TANNU SECURITIES (PRIVATE) LIMITED

Financial Statements
For the year ended June 30, 2018

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

Opinion

We have audited the annexed financial statements of **Tannu 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 loss, 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.

REANDA

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 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**.

Reanda Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 12 SEP 2018

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

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	5	**3,819,103**	4,348,483
Intangible asset	6	**2,500,000**	5,000,000
Long term deposits	7	**1,500,000**	1,004,809
Long term investments	8	**31,658,321**	41,163,833
Deferred taxation	9	**-**	-
		39,477,424	51,517,125
Current Assets			
Trade debts	10	**6,899,533**	4,730,572
Tax refunds due from government	11	**5,960,937**	5,333,863
Advances, deposits, prepayments and other receivables	12	**54,749,864**	31,339,218
Short term investment	13	**33,327,552**	73,987,890
Cash and bank balance	14	**2,783,990**	26,475,232
		103,721,876	141,866,775
Total Assets		**143,199,300**	193,383,900
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
20,000,000 (2017: 10,000,000) Ordinary shares of Rs.10 each		**200,000,000**	100,000,000
Issued subscribed and paid up capital	15	**192,104,372**	85,406,460
Reserves		**(67,187,514)**	60,495,191
Shareholders' Equity		**124,916,858**	145,901,651
Current Liabilities			
Short term loans	16	**14,658,482**	42,076,543
Trade and other payables	17	**3,623,960**	5,405,706
		18,282,442	47,482,249
Contingencies and Commitments	18		
Total Equities and Liabilities		**143,199,300**	193,383,900

The annexed notes form an integral part of these financial statements

TANNU SECURITIES (PVT) LIMITED

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

	Note	2018 Rupees	2017 Rupees
Operating revenue	19	**4,796,562**	5,311,103
(Loss) / gain on sale of investments - net		**(117,375,902)**	54,338,733
Loss on remeasurement of investment - net	20	**(505,902)**	(5,377,720)
		(113,085,242)	54,272,116
Operating and administrative expenses	21	**(8,876,849)**	(12,844,784)
(Loss) / profit from operation		**(121,962,091)**	41,427,332
Finance cost	22	**(42,554)**	(33,690)
Other income	23	**10,408,178**	7,083,111
Other charges	24	**(2,773,500)**	(205,000)
		7,592,124	6,844,421
(Loss) / profit before taxation		**(114,369,967)**	48,271,753
Taxation	25	**(3,807,226)**	(1,820,960)
(Loss) / profit after Taxation		**(118,177,193)**	46,450,793

The annexed notes form an integral part of these financial statements

Chief Executive

TANNU SECURITIES (PVT) LIMITED 113

Director

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

	2018 Rupees	2017 Rupees
(Loss) / profit for the year	**(118,177,193)**	46,450,793
Other comprehensive income		
Item that may be reclassified subsequently to profit and loss account		
(Loss) / gain on re-measurement of investment available for sale	**(9,505,512)**	27,920,815
Total comprehensive (loss) / income for the year	**(127,682,705)**	74,371,608

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Chief Executive

TANNU SECURITIES (PVT) LIMITED ★ 113

Director

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

Description	*Issued, subscribed & paid up capital*	*Reserves*			*Total*
		Accumulated profit / (loss)	*Gain on remeasurement of available for sale investment*	*Total Reserves*	
		---------- Rupees ----------			
Balance as at June 30, 2016	85,406,460	(11,180,894)	-	(11,180,894)	74,225,[illegible]
Profit for the year	-	46,450,793	-	46,450,793	46,450,[illegible]
Other comprehensive income	-	-	27,920,815	27,920,815	27,920,[illegible]
Adjustment of present value of interest free loan	-	**(2,695,523)**	-	(2,695,523)	(2,695,[illegible]
Balance as at June 30, 2017	**85,406,460**	**32,574,376**	**27,920,815**	**60,495,191**	**145,901,[illegible]**
Shares issued during the year	**106,697,912**	-	-	-	**106,697,[illegible]**
Loss for the year	-	**(118,177,193)**	-	**(118,177,193)**	**(118,177,[illegible]**
Other comprehensive loss	-	-	**(9,505,512)**	**(9,505,512)**	**(9,505,[illegible]**
Balance as at June 30, 2018	**192,104,372**	**(85,602,817)**	**18,415,303**	**(67,187,514)**	**124,916,[illegible]**

