

Zahid Latif Khan Securities (Pvt.) Ltd.
Audited Financial Statements
For the year June 30, 2018



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

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Company or to cease operations, or has no realistic alternative but to do so. Board of directors is 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.

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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, the 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) the securities broker was in compliance with the requirements of section 78 of the Act and section 62 of the Futures Act, and the relevant requirement of these regulations as at the date on which the balance sheet was prepared.
- e) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Ul Haq.

A handwritten signature in blue ink, appearing to read 'Imran', is written above the printed name of the engagement partner.

Place: Islamabad

Date: *October 29, 2018*

A large, stylized handwritten signature in blue ink, likely belonging to Nasir Javaid Maqsood Imran, is written above the printed name.

Nasir Javaid Maqsood Imran
Chartered Accountants

M/S ZAHID LATIF KHAN SECURITIES (PVT) LTD
Director's Report
For the Year Ended 30 June 2018

Dear Shareholders on behalf of the Board of Directors I am pleased to present the Annual Report for the financial year ended June 30, 2018, together with the audited financial statements and auditor's report thereon as per accounting, regulatory and legal requirements/standards.

Operating Result

The Loss of the company after tax for the financial year amounted to Rs. 53,817,691.

Review of Operations

A review of the company's operations during the financial year, and the results of those operations are as follows:

	<u>2018</u>	<u>2017</u>
	(Rupees)	(Rupees)
Revenue	66,975,419	130,137,052
Fair Value Loss on investment remeasurement-FVTPL	(11,400,479)	7,042,765
	55,574,940	137,179,818
Direct cost	(85,549,407)	(90,996,408)
Gross profit/(Loss)	(29,974,467)	46,183,410
Operating expenses	(11,891,745)	(12,029,831)
Operating Profit/(Loss)	(41,866,212)	34,153,579
Financial charges	(6,744,264)	(5,587,947)

Other income	229,645	23,413
Profit/(Loss) before taxation	<u>(48,380,831)</u>	<u>28,589,045</u>
Taxation	(5,436,860)	(8,396,645)
Profit/(Loss) after taxation	<u><u>(53,817,691)</u></u>	<u><u>20,192,400</u></u>

The company's operations during the year were as expected in the opinion of the director(s).

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were:

Brokerage in Trading of Shares on Pakistan Stock Exchange

No change in the nature of these activities occurred during the year

Brokerage in Trading of Commodities on Pakistan Mercantile Exchange

During the financial year 2017-2018 our Company also becomes a member of Pakistan Mercantile Exchange Limited and started its activities from the month of November 2017.

After Balance Sheet Date Events

No issues or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under the laws of the country;

Dividends

Dividends paid or declared since the start of the financial year are as follows:

- a) There were no dividends paid during the year.
- b) There were no dividends or distributions recommended or declared for payment to members during the year that have not been paid or credited to the member throughout the year.

Share Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Auditors

The present auditors of the company M/s Nasir Javaid Maqsood Imran & Co., Chartered Accountants retired and offer themselves for re-appointment for the year ended June 30, 2019. The board has suggested the re-appointment of M/s Nasir Javaid Maqsood Imran & Co., Chartered Accountants as auditors of the company for the ensuing year.

Proceedings of Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company, or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:



AJMAL SULTAN
Director

Dated: 29 October 2018

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

<u>Equity and liabilities</u>	<u>Note</u>	<u>2018</u> <u>(Rupees)</u>	<u>2017</u> <u>(Rupees)</u>
Share capital and reserves			
Share capital	4	55,000,000	55,000,000
TREC Value Reserve		-	1,000,000
Unappropriated profit		66,477,749	121,795,440
		121,477,749	177,795,440
Non - current liabilities			
Long term loan	5	38,500,000	-
Current liabilities			
Trade and other payables	6	125,157,799	142,236,588
Accrued interest	7	1,589,487	1,266,885
Short term bank borrowings	8	27,630,552	72,812,819
Unclaimed dividend		5,652,962	5,094,688
Provision for taxation	9	5,581,246	8,366,149
		165,612,046	229,777,129
Contingencies and commitments			
	10	-	-
		325,589,795	407,572,569
Assets			
Non - current assets			
Property and equipment	11	12,972,172	4,014,278
Long term deposits	12	1,520,000	1,520,000
Long term investments	13	30,346,030	30,346,030
Intangible assets	14	2,500,000	5,000,000
		47,338,202	40,880,308
Current assets			
Short term investment	15	33,213,338	102,193,476
Trade receivables	16	54,692,195	47,667,621
Short term advances	17	51,431,563	64,464,852
Deposits and other receivables	18	27,886,106	27,271,544
Cash and bank balances	19	111,028,391	125,094,769
		278,251,594	366,692,261
		325,589,795	407,572,569

