500,000
Deferred tax asset-net	9	-	-
		38,662,910	59,961,285
Current Assets			
Trade debts	10	40,819,835	40,683,060
Short term investments	11	10,304,740	-
Deposits and other receivables	12	40,442,077	44,044,284
Tax refunds due from government	13	206,489	3,595,783
Cash and bank balance	14	211,056,397	231,990,620
		302,829,538	320,313,747
Total Assets		341,492,448	380,275,032
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
30,000,000 Ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued subscribed and paid up capital	15	226,025,600	226,025,600
Unappropriated profit		104,617,421	113,412,143
Shareholders' Equity		330,643,021	339,437,743
Current Liabilities			
Trade and other payables	16	10,849,427	40,837,289
Contingencies and Commitments			
Total Equities and Liabilities		341,492,448	380,275,032

The annexed notes form an integral part of these financial statements



Chief Executive



Director

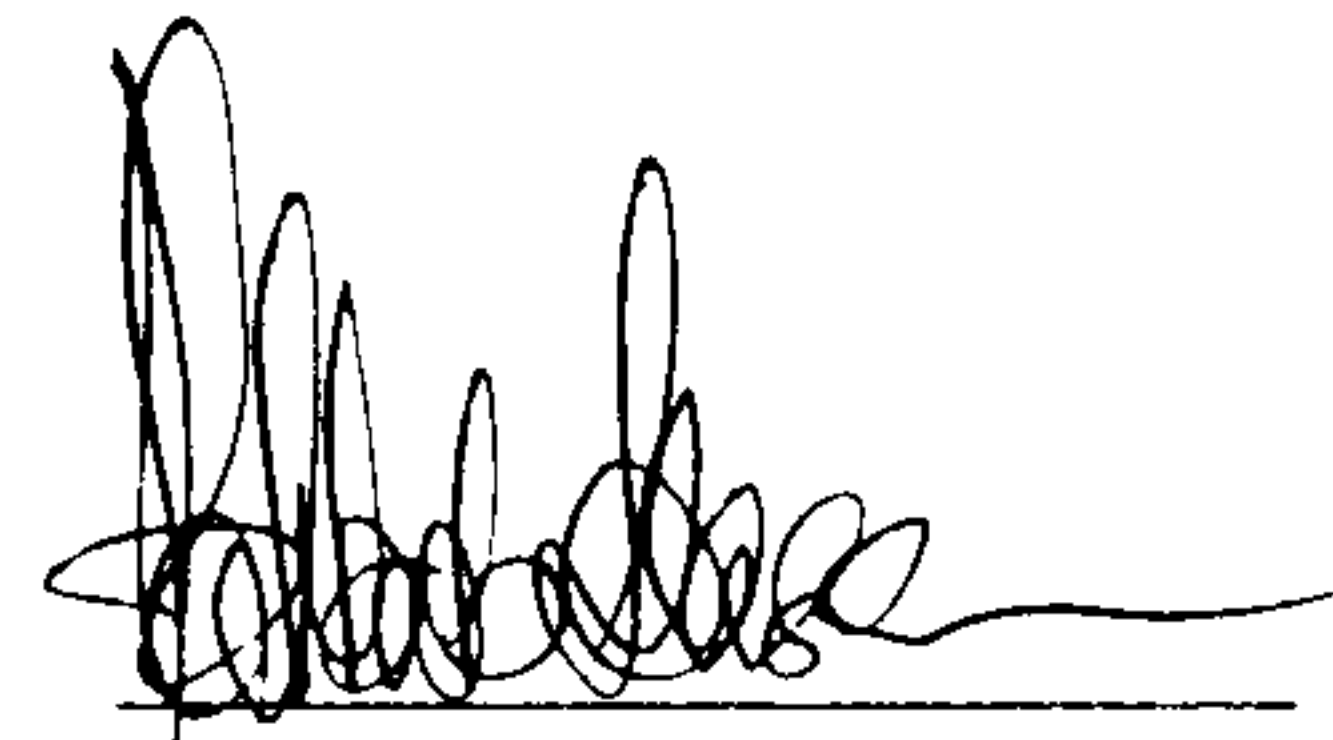
MOONACO SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
Commission income	17	8,955,793	12,974,079
(Loss) / gain on sale of investments- net		(429,530)	44,503,974
Dividend income		996,488	790,123
		<u>9,522,751</u>	<u>58,268,176</u>
Operating expenses	18	(9,840,432)	(11,173,418)
(Loss) / profit from operations		<u>(317,681)</u>	<u>47,094,758</u>
Other charges	19	(146,400)	(47,572,970)
Other income	20	6,965,350	7,952,209
		<u>6,818,950</u>	<u>(39,620,761)</u>
Profit before tax		<u>6,501,269</u>	<u>7,473,997</u>
Taxation	21	(5,790,480)	(476,236)
Profit after Taxation		<u><u>710,789</u></u>	<u><u>6,997,761</u></u>