The annexed notes form an integral part of these financial statements

TANNU SECURITIES (PVT) LIMITED ★ 113

Chief Executive

Director

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

	2018 Rupees	2017 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	**(114,369,967)**	48,271,753
Adjustment for non-cash and other items		
Depreciation	**611,490**	491,075
Impairment	**2,500,000**	-
Return on exposure deposit	**(2,917,601)**	(2,997,871)
Finance cost	**42,554**	33,690
(Loss) / gain on remeasuremnt of investment available for sale	**(9,505,512)**	27,920,815
Dividend income	**(2,761,404)**	(464,562)
	(12,030,473)	24,983,147
Operating (loss) /gain before working capital changes	**(126,400,440)**	73,254,900
Effect of changes in working capital		
(Increase) / decrease in current assets		
Trade debts	**(2,168,961)**	(3,590,780)
Advances, deposits, prepayments and other receivables	**(23,410,646)**	9,477,279
Increase / (decrease) in current liabilities		
Trade and other payables	**(1,781,746)**	1,046,285
	(27,361,353)	6,932,784
Cash (used in) / generated from operations	**(153,761,793)**	80,187,684
Finance cost paid	**(42,554)**	(33,690)
Taxes paid	**(4,434,300)**	(4,805,442)
Long term deposit - net	**(495,191)**	(500,000)
Net cash (used in) / generated from operating activities	**(158,733,838)**	74,848,552
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment - net	**50,165,850**	(68,399,479)
Addition of property and equipment	**(82,110)**	(3,208,500)
Return on exposure deposit	**2,917,601**	2,997,871
Dividend received	**2,761,404**	464,562
Net cash generated from / (used in) investing activities	**55,762,745**	(68,145,546)

	2018 Rupees	2017 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of loan from directors/share holders	**(27,418,061)**	13,867,153
Receipt from issue of shares	**106,697,912**	-
Net cash generated from financing activities	**79,279,851**	13,867,153
Net (decrease) / increase in cash and cash equivalent	**(23,691,242)**	20,570,159
Cash and cash equivalents at beginning of the year	**26,475,232**	5,905,073
Cash and cash equivalents at end of the year	**2,783,990**	26,475,232

The annexed notes form an integral part of these financial statements

Chief Executive

TANNU SECURITIES (PVT) LIMITED
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Director

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

1 THE COMPANY AND ITS OPERATION

Tannu Securities (Private) Limited (the Company) was incorporated in Pakistan on April 16, 2012 as a Private Limited Company under the Companies Ordinance, 1984 (Now Companies Act 2017). The main object of the Company is to carry on the business as brokers in stock shares, securities, commercial papers, debentures etc. The Company is a Trading Right Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited. The registered office and principal place of business is located at 610, Continental Trade Center, Block-8, Clifton , Karachi, Sindh.

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 year the Company has loss before taxation of Rs 114,369,967, resulting in accumulated loss of Rs. 67,187,514 as opposed to accumulated profit of Rs. 60,495,191 for the year ended 30 June, 2017. The Company has suffered capital loss on disposal Rs. 117,375,902. The major reason for reduction in profitability and capital loss has been weakening stock market conditons, whereby the KSE 100 index has fallen from 46,565 to 41,998 points.

The company has increased its paid-up capital by Rs. 106,697,912 during the year.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

These Financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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 provisions of and directive issued under the Act differ from IFRS standards, the provisions of and directives issued under the Act have been followed.

3.2 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is also the Company's functional and

3.3 *Basis of Measurement*

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

3.4 *Significant accounting judgements,estimates and assumptions*

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 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 continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Property and equipment

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

Intangible assets

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

Trade debts

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 establishes 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 described below :

3.5.1 New standards, Interpretations and Amendments

The Company has adopted the following revised standards and amendments interpretation 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 effect on the 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:

Standard or Interpretation			*Effective date (annual periods beginning on or after)*
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 (Amendments)	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 'FRS 15 - Revenue from contracts with

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*		*Effective date (annual periods beginning on or after)*
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*

4.1 *Property and Equipment*

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

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to

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

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

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

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

4.2 *Capital work in progress*

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

4.3 *Intangible Assets*

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

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

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company.