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



 Director



 Chief Executive

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

	<u>Note</u>	<u>2018</u> <u>(Rupees)</u>	<u>2017</u> <u>(Rupees)</u>
Revenue	20	66,975,419	130,137,052
Fair Value Loss on investment remeasurement-FVTPL	21	(11,400,479)	7,042,765
		55,574,940	137,179,818
Direct cost	22	(85,549,407)	(90,996,408)
Gross (Loss)/profit		(29,974,467)	46,183,410
Operating expenses	23	(11,891,745)	(12,029,831)
Operating (Loss)/Profit		(41,866,212)	34,153,579
Financial charges	24	(6,744,264)	(5,587,947)
Other income	25	229,645	23,413
(Loss)/Profit before taxation		(48,380,831)	28,589,045
Taxation	26	(5,436,860)	(8,396,645)
(Loss)/Profit after taxation		<u>(53,817,691)</u>	<u>20,192,400</u>

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



Director



Chief Executive

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

	Share Capital	REVENUE RESERVES		Total
		Accumulated profit	TREC Value Reserve	
(Rupees)				
Balance as at June 30, 2016	55,000,000	101,603,040	-	156,603,040
Total comprehensive income for the year	-	20,192,400	1,000,000	21,192,400
Balance as at June 30, 2017	55,000,000	121,795,440	1,000,000	177,795,440
Other comprehensive (loss)		(1,500,000)	(1,000,000)	(2,500,000)
Net (loss) for the year	-	(53,817,691)	-	(53,817,691)
Balance as at June 30, 2018	<u>55,000,000</u>	<u>66,477,749</u>	<u>-</u>	<u>121,477,749</u>

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



 Director



 Chief Executive

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u> (Rupees)	<u>2017</u> (Rupees)
Net profit/(loss) for the year	(53,817,691)	20,192,400
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Loss on remeasurement of TREC transferred to TREC value reserve	(100,000)	-
transferred to unappropriated profit/(loss)	(1,500,000)	-
Other comprehensive (loss)	(1,600,000)	-
Total comprehensive (loss)/income for the period	(55,417,691)	20,192,400

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



Director

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Chief Executive

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

Cash flow from operating activities	Note	2018 (Rupees)	2017 (Rupees)
Net profit before tax		(48,380,831)	28,589,045
Adjustments for:			
Depreciation		1,744,875	596,867
Loss on sale of asset		-	(13,757)
Unrealized (gain)/loss on short term investment		11,400,479	(7,042,765)
		13,145,354	(6,459,655)
Operating profit before working capital changes		(35,235,477)	22,129,390
(Increase)/decrease in :			
Short term investment		57,579,658	(61,600,711)
Trade receivables		(7,024,574)	9,703,944
Loans and advances		13,033,289	(1,187,854)
Deposits, prepayments and other receivables		(614,562)	43,458
		62,973,811	(53,041,162)
(Decrease)/Increase in current liabilities		(61,380,181)	87,211,677
		1,593,630	34,170,515
Cash generated from operating activities		(33,641,847)	56,299,905
Income tax paid		(8,221,763)	(13,279,275)
Net cash (used)/generated from operating activities		(41,863,610)	43,020,630
Cash flow from investing activities			
Fixed capital expenditure		(10,702,769)	(13,332,856)
Sale of asset		-	400,000
Long term deposits		-	(1,000,000)
Net cash used in investing activities		(10,702,769)	(13,932,856)
Cash flow from financing activities			
Long term loan		38,500,000	-
Net cash inflow from financing activities		38,500,000	-
Net increase/(decrease) in cash and cash equivalents		(14,066,378)	29,087,774
Cash and cash equivalent at the beginning of the year		125,094,769	96,006,994
Cash and cash equivalent at the end of the year	19	111,028,391	125,094,769

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


Director




Chief Executive

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

1 The Company and its operations

The company was incorporated in Pakistan on May 06, 1999 under the repealed Companies Ordinance, 1984 now Companies Act, 2017 as a private limited company. The company is a Trading Right Entitlement Certificate (TREC) hold Pakistan Stock Exchange Limited and duly registered with the Securities and Exchange Commission of Pakistan (SECP). It started its commercial activities with effect from July 06, 1999.