The annexed notes form an integral part of these financial statements



Chief Executive

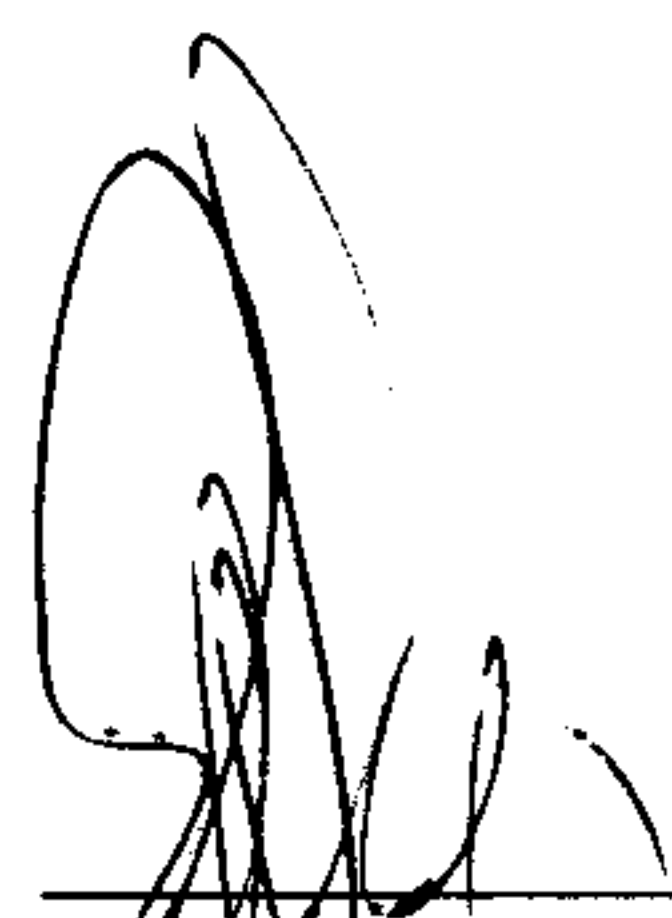


Director


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

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Profit for the year	710,789	6,997,761
Other comprehensive income		
(Loss) / gain on re-measurement of investment available for sale	(9,505,511)	25,134,303
Total comprehensive (loss) / income for the year	(8,794,722)	32,132,064