An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

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

4.4 *Investments*

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account. These are classified and measured as follows:

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity. These are initially measured at fair value plus transaction costs and are subsequently stated at ammortised cost using the effective interest method less impairment, if any. These are classified as current and non-current assets in accordance with the criteria set out by IFRS. Gains and losses are recognised in statement of profit and loss, when the investments are derecognised or impaired, as well as through the ammortisation process.

Investments at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuations in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are re-measured at fair value. Gains or losses on re-measurement of these investments are recognized in the profit and loss account currently.

Available-for-sale

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes in market conditions are classified as available-for-sale. At initial recognition, available-for-sale investments are measured at fair value plus directly attributable transaction costs.

Subsequent to initial recognition investments which are classified as available-for-sale are measured at fair value with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve until, the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss is reclassified to the statement of profit or loss and removed from the available-for-sale reserve.

Subsequent to initial measurement, equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured are stated at cost less impairment value, if any.

The company follows settlement date accounting for regular way purchases and sales of securities.

4.5 *Advances, deposits, prepayments and other receivables*

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

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

4.6 *Trade debts*

Trade debts originated by the company are recognized and carried at original invoice amount less provision for doubtful debt. An estimated provision is made when collection of the full amount no longer receivable. Bad debts are written off as and when identified.

4.7 *Cash and cash equivalents*

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

4.8 *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.

4.9 *Taxation*

Current

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

Deferred

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

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

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

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

4.10 *Provisions*

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of outflow can be made.

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

4.11 *Revenue*

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

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

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

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

4.12 *Expenses*

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

4.13 *Financial instruments*

4.13.1 *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.

4.13.2 *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.

4.13.3 *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.

4.14 *Impairment*

Financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occured after the initial recognition of the asset (an occured 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Any impairment lossess on financial assets including financial asset carried at ammortised cost are recognised in statement of profit and loss.

Non-Financial assets

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

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

4.15 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*

Particulars

Year Ended June 30, 2017

Opening Book value as at July 1, 2016
Additions
Depreciation charged
Net book value as at June 30, 2017

Year Ended June 30, 2018

Opening Book value as at July 1, 2017
Additions
Depreciation charged
Net book value as at June 30, 2018

At June 30, 2017
Cost
Accumulated depreciation
Net Book Value

At June 30, 2018
Cost
Accumulated depreciation
Net Book Value

Rate of depreciation %

		2018 Rupees	2017 Rupees

6. *INTANGIBLE ASSET*

Trading Rights Entitlement Certificate (TREC)		**2,500,000**	5,000,000

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

	Note	*2018* *Rupees*	*2017* *Rupees*
6.2 Movement in Trading Rights Entitlement Certificate (TREC)			
Opening carrying value		**5,000,000**	5,000,000
Impairment recognized during the year	6.2.1	**(2,500,000)**	-
Closing carrying value		**2,500,000**	5,000,000

6.2.1 During the year the company has measured the TRE certificate on its notional value of Rs. 2.5 million as per Pakistan stock exchange vide notice number PSX/N-7178, dated November 10, 2017 and accordingly recorded impairment in the statement of profit or loss.

	Note	*2018* *Rupees*	*2017* *Rupees*

7. *LONG TERM DEPOSITS*

National Clearing Company of Pakistan Limited		**1,400,000**	700,000
Central Depository Company Limited		**100,000**	204,809
Pakistan Stock Exchange Limited		-	100,000
		1,500,000	1,004,809

8. *LONG TERM INVESTMENTS*

- Available for sale - at fair value - Quoted

2018	*2017*				
Number of Shares					
1,602,953	1,602,953	Pakistan Stock Exchange Limited	8.1	**31,658,321**	41,163,833

8.1 Investment in shares of Pakistan Stock Exchange Limited is carried at the fair value. Number of shares freezed in favour of Pakistan Stock Exchange Limted is 1,081,194 (2017: 1,602,953).