The main object of the company is to carry on the business of broker in stocks, shares, securities under license or with the foreign permission or approval of any recognized association, authority, stock exchange, or other market in Pakistan or abroad. The registered office of the company is situated at Room No. 624-627, 6th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

Geographical location of all Branches is:

Branches	Addresses
Corporate Office	412, 4th Floor, ISE Towers, 55-B Jinnah Avenue, Islamabad
Cantt Branch	23-Al Amin Plaza, The Mall, Rawalpindi Cantt
Chaklala Branch	61-C 1st Floor, Aneeq Plaza Street 12, Commercial area Chaklala Scheme-III, Rawalpindi
Abbottabad Branch	Office No. C-5, First Floor, Awan Plaza, Mandian, Abbottabad
City Branch	201, 2nd Floor, Dubai Orakzai Plaza, Murree Road, Rawalpindi
F-11 Branch	Office No. 20, First Floor, Select One Plaza, Plot No.39, Sector F-11 Markaz, Islamabad
Pindi gheb Branch	Office No.1, Malik Saeed Market, Near Chief Chowk, Pindigheb
Wah Cantt Branch	Office No.2, 1st Floor, Mall View Plaza, The Mall, Wah Cantt
Lahore Branch	Office No.206, 2nd Floor, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore
Islamabad Branch	408, 4th Floor, ISE Towers, 55-B Jinnah Avenue, Islamabad

1.1) Summary of significant transactions and events that have affected the Company's financial position and performance during the year

During the Year Company started it's Business with Pakistan Mercantile Exchange.

2 Basis of preparation of financial statements

2.1) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2) Basis of measurement

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values except otherwise stated in relevant policies hereunder;

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

2.3) Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency.

2.4) Use of significant estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that effect the application of policies and reported amounts of assets and 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 judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Significant areas where judgments are required:

- taxation
- useful life of property and equipment
- fair value of investments
- provisions for doubtful receivables

2.5) New and amended standards and interpretations

2.5.1 Standards that became effective and adopted:

There were standard and amendments to the approved accounting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.2 Amendments To Approved Accounting Standards That Are Effective For Company's Accounting Periods Beginning After July 01, 2018

There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 1, 2018 but are considered not to be relevant or are not expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of these financial statements are:

3.1) Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. Company provides for the deferred taxation, if any, using the liability method. However no provision is made if it is estimated that this would not reverse in the foreseeable future.



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

3.2) Property and equipment

- i) These are stated at cost less accumulated depreciation and impairment losses, if any;
- ii) Depreciation on operating assets is charged on reducing balance method. A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of
- iii) Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;
- iv) Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;
- v) The Company reviews the useful lives and residual value of its assets on regular basis. Any change

3.3) Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. As impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original costs of the asset.

3.4) Intangible assets

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

3.5) Revenue recognition

Brokerage and commission is recognized as and when such services are provided.
Capital gains or losses on sale of investments are recognized in the year in which they arise.
Dividend income is recognized at the time of book closure of the Company declaring the dividend.

3.6) Trade debts

These are stated at net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

3.7) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks on current account.

3.8) Financial instrument

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The company derecognizes the financial assets and liabilities when it ceases to be party to such contractual provisions of the instruments. Financial instrument mainly comprise investments, trade and other receivables, cash and bank balances, deposits, borrowings, trade and other payables, accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.9) Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.



