

**DALAL SECURITIES
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30,2018**

INDEPENDENT AUDITOR'S REPORT

402 Progressive Center
Sharah-e-Faisal
Karachi Pakistan

Phone +92 21 34322551-3
Web www.uhy-hnco.com

To the members of DALAL SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of **DALAL SECURITIES (PRIVATE) LIMITED**, which comprise the statement of financial position as at **June 30, 2018** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow 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 and other comprehensive income, the statement of changes in equity and statement of cash flow 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, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit for the year then ended; and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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 requirement of Companies Act, 2017 and for such internal control as management determines is necessary to enables 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 operation, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income or the income and expenditure account, 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 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 was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

UHY Hassan Naeem & Co.

KARACHI

DATE: 28 SEP 2018

Dalal Securities (Private) Limited

TREC Holder of the Pakistan Stock Exchange Limited.

DIRECTOR'S REPORT

On Behalf of the Board of Directors of M/s Dalal Securities (Private) Limited, I am pleased to present herewith the financial performance and Audited Accounts of the company for the year ended June 30, 2018.

FINANCIAL RESULTS	2018 (Rupees)	2017 (Rupees)
Operating Revenue	15,522,228	34,241,849
Profit/(Loss) before Taxation	(2,409,065)	71,313,704
Taxation	(2,459,377)	6,198,913
Profit/(Loss) after Taxation	(4,868,442)	65,114,791
Earnings per share (Rs.)	(0.97)	13.02

MARKET DYNAMIC & OUTLOOK

The KSE-100 Index declined by 10% from 1st July 2017 to 30th June 2018. This decrease was due to following reasons:

Weak macroeconomic situation resulting in substantial fiscal and current accounts deficits.
Political instability on panama case and increased risk to Pakistan's economic & financial outlook.
Drastic low turnover and continuous offloading of Securities by foreign investors.

COMPANY PERFORMANCE

During the year under review, the company made a loss after tax was Rs.4.86 million. This is mainly due to very low turnover and political instability and selling by foreign investors.

AUDITORS:

The Auditors M/s UHY Hassan Naeem & Co. retire at the conclusion of the Annual General Meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Board of Directors appreciates the co-operation extended by our banks and financial institutions and efforts, dedication and commitment demonstrated by our valued customers. The board appreciates and acknowledges the contribution and dedication of all the employees in performing their task diligence and with commitment.

For and on behalf of the Board
Dalal Securities (Private) Limited


Muhammad Siddique Dalal

Chief Executive

Karachi:

Dated:

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

1 Legal Status and Nature of Business

Dalal Securities (Private) limited was incorporated under the Repealed