	Note	2018 Rupees	2017 Rupees
9. DEFERRED TAXATION			
Taxable temporary differences			
Accelerated tax depreciation		**58,531**	161,022
Deductible temporary differences			
Assessed tax losses		**(81,974)**	(161,532)
Minimum tax impact		**(53,111)**	(53,111)
		(135,085)	(214,643)
		(76,554)	(53,621)
Unrecognized deferred tax asset	9.1	**76,554**	53,621
		-	-

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

	Note	2018 Rupees	2017 Rupees
10. TRADE DEBTS			
Receivable from clients	10.1	**10,342,564**	8,206,098
Less: Provision for doubtful	10.2	**(3,443,031)**	(3,475,526)
		6,899,533	4,730,572

10.1 Clients securities pledged

The total value of securities pertaining to clients are Rs. 67.578 million held in sub-accounts of the company. No security is pledged by client to any financial institutions.

	2018 Rupees	2017 Rupees
10.2 Provision for doubtful debts		
Balance as at July 01	**3,475,526**	-
Provision made during the year	**42,731**	3,475,526
Provision reversed	**(75,226)**	-
	3,443,031	3,475,526

10.3 Aging analysis

The aging analysis of trade debts is as follows:

	As on June 30, 2018	
	Amount Rupees	Custody value Rupees
Upto five days	**2,490,042**	2,490,042
More than five days	**7,852,522**	7,852,522
	10,342,564	10,342,564

	2018 Rupees	2017 Rupees

11. *TAX REFUNDS DUE FROM GOVERNMENT*

	2018 Rupees	2017 Rupees
Opening tax refund	**5,333,863**	2,345,631
Provision for the year	**(3,807,226)**	(1,817,210)
	1,526,637	528,421
Tax paid during the year	**4,434,300**	4,805,442
	5,960,937	5,333,863

12. *ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES*

	2018 Rupees	2017 Rupees
- Considered good		
Deposits		
Margin deposits with NCCPL	**40,557,855**	25,222,100
Prepayments	**54,825**	54,826
Other Receivable		
Future profits held with NCCPL	**13,082,450**	930,765
Others receivables	**1,054,734**	643,259
Chinese consortium	**-**	4,488,268
	54,749,864	31,339,218

13. *SHORT TERM INVESTMENT*

	2018 Rupees	2017 Rupees
At fair value through profit and loss - Held for trading	**33,327,552**	73,987,890

13.1 Securities having fair value of Rs. 18.206 million is pledged against running finance facility.

14. *CASH AND BANK BALANCE*

	Note	2018 Rupees	2017 Rupees
Cash in hand		**790**	2,230
Cash at bank - current account	14.1	**2,783,200**	26,473,002
		2,783,990	26,475,232

14.1 Balance pertaining to

	2018 Rupees	2017 Rupees
- clients	**2,699,331**	4,401,208
- brokerage house	**83,869**	22,071,794
	2,783,200	26,473,002

15. *ISSUED, SUBSCRIBED AND PAID-UP CAPITAL*

2018	2017		2018	2017
Number of shares			*Rupees*	*Rupees*
		Fully paid in / against:		
14,660,437	3,990,646	Cash	**146,604,372**	39,906,460
1,239,246	1,239,246	Trade Right Entitlement Certificate	**12,392,456**	12,392,456
3,310,754	3,310,754	Shares of Pakistan Stock Exchange Ltd.	**33,107,544**	33,107,544
19,210,437	8,540,646		**192,104,372**	85,406,460

16. *SHORT TERM LOANS*

	Note		
Loan from director		-	32,229,076
Loan from shareholders	16.1	**14,658,482**	9,847,467
		14,658,482	42,076,543

16.1 This represents unsecured and interest free loan from shareholders. The loan is repayable within a period of twelve months from the balance sheet date.

16.2 The company has unavailed running finance facility have limit of Rs. 50 million from banking company. The facility carry markup ranging from 3 months KIBOR + 3% per annum. These facilities are secured against pledge of quoted shares as per bank's approved list and personal guarentee of all directors of the company.

17. *TRADE AND OTHER PAYABLES*

	2018 *Rupees*	2017 *Rupees*
Trade creditors	**2,699,331**	4,396,982
Accrued liabilities	**675,982**	586,341
Sales tax payable	**25,634**	60,508
Other payables	**223,013**	361,875
	3,623,960	5,405,706

18. *CONTINGENCIES AND COMMITMENTS*

18.1 There are no contingencies as at the year end.

*18.2 **Commitment***

Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end, are as follows.