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

All "regular way" purchases and sales of financial assets are recognized on settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked-to-market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held-to-maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale'. Subsequent to initial measurement, available-for-sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity through other comprehensive income. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed of or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

	<u>Note</u>	<u>2018</u> (Rupees)	<u>2017</u> (Rupees)
4 <u>Share capital and reserves</u>			
Authorized:			
1,100,000 ordinary shares of Rs. 100/= each		<u>110,000,000</u>	<u>110,000,000</u>
Issued, subscribed and paid up:			
550,000 ordinary shares of Rs. 100/= each		<u>55,000,000</u>	<u>55,000,000</u>
5 <u>Long Term Loan</u>			
MCB Bank Limited	5.1	55,000,000	-
Loan Refund		(5,500,000)	-
Current maturity		<u>(11,000,000)</u>	-
		<u>38,500,000</u>	-

Signature

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

5.1 Loan has been obtained to finance receivables of the Company.

Original Principal : Rs. 55,000,000/-

Repayment : 20 installments of Rs.2,750,000/- each.

Loan term : 5 Years

Annual Mark-up rate : 3 MK+2.75%

Expiry date : October 31, 2022

Collateral (MCB)

- Personal guarantees of directors covering aggregate exposure must be held.
- Token registered mortgage of Rs.0.100 Mn and rest against equitable mortgage of residential property bearing plot No.13, Sector C, Phase-I, admeasuring 1533.02 sq.Yds (Inclusive of additional Land admeasuring 533.02 Sq. Yds.) situated at Defense Housing Authority Islamabad Owned by Zahid Latif valuation report of M/s Empire enterprises dated 25.01.2017.

<u>Note</u>	<u>2018</u> (Rupees)	<u>2017</u> (Rupees)
6 Trade and other payables		
Trade payables	122,250,517	135,985,695
Other Liabilities	135,743	-
Sales tax payable	242,813	637,749
FED payable	195,411	384,439
Accrued Expenses	1,921,535	4,824,245
PSX Taxes and charges	32,969	83,939
Withholding Tax Payable	378,812	164,173
	<u>125,157,799</u>	<u>142,080,239</u>
7 Accrued interest		
MCB Bank Limited	1,208,278	848,842
JS bank	381,209	418,043
	<u>1,589,487</u>	<u>1,266,885</u>
8 Short term bank borrowings		
Muslim Commercial Bank Limited	8.1 2,939,166	51,432,109
JS bank Limited	8.2 13,691,385	21,380,710
Current Maturity of Long Term Loan	11,000,000	-
	<u>27,630,552</u>	<u>72,812,819</u>

8.1 The facility with MCB Bank Limited is available to the tune of Rs. 10 million (2017 : 10 million) against the running finance - 1 (RF-I).

- Pricing TPMR 3 (Months Kibor + 2.75% p.a.)
SMR (TPMR + 5%) (whichever is higher)

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This facility is secured by way of:

- Personal guarantees of all the directors covering the entire exposure;
- Pledge of activity traded shares in marketable lots (trading at not less than par value) of eligible listed companies registered with CDC as per MCB's eligible list for financing against shares.

8.2 The facility with JS Bank is available to the tune of Rs. 150 million against JS bank RF at the markup of 3 months Kibor + 250 bps

	<u>2018</u> (Rupees)	<u>2017</u> (Rupees)
9 <u>Provision for Taxation</u>		
Opening provision	8,366,149	2,764,153
Tax expense during the year	5,436,860	8,396,645
Adjusted against advance tax	(8,221,763)	(2,794,649)
Closing provision	<u>5,581,246</u>	<u>8,366,149</u>

10 Contingencies and commitments

a) Contingencies:

During the year, RTO Karachi created demand of Rs. 5,555,749 under section 161/205 of the income tax ordinance related to tax year 2011 to 2015. The company has deposited 25% of demand and is hopeful that the case will be decided in the favor of company.

Guarantee issued by bank on behalf of the company amounting to Rs.7,500,000/-(2017: 5,000,000/-)

b) Commitments:

Currently there are no commitments against the company in foreseeable future.