The annexed notes form an integral part of these financial statements



Chief Executive

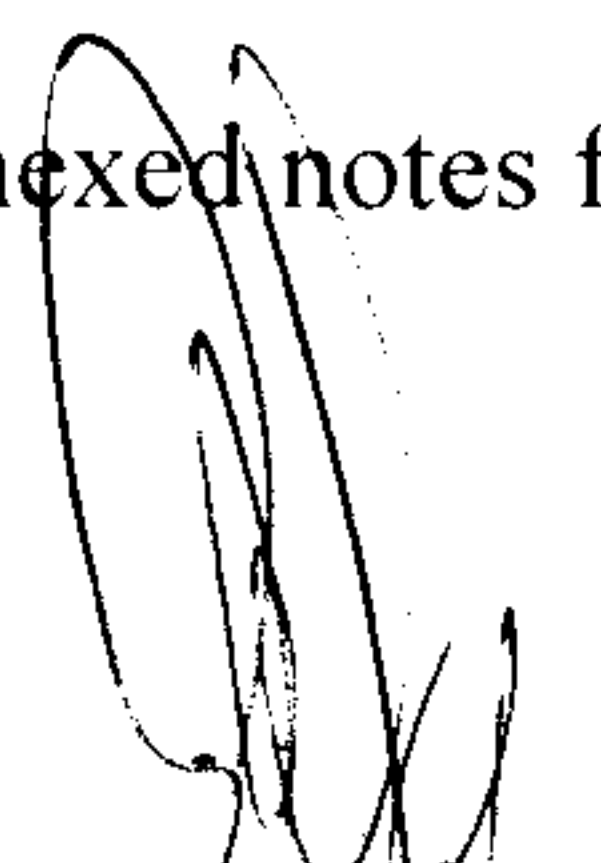


Director

MOONACO SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	6,501,269	7,473,997
Adjustment for :		
Depreciation	1,488,124	1,655,599
Capital loss/(gain)	429,530	(44,503,974)
Liabilities written back	-	(1,054,840)
Impairment of trading right entitlement certificate	-	47,426,170
Profit on bank deposit	(6,030,203)	(6,275,424)
Dividend income	(996,488)	(790,123)
	(5,109,037)	(3,542,592)
Operating gain before working capital	1,392,232	3,931,405
Effect of changes in working capital		
(Increase) / decrease in current assets		
Trade debts	(136,775)	11,220,923
Deposits and other receivables	4,044,284	(20,983,495)
Increase / (decrease) in current liabilities		
Trade and other payables	(29,987,862)	32,391,752
Cash (used in) / generated from operations	(24,688,121)	26,560,585
Taxes paid - net	(2,401,186)	(3,607,250)
Net cash (used in) / generated from operating activities	(27,089,307)	22,953,335
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment - net	(429,530)	68,548,274
Payment for long term deposits	-	(500,000)
Interest received	5,588,126	5,714,635
Dividend received	996,488	790,123
Net cash generated from investing activities	6,155,084	74,553,032
Net (decrease) / increase in cash and cash equivalent	(20,934,223)	97,506,367
Cash and cash equivalents at beginning of the year	231,990,620	134,484,253
Cash and cash equivalents at end of the year	211,056,397	231,990,620

The annexed notes form an integral part of these financial statements



 Chief Executive




 Director


MOONACO SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

<i>Description</i>	<i>Issued, subscribed & paid up capital</i>	<i>Reserves</i>			<i>Total</i>
		<i>Accumulated profit</i>	<i>Gain on remeasurement of available for sale investment</i>	<i>Total Reserves</i>	
----- Rupees -----					
Balance as at June 30, 2015	226,025,600	74,229,495	-	74,229,495	300,255,095
Profit for the year	-	7,050,584	-	7,050,584	7,050,584
Balance as at June 30, 2016	226,025,600	81,280,079	-	81,280,079	307,305,679
Profit for the year	-	6,997,761	-	6,997,761	6,997,761
Other comprehensive income	-	-	25,134,303	25,134,303	25,134,303
Balance as at June 30, 2017	226,025,600	88,277,840	25,134,303	113,412,143	339,437,743
Profit for the year	-	710,789	-	710,789	710,789
Other comprehensive loss	-	-	(9,505,511)	(9,505,511)	(9,505,511)
Balance as at June 30, 2018	226,025,600	88,988,629	15,628,792	104,617,421	330,643,021

The annexed notes form an integral part of these financial statements



 Chief Executive



 Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Moonaco Securities (Private) Limited (the Company) was incorporated in Pakistan on August 24, 2006, as a Private Limited Company under the Companies Ordinance, 1984 (the Ordinance). The company is a TRE certificate holder of Pakistan Stock Exchange Limited and is principally engaged in the business of stock brokerage. The registered office and principal place of business is located at 410-411, 4th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

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

Due to the applicability of Companies Act, 2017 certain disclosures of the financial statements have been presented in accordance with the fifth schedule notified by the Securities and Exchange commission of Pakistan vide S.R.O 1169 dated November 7, 2017.

The financial statements include disclosure requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as notified by the Securities and Exchange Commission of Pakistan vide S.R.O 569(I) / 2016 dated June 24, 2016

During the current year, company's performance was particularly affected by the adverse impact of economic and political scenarios on the equity market. Weak stock market conditions and low trading volumes caused the KSE100 index to fall from 46,565 points to 41,910 points.

3. BASIS OF PREPARATION

3.1. Statement of Compliance

The Financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of:

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

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

3.2. Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for investments which are carried at fair value without any adjustments for the effects of inflation or current values.