	2018 *Rupees*	2017 *Rupees*
For purchase of shares	**2,587,057**	54,363,273

	Note	2018 Rupees	2017 Rupees

19. OPERATING REVENUE

	Note	2018 Rupees	2017 Rupees
Brokerage commission		**4,796,562**	5,311,103

20. LOSS ON REMEASUREMENT OF INVESTMENT - NET

	Note	2018 Rupees	2017 Rupees
Loss on remeasurement of investment- at fair value through profit or loss		**(505,902)**	(5,377,720)

21. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2018 Rupees	2017 Rupees
Salaries, wages and benefits		**2,469,900**	2,880,727
Utilities		**306,892**	294,869
Computer expenses		**20,000**	12,450
Communication charges		**444,748**	454,687
Fees and subscription		**470,000**	118,000
Legal and professional charges		**703,899**	99,120
Service and transaction charges		**1,647,857**	2,084,881
Commission expense		**1,002,692**	1,996,268
Repair and maintenance		**178,660**	111,560
Depreciation	5	**611,490**	491,075
Software maintenance charges		**207,500**	175,040
Entertainment		**18,000**	65,920
Travelling charges		-	98,000
Fuel expense		**44,894**	112,894
Provision for doubt debts		**42,731**	3,475,526
Bed debts expense		-	125,542
Insurance expense		**62,500**	21,968
Miscellaneous		**645,086**	226,257
		8,876,849	12,844,784

22. FINANCE COST

	Note	2018 Rupees	2017 Rupees
Bank charges		**42,554**	33,690

23. OTHER INCOME

	Note	2018 Rupees	2017 Rupees
Dividend income		**2,761,404**	464,562
IPO - Share application brokerage		**388**	10,761
Return on exposure deposits		**2,917,601**	2,997,871
Others		**4,728,785**	3,609,917
		10,408,178	7,083,111

	Note	2018 Rupees	2017 Rupees

24. OTHER CHARGES

	Note	2018 Rupees	2017 Rupees
Auditors' remuneration:			
Statutory audit		125,000	90,000
Other certification charges		148,500	115,000
Impairment of Trading Rights Entitlement Certificate (TREC)	6	2,500,000	-
		2,773,500	205,000

25. TAXATION

		2018 Rupees	2017 Rupees
Current		(4,103,715)	(1,817,210)
Prior		296,489	(3,750)
		(3,807,226)	(1,820,960)

26. 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.

	2018 Rupees	2017 Rupees
Brokerage income earned from		
Directors and chief executive	46,382	44,909
Shareholders	197,591	599,191
Balances		
Shareholders - Trade creditors	102,740	
Director and chief executive-Imran Haroon - Trade debts [The maximum agrigate amount outstanding during the year was Rs.1,504,549]	56,688	87,944
Shareholder - Muhammad Hanif - Trade debts [The maximum agrigate amount outstanding during the year was Rs.1,620,184]	1,620,184	907,582
Repayment of loan to		
Directors and Chief Executive	53,994,076	39,859,587
Shareholders	19,419,447	17,489,355
Receipt of loan from		
Directors and Chief Executive	21,765,000	71,216,098
Shareholder	130,928,373	-
Shares issued to shareholder against repayment of loan	106,697,912	-

27. *PATTERN OF SHAREHOLDING*

Sr. No.	*Name of Share Holder*	*No. of Shares Held*	*Percentage %*
1	Farhan Fareed	**5,162,729**	26.8746%
2	Muhammad Faisal	**712,680**	3.7099%
3	Muhammad Imran Haroon	**40,000**	0.2082%
4	Muhammad Tanveer Haroon	**350,000**	1.8219%
5	Muhammad Sumair	**500**	0.0026%
6	Muhammad Hanif	**12,944,528**	67.3828%
		19,210,437	100%

28. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*

Followings are the financial assets and liabilities at year end :