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	<u>2018</u>	<u>2017</u>
	(Rupees)	(Rupees)
11 Property and equipment		
Property and equipment	12,972,172	4,014,278
	12,972,172	4,014,278

Particulars	Office building	Furniture and fixtures	Air conditioners	Office equipments	Motor cycle	Electronic equipments	Computers	Generator	Telephone installation	Motor vehicle	TOTAL
	(RUPEES)										
Year ended 30 June, 2017											
Opening net book value	1,497,876	155,341	45,858	467	32,247	19,802	341,938	2,589	19,166	454,404	2,569,687
Additions during the year	-	823,376	170,620	15,700	-	360,465	911,135	-	146,404	-	2,427,700
Disposals during the year	-	-	-	-	-	-	-	-	-	(2,299,084)	(2,299,084)
Depreciation charge	(149,788)	(94,415)	(21,808)	(463)	(4,837)	(21,623)	(219,699)	(388)	(15,685)	(68,161)	(596,867)
Adjustment	-	-	-	-	-	-	-	-	-	1,912,841	1,912,841
Closing net book value	1,348,088	884,302	194,670	15,704	27,410	358,644	1,033,374	2,201	149,885	-	4,014,277
At 30 June, 2017											
Cost	2,575,000	1,654,300	394,107	64,690	167,925	477,885	2,039,210	19,100	211,022	-	7,603,239
Accumulated depreciation	(1,226,911)	(769,998)	(199,438)	(48,986)	(140,515)	(119,241)	(1,005,836)	(16,899)	(61,137)	-	(3,588,962)
Net book value	1,348,089	884,302	194,669	15,704	27,410	358,644	1,033,374	2,201	149,885	-	4,014,277
Year ended 30 June, 2018											
Opening net book value	1,348,088	884,302	194,670	15,704	27,410	358,644	1,033,374	2,201	149,885	-	4,014,277
Additions during the year	7,525,000	444,110	-	-	-	-	519,676	-	13,983	2,200,000	10,702,769
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(887,309)	(188,748)	(29,200)	(2,355)	(4,111)	(53,796)	(390,144)	(330)	(23,881)	(165,000)	(1,744,874)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
Closing net book value	7,985,779	1,139,664	165,470	13,349	23,299	304,848	1,162,906	1,871	139,987	2,035,000	12,972,172
At 30 June, 2018											
Cost	10,100,000	2,098,410	394,107	64,690	167,925	477,885	2,558,886	19,100	225,005	2,200,000	18,306,008
Accumulated depreciation	(2,114,220)	(958,747)	(228,638)	(51,341)	(144,626)	(173,037)	(1,395,980)	(17,229)	(85,018)	(165,000)	(5,333,836)
Net book value	7,985,780	1,139,663	165,469	13,349	23,299	304,848	1,162,906	1,871	139,987	2,035,000	12,972,172
Depreciation rate	10	15	15	15	15	15	30	15	15	15	

12 Long term deposits

Security deposits with:

National Clearing Company of Pakistan Limited

Mobile phones

	1,500,000	1,500,000
	20,000	20,000
	1,520,000	1,520,000

13 Long term investment

ISE REIT Management company Limited

13.1

	30,346,030	30,346,030
	30,346,030	30,346,030

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13.1) Pursuant to the promulgation of the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 (The Act) the ownership in a Stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the company has received equity shares of ISE and Trading Right Entitlement Certificate (TREC) in lieu of membership card of ISE. The company entitlement in respect of ISE shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and the company has been allotted 3,034,603 shares of the face value of Rs 10/= each. These includes 60% shares of ISE, held in separate CDC blocked account to restrict the sale of these shares by the members whereas stock exchange will dispose off these shares under the provisions of the Act, however the proceeds of these shares and right to dividend/bonus are vested with the company whereas voting rights attached to these shares are suspended.

The company has recorded a surplus of Rs. 30.746 million on conversion of membership card of ISE to shares and TREC in the equity through profit and loss account during the year 2014-2015.

14 Intangible assets	Note	2018 (Rupees)	2017 (Rupees)
Trading Right Entitlement Certificate (TREC)	14.1	2,500,000	5,000,000
		2,500,000	5,000,000

14.1 In the absence of an active market for TREC, the company has taken the cost of TREC at Rs 2.5 million, which is the value approved by the Board of Directors of ISE and intimated to SECP. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investors' interest.

15 Short term investment	Note	2018 (Rupees)	2017 (Rupees)
Financial assets at fair value - Held for trading:			
Investment in quoted equity securities	15.1	30,301,278	102,193,476
Investment in quoted equity securities-MFS	15.2	2,912,060	-
		33,213,338	102,193,476

15.1 This represent investment in:

2018	
Symbol of Security	No. of Security
FCCL	103,000.00
GTYS	50,000.00
LOTCHAM	200,000.00
MUGHAL	5,000.00
OGDC	4,000.00
PAEL	45,000.00
PIBTL	25,000.00
POWER	60,000.00
PRL	15,000.00
TRG	365,000.00
ASTL	2,000.00
MARI	1,000.00
PKGS	2,400.00
PRL	4,000.00

2017	
Symbol of Security	No. of Security
BNWM	5,000.00
DFML	50,000.00
TREET	5,000.00
DFSM	110,000.00
DCL	40,000.00
FCCL	50,000.00
ISL	10,000.00
SMBL	200,000.00
EPCL	50,000.00
GAIL	50,000.00
JSCL	150,000.00
GTYS	50,000.00
GWLC	5,000.00
LOTCHAM	200,000.00
MDTL	200,000.00
MUGHAL	76,000.00
OGDC	4,000.00
PAEL	69,000.00
POWER	133,000.00
POWER	162,177.00
PKGI	130,000.00
TRG	1,301,500.00
PIBTL	50,000.00
ICIBL	100,000.00

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ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
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FOR THE YEAR ENDED JUNE 30, 2018

15.2 This represent investment in:

Symbol of Security	No. of Security
ASTL	2000
MARI	1000
PKGS	2400
PRL	4000

	<u>Note</u>	2018 (Rupees)	2017 (Rupees)
16 Trade receivables			
These are unsecured and considered good by the management.			
17 Short term advances			
Advances - unsecured & considered good			
To staff against salary		7,598,475	6,912,084
Provision for doubtful advances		(219,680)	-
Advance for purchase of building		44,052,768	57,552,768
		<u>51,431,563</u>	<u>64,464,852</u>
18 Deposits and other receivables			
Deposits			
Withholding income taxes	18.1	11,183,278	13,793,982
Security deposit - Office premises		270,000	270,000
Security deposit - Pakistan Stock Exchange Limited		7,000,000	10,600,000
Security deposit - Central Depository Company of Pakistan		75,000	75,000
Security deposit - Pakistan Mercantile Exchange		750,000	-
Clearing Deposit with PMEX		637,454	-
Advance for office renovation		1,350,000	-
		<u>21,265,731</u>	<u>24,738,982</u>
Other receivables			
Due from National Clearing Company of Pakistan Limited		6,605,565	2,298,675
Other receivable		14,810	233,887
		<u>6,620,375</u>	<u>2,532,562</u>
		<u>27,886,106</u>	<u>27,271,544</u>
18.1 Withholding income tax:			
Opening withholding tax		13,793,982	3,309,356
Adjusted during the year		(7,920,125)	(2,794,649)
(Paid)/ withheld during the year		5,309,421	13,279,275
		<u>11,183,278</u>	<u>13,793,982</u>

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

	<u>Note</u>	2018 (Rupees)	2017 (Rupees)
19	<u>Cash and bank balances</u>		
	Cash in hand	951,864	779,423
	Cash at bank - current account	110,076,527	124,315,346
		<u>111,028,391</u>	<u>125,094,769</u>
20	<u>Revenue</u>		
	Commission income	63,929,785	109,383,218
	Profit on investment in shares	-	19,610,543
	Dividend	1,787,797	284,963
	IPO commission	32,999	21,307
	Commodity Brokerage	836,504	-
	Profit on Margin Deposit	388,334	837,022
		<u>66,975,419</u>	<u>130,137,052</u>
21	<u>Unrealized gain on remeasurement of investments at fair value - held for trading (net)</u>		
	Market value of investment in shares	30,301,278	102,193,476
	Less: Cost of investment	(41,701,757)	(95,150,711)
	Fair Value (Loss)/Profit on investment remeasurement-FVTPL	<u>(11,400,479)</u>	<u>7,042,765</u>
22	<u>Direct Expenses</u>		
	Staff salaries and benefits-PSX	16,130,523.00	11,241,372
	Doubtful debts	219,680.00	-
	Commission-PSX	38,868,185.80	71,209,788
	Directors' remuneration	1,868,160.00	4,624,074
	Central Depository Company expense	2,932,941.71	311,530
	ISEL/LSEL/NCCPL trading fee	2,938,523.73	2,218,147
	Depreciation	1,744,874	596,867
	Capital loss	19,414,306	-
	Utilities - Internet	376,290	257,453
	Utilities - Telephone	1,055,922	537,177
		<u>85,549,407</u>	<u>90,996,408</u>

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ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23 <u>Operating expenses</u>	Note	2018 (Rupees)	2017 (Rupees)
Utilities - Other		1,720,591	2,399,524
Rents, Rates & Taxes		5,386,906	4,117,612
Entertainment		1,328,256	1,413,943
Fee and subscription		1,042,565	593,489
Miscellaneous		545,608	446,378
Printing and stationary		421,601	441,989
Postage and telegram		163,583	219,916
Travelling & Conveyance		101,767	360,397
Office repair and maintenance		303,488	160,265
Audit fee		150,000	125,000
Software expenses		77,966	487,742
Newspapers and periodicals		59,815	66,104
Legal and professional charges		-	22,000
Vehicle running and maintenance		511,660	826,816
Donations		-	104,500
Insurance		62,939	92,952
Advertisement		15,000	151,204
		11,891,745	12,029,831
24 <u>Financial charges</u>			
Markup on running finance facility		6,626,171	5,499,746
Bank charges		118,093	88,201
		6,744,264	5,587,947
25 <u>Other income</u>			
Interest on bank deposits		-	9,656
Gain on disposal of asset		-	13,757
Profit on clearing Deposit		3,914	-
Mark up on Margin Financing Scheme		225,731	-
		229,645	23,413
26 <u>Taxation</u>			
Current tax	26.1	5,123,464	8,366,149
Prior year		313,396	30,496
		5,436,860	8,396,645

26.1 The Company falls under the ambit of presumptive tax regime under section 169 & 233A of the Income Tax Ordinance, 2001. Provision for income tax on normal income is made accordingly under the relevant provisions of the Income Tax Ordinance, 2001.

26.2 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.



ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
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FOR THE YEAR ENDED JUNE 30, 2018

27 Financial instruments and related disclosures

27.1) Financial assets and liabilities

	At Amortized Cost		At Fair Value Through Profit & Loss		Available For Sale	
	2018	2017	2018	2017	2018	2017
	Rupees					
Long term deposits	1,520,000	1,520,000	-	-	-	-
Short term investment	-	-	33,213,338	102,193,476	-	-
Long term investments	-	-	-	-	30,346,030	30,346,030
Trade debts	54,692,195	47,667,621	-	-	-	-
Deposits, prepayments and other receivables	16,702,828	13,521,020	-	-	-	-
Cash and bank balances	111,028,391	96,006,995	-	-	-	-
Loans and advances	51,431,563	64,464,852	-	-	-	-
	<u>235,374,977</u>	<u>223,180,487</u>	<u>33,213,338</u>	<u>102,193,476</u>	<u>30,346,030</u>	<u>30,346,030</u>

Financial Liabilities as per balance sheet

	At Amortized Cost		At Fair Value Through Profit & Loss	
	2018	2017	2018	2017
	Rupees			
Trade payables	117,983,410	103,773,288	-	-
Short term bank borrowings	27,630,552	24,283,610	-	-
Accrued and other liabilities	21,105,253	6,142,406	-	-
Provision for taxation	5,581,246	2,764,153	-	-
	<u>172,300,461</u>	<u>136,963,456</u>	<u>-</u>	<u>-</u>

27.2) Financial risk management objectives and policies

The companies activities expose it to a variety of financial risk: capital risk , credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/markup rate risk and price risk). The company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on financial performance. Overall, risk arising from the company's financial assets and liabilities are limited.

a) Capital risk management

The company's policy is to maintain a strong capital base so as to maintain investor, credit and market confidence and to sustain future development of the business. Additionally, to safeguard the companies ability to continue as a going concern in order to provide returns to share holders and benefit for others stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

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ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
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b) Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. All financial assets except cash in hand, are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and ability to close out market positions due to dynamic nature of the business. The company finances its operations through equity borrowing and the managements of working capital with a view to maintain an appropriate mix between various source of finance to minimize risk. The company's treasury aims at maintaining flexibility in funding by keeping regular committed credit lines. Management closely monitors the company's liquidity and cash flow position.

d) Market risk

Market risk means that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks; foreign exchange or currency risk , interest/mark - up rate risk and price risk. . The market risk associated with the company's business activities are discussed as under.

- Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the company is not exposed to Currency Risk.

- Interest mark-up rate risk

Interest/mark-up rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark-up rates 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.

Sensitivity analysis

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 546,290/- million (2017: Rs.492,240/-) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at balance sheet dates were outstanding for the whole year.



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- Price risk

Price risk represents the risk that fair value of future cash flow of financial instrument will fluctuate because of changes in market price (other than those arising from interest mark - up rate risk of currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trade in the market. The company is exposed to equity price risk but associated risk is minimal.

Sensitivity analysis

At June 30, 2018 if the price had decreased/increased by 5% against with all other variable held constant, profit for the year would have been lower/higher by Rs.1,060,545/- (2017: Rs.3,576,772/-) mainly as a result of price variations.

- Fair value of the financial instruments

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

27.3) Recognized fair value measurement - financial assets

(i) Fair value hierarchy

Judgments and estimates are made for financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets into the following three levels:

As at June 30, 2018
Long term investment
Short term investments
Total

Level 1	Level 2	Level 3
.....Rupees.....		
-	-	30,346,030
33,213,338	-	-
33,213,338	-	30,346,030

As at June 30, 2017
Long term investment
Short term investments
Total

Level 1	Level 2	Level 3
.....Rupees.....		
-	-	30,346,030
102,193,476	-	-
102,193,476	-	30,346,030

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.



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Level 1: The fair value of assets and liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between any level during the year.

28 Capital Adequacy Level		2018	2017
		Rupees	Rupees
Total Assets	28.1	325,589,795	407,572,569
Less: Total Liabilities		(204,112,046)	(229,777,129)
Less: Revaluation Reserves (Created upon revaluation of fixed assets.		-	-
Capital adequacy level		121,477,749	177,795,439

28.1 While determining the Value of total assets of the TREC Holder, Notional Value of the TRE Certificate held by the Zahid Latif Khan Securities (Pvt.) Ltd as at year ended June 30, 2018 as determined by Pakistan Stock Exchange has been considered.

29 Information required by regulation 34 of Securities

Broker Regulations 2016

a)	- Customer shares in the central depository system	88,974,291	87,940,167
	- Customer's cash in bank account - PKR	117,747,759	134,888,939
b)	Securities pledged with financial institutions-customer	-	-
	Securities pledged with financial institutions-house	657,500	1,685,000
Pattern of shares:			
c)	Zahid Latif Khan (CEO/Director)	549,000	549,000
	Ajmal Sultan (Director)	500	500
	Muhammad Atif Khan (Director)	500	500
	Total no of shares	550,000	550,000
e)	Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.		
	Aging analysis of amount due from customers		
f)	Due not more than 5 days - PKR	3,261,457	7,672,015
	Due more than 5 days - PKR	47,116,390	39,995,606

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30 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTOR

	2018		2017	
	Chief Executive	Director	Chief Executive	Director
	Rupees			
Managerial remuneration	-	1,601,280	-	3,963,492
Bonus	-	266,880	-	660,582
Commission	36,700,521	-	71,209,788	-
	<u>36,700,521</u>	<u>1,868,160</u>	<u>71,209,788</u>	<u>4,624,074</u>
Number of person	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

	2018	2017
31 NUMBER OF EMPLOYEES (Average and Closing)		
At year end	47	44
Average	47	44

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 29, 2018 by the Board of Directors of the Company.

33 RECLASSIFICATION

During the year following reclassifications were made in compliance with change in applicable laws and for the purpose of better presentation:

	From	To
Unclaimed dividends	Trade and other payables	Unclaimed Dividends
Advance for purchase of building	Property and equipment	Short term advances
Long term deposit with PSX	Long term deposit with PSX	Long term deposit with NCCPL

34 GENERAL

Figures have been rounded off to the nearest Rupee.



Director



Chief Executive