3.3. *Functional and Presentation Currency*

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

3.4. *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 recognised 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 amortisation 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 amortisation charge and impairment.

Trade debts

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

Income taxes

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

3.5. *Standards, interpretations and amendments to approved accounting standards that are not yet effective*

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows :

3.5.1 *New standards, Interpretations and Amendments*

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure initiative - (Amendment)
- IAS 12 - Income taxes - Recognition of Deferred tax Assets for unrealized losses (Amendments)

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

3.5.2 *Standards, amendments and improvements to approved accounting standards that are not yet effective*

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:

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 Share Based Payments - Classification and Measurement of Share Based payments Transactions (Amendment)	01 January 2018
IFRS 9 Financial instruments	01 July 2018
IFRS 9 Prepayment Features with Negative Compensation - (Amendments)	01 January 2018
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)	Not yet finalized
IFRS 15 Revenue from Contracts with Customers	01 July 2018
IFRS 16 Leases	01 January 2019
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts - (Amendments)	01 January 2018
IAS 40 Investment Property - Transfer of Investment Property	01 January 2018
IAS 19 Plan Ammendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 Long term interests in Associates and Joint ventures (Amendments)	01 January 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatment	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for 'IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. 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.

3.5.3 Standard or Interpretation	<i>Effective date (annual periods beginning on or after)</i>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

3.5.4 Annual Improvements

IFRS 5 - Non Current Assets Held for Sale and Discontinued Operation - Changes in method of disposal.

IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts.

IFRS 7 - Financial Instruments: Disclosures - Applicability of off-setting disclosure to condensed interim financial statements.

IAS 19 - Employee Benefits - Discount rate: Regional market issue.

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'.

The adoption of above amendments, improvements to accounting standards and interpretations does not have any material effect on the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, equipment and depreciation thereon

Owned

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

The depreciation is charged to income applying reducing balance method at the rates specified in relevant note. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

Maintenance and normal repairs are charged to income as and when incurred while major improvements that fulfill the criteria under IFRS, if any, are capitalized. Gains and losses on disposal of assets are included in the profit and loss account.

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.

4.2. Intangibles

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 derecognised.

-Trading Right Entitlement Certificate (TREC)

Trading Right Entitlement Certificate (TREC) is stated at acquisition cost less provision for impairment loss, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess with its recoverable amount, and where the carrying value exceeds from estimated recoverable amount, it is written down to its estimated recoverable amount.

4.3 Financial instruments

4.3.1 Financial assets

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

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Advances and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market, where management has the intention and ability to hold till maturity are carried at amortised cost.

d) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the reporting date. Available for sale financial assets in such case are classified as short term investments in the statement of financial position.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised as "Other comprehensive income" are included in the profit or loss as gains and losses on disposal of short term investments. Interest on available for sale securities calculated using effective interest method is recognised as profit or loss. Dividends on available for sale equity instruments are recognised in the profit or loss when the Company's right to receive payments is established.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the profit or loss. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'Other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in the profit or loss for the year.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

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

The Company assesses at each date of statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

4.3.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at cost, which is the fair value of the consideration given.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

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

4.3.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

4.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtful debts, if any. A provision for doubtful debt is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.5 Provisions

A provision is recognized when the Company has an obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.6 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprises cash and bank balances and short term investments having maturity upto three months net of short term borrowings which are repayable on demand.

4.7 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.

4.8 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in statement of changes in equity or in which case it is recognised in equity.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

4.9. Revenue

Brokerage, commission, consultancy and other income are recognised as and when such services are provided.

Interest income is recognised on a time proportion basis using the effective interest rate of return.

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

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

4.10 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 recognised.

4.11 Related party transactions

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

5. PROPERTY AND EQUIPMENT

	<i>Office Premises</i>	<i>Furniture and Fittings</i>	<i>Computer and Rupees</i>	<i>Office Equipment</i>	<i>Total</i>
Year Ended June 30, 2017					
Opening net book value	16,284,330	94,650	12,379	61,692	16,453,051
Depreciation charge	(1,628,433)	(14,198)	(3,714)	(9,254)	(1,655,599)
Net Book Value as at June 30, 2017	14,655,897	80,452	8,665	52,438	14,797,452
Additions					
Depreciation charge	(1,465,590)	(12,068)	(2,600)	(7,866)	(1,488,124)
Net Book Value as at June 30, 2018	13,190,307	68,384	6,065	44,572	13,309,328
At June 30, 2017					
Cost	19,046,000	408,648	298,452	266,350	20,019,450
Accumulated depreciation	(4,390,103)	(328,196)	(289,787)	(213,912)	(5,221,998)
Net book value	14,655,897	80,452	8,665	52,438	14,797,452
At June 30, 2018					
Cost	19,046,000	408,648	298,452	266,350	20,019,450
Accumulated depreciation	(5,855,693)	(340,264)	(292,387)	(221,778)	(6,710,122)
Net book value	13,190,307	68,384	6,065	44,572	13,309,328
Rate of depreciation %	10%	15%	30%	15%	

6. INTANGIBLE ASSETS

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
Trading Right Entitlement Certificate (TREC)	6.1	<u>2,500,000</u>	<u>2,500,000</u>

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

7. LONG TERM INVESTMENTS

- Available for sale - at fair value - Quoted

<i>2018 Number of Shares</i>	<i>2017 Number of Shares</i>		<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
<u>1,081,194</u>	<u>1,602,953</u>	Pakistan Stock Exchange Limited	7.1	<u>21,353,582</u>	<u>41,163,833</u>

7.1 Investment in shares of Pakistan Stock Exchange Limited is carried at the fair value. 1,081,194 shares of the total shares remains in Company's CDC account which are freeze.

8. LONG TERM DEPOSITS

	<i>2018 Rupees</i>	<i>2017 Rupees</i>
National Clearing Company of Pakistan Limited	1,400,000	1,400,000
Central Depository Company of Pakistan Limited	100,000	100,000
	<u>1,500,000</u>	<u>1,500,000</u>

9 DEFERRED TAX ASSET-NET

Deductible / (taxable) temporary differences arising in respect of :

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Accelerated depreciation		(201,405)	(231,526)
Assessed tax losses		11,174,925	11,560,267
Minimum tax impact		129,741	129,741
		<u>11,103,261</u>	<u>11,458,481</u>
Un recognized Deferred tax asset	9.1	<u>(11,103,261)</u>	<u>(11,458,481)</u>
		<u>-</u>	<u>-</u>

9.1 The deferred tax asset of Rs. 11,103,261 (2017: Rs.11,458,481) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

10. TRADE DEBTS

Considered good

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Receivables from clients	10.1	38,620,870	40,554,140
DFC profit withheld by NCCPL		2,198,965	128,920
		<u>40,819,835</u>	<u>40,683,060</u>

10.1 Receivables from clients

Considered good	<u>38,620,870</u>	<u>40,554,140</u>
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10.2 Clients securities pledged

The total value of securities pertaining to clients are Rs. 553.872 million held in sub-accounts of the company. No security are pledged.

11. SHORT TERM INVESTMENT

- Available for sale - at fair value - Quoted

<i>2018</i> <i>Number of Shares</i>	<i>2017</i>		<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
<u>521,759</u>	-	Pakistan Stock Exchange Limited	11.1	<u>10,304,740</u>	<u>-</u>

11.1 Investment in shares of Pakistan Stock Exchange Limited is carried at the fair value. 521,759 shares out of total shares 1,602,953 has been transferred in short term investments as these shares have been changed from freeze to available in CDC statement.

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
12. DEPOSITS AND OTHER RECEIVABLES			
Deposits			
National Clearing Company Pakistan limited		40,000,000	23,000,000
Pakistan Stock Exchange Limited		-	15,995,227
Other Receivables			
Other receivables		109,470	168,500
Accrued markup on bank deposit		332,607	392,289
Chinese consortium (PSX shares)		-	4,488,268
		<u>40,442,077</u>	<u>44,044,284</u>

13. TAX REFUNDS DUE FROM GOVERNMENT

Opening refund/(liability)	3,595,783	464,769
Provision for the year	(3,707,802)	(476,236)
Prior year tax	(2,082,678)	-
Tax paid during the year	2,885,890	3,844,773
Refund received/adjusted during the period	(484,704)	(237,523)
	<u>206,489</u>	<u>3,595,783</u>

14. CASH AND BANK BALANCE

Cash in hand		51,499	14,211
Cash at bank - current account		11,316,655	63,579,132
Cash at bank - saving account		199,688,243	168,397,277
	14.1	<u>211,004,898</u>	<u>231,976,409</u>
		<u>211,056,397</u>	<u>231,990,620</u>

14.1 Balance pertaining to

- clients	10,433,111	40,398,125
- brokerage house	200,571,787	191,578,284
	<u>211,004,898</u>	<u>231,976,409</u>

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2018</i>	<i>2017</i>		<i>2018</i>	<i>2017</i>
<i>Number of shares</i>			<i>2018</i>	<i>2017</i>
11,602,560	11,602,560	Ordinary shares of Rs. 10 each issued for cash	116,025,600	116,025,600
11,000,000	11,000,000	Ordinary shares of Rs. 10 each issued for other than cash	110,000,000	110,000,000
<u>22,602,560</u>	<u>22,602,560</u>		<u>226,025,600</u>	<u>226,025,600</u>

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
16. TRADE AND OTHER PAYABLES			
Trade creditors		10,433,111	40,398,125
Accrued liabilities		416,316	439,164
		<u>10,849,427</u>	<u>40,837,289</u>
17. OPERATING REVENUE			
Brokerage commission		8,944,951	12,944,545
IPO commission		10,842	29,534
		<u>8,955,793</u>	<u>12,974,079</u>
18. OPERATING EXPENSES			
Salaries, wages and benefits		4,215,750	4,059,900
Commission expense		1,173,937	1,935,409
PSX clearing house charges		400,793	408,434
NCCPL charges		449,557	351,687
CDC charges		341,928	451,092
SECP charges		53,400	51,800
Electricity charges		152,385	157,049
Telephone and internet		175,277	238,257
Repairs and maintenance		112,350	33,630
Printing and stationery		40,844	68,126
Entertainment		489,097	430,960
Traveling and conveyance		67,015	291,445
Legal and professional charges		197,446	229,921
Fees and subscription charges		232,031	150,855
Software maintenance charges		126,000	108,000
Depreciation	5	1,488,124	1,655,599
Book building IPO expense		13,618	442,245
Miscellaneous		110,880	109,009
		<u>9,840,432</u>	<u>11,173,418</u>
19. OTHER CHARGES			
Auditors' remuneration	19.1	146,400	146,800
Impairment of trading right entitlement certificate		-	47,426,170
		<u>146,400</u>	<u>47,572,970</u>
19.1 Auditors' remuneration			
Statutory audit fees		88,000	80,000
Other services including certification		58,400	66,800
		<u>146,400</u>	<u>146,800</u>
20. OTHER INCOME			
Return on bank deposits		5,206,392	6,019,777
Profit on clearing house deposit / PSX retention amount		823,811	255,647
Liabilities written back		-	1,054,840
Other income		935,147	621,945
		<u>6,965,350</u>	<u>7,952,209</u>

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Current	3,707,802	476,236
Prior	2,082,678	-
	<u>5,790,480</u>	<u>476,236</u>

22. RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings, directors of the Company and key management employees. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions. Year end balances with related parties, if any, are shown in the relevant notes to the financial statements.

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Remuneration of Chief Executive	<u>1,200,000</u>	<u>1,200,000</u>

23. PATTERN OF SHAREHOLDING

<i>Sr.</i> <i>No.</i>	<i>Name of Shareholder</i>	<i>No. of Shares</i> <i>Held</i>	<i>Percentage</i> <i>%</i>
1	Mohammad Ameen Moon	11,301,230	49.9998%
2	Mohammad Saleem Moon	11,301,230	49.9998%
3	Mahboob Husain Moon	100	0.0004%
		<u>22,602,560</u>	<u>100.00%</u>

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Followings are the financial assets and liabilities at year end :

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
FINANCIAL ASSETS AND LIABILITIES		
<i>Financial assets</i>		
Long-term investments	21,353,582	41,163,833
Trade debts	40,819,835	40,683,060
Short term investments	10,304,740	-
Deposits and other receivables	40,442,077	44,044,284
Cash and bank balances	<u>211,056,397</u>	<u>231,990,620</u>
	<u>323,976,631</u>	<u>357,881,797</u>
<i>Financial Liabilities</i>		
Trade and other payables	<u>10,849,427</u>	<u>40,837,289</u>