	2018 Rupees	*2017 Rupees*
FINANCIAL ASSETS AND LIABILITIES		
Financial assets		
Long-term investments	**31,658,321**	41,163,833
Trade debts	**6,899,533**	4,730,572
Advances, deposits, prepayments and other receivables	**54,749,864**	31,339,218
Short term investment	**33,327,552**	73,987,890
Cash and bank balances	**2,783,990**	26,475,232
	129,419,260	177,696,745
Financial Liabilities		
Short term loans	**14,658,482**	42,076,543
Trade and other payables	**3,623,960**	5,405,706
	18,282,442	47,482,249

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

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

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

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

28.1 *Credit risk*

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

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

	Note	2018 Rupees	2017 Rupees
Long-term investments	8	31,658,321	41,163,833
Trade debts	10	6,899,533	4,730,572
Advances, deposits, prepayments and other receivables	12	54,749,864	31,339,218
Short term investment	13	33,327,552	73,987,890
Cash and bank balance	14	2,783,990	26,475,232
		129,419,260	177,696,745

The maximum exposure to credit risk for trade debtors and other receivables at the balance sheet date are as follows:

	As on June 30, 2018	
	Amount Rupees	Custody value Rupees
Upto five days	2,490,042	2,490,042
More than five days	7,852,522	7,852,522
	10,342,564	10,342,564

28.2 *Liquidity risk*

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

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

	2018			
	Carrying Amount	Contractual cash flows	Upto one year	More than one year
	------------- Rupees -------------			
Financial liabilities				
Loan from shareholders	14,658,482	14,658,482	14,658,482	-
Trade and other payables	3,623,960	3,623,960	3,623,960	-
	[illegible]	[illegible]	18,282,442	

	2017			
	Carrying Amount	Contractual cash flows	Upto one year	More than one year
	------------- Rupees -------------			
Financial liabilities				
Loan from directors	32,229,079	32,229,079	32,229,079	-
Loan from shareholder	9,847,467	9,847,467	9,847,467	-
Trade and other payables	5,405,706	5,405,706	5,405,706	-
	47,482,252	47,482,252	47,482,252	-

28.3 *Market risk*

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

28.3.1 *Currency Risk*

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

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

28.3.2 *Interest / mark up rate risk*

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

There are not any interest bearing investments present therefore, the interest or markup risk present.

Sensitivity analysis

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

28.3.3 *Price risk*

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

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

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

Sensitivity analysis

The table below summarizes Company's equity price risk as of June 30, 2017 and 2016 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

	Fair Value	*Hypothetical price change*	*fair value after hypothetical change in prices*	*Hypothetical increase (decrease) in Shareholders' Equity*
	Rupees		*Rupees*	*Rupees*
June 30, 2018	**33,327,552**	**10% increase**	**36,660,307**	3,332,755
		10% decrease	**29,994,797**	(3,332,755)
June 30, 2017	73,987,890	10% increase	81,386,679	7,398,789
		10% decrease	66,589,101	(7,398,789)

28.3.4 *Fair value of financial instruments*

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

28.3.5 *Fair value hierarchy*

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

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

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

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

	Level 1	Level 2	Level 3
June 30, 2018			
Investments available for sale	**31,658,321**	-	-
Investments at fair value through profit and los	**33,327,552**		
June 30, 2017			
Investments available for sale	41,163,833	-	-
Investments at fair value through profit and loss ac	73,987,890	-	-

29. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('loan from associate', 'lease liability' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity.

	2018 Rupees	2017 Rupees
Total borrowings	**14,658,482**	42,076,543
Total equity	**124,916,858**	145,901,651
Total capital	**139,575,340**	187,978,194
Gearing ratio	**10.50%**	22.38%

30. OPERATING SEGMENT

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

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

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage and portfolio management.

All non-current assets of the Company at June 30, 2018 are located in Pakistan.

	2018	2017

31. CHIEF EXECUTIVE REMUNERATION

Managerial remuneration (Rupees)	**360,000**	360,000
Number of persons	**1**	1

32. NUMBER OF EMPLOYEES

Number of employees as at June 30	7	7
Average number of employees	7	8

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements has been authorized for issue on 12 SEP 2018 by the Board of Directors of the Company

34. GENERAL

Figures have been rounded off to the nearest rupee.

TANNU SECURITIES (PVT) LIMITED
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Chief Executive

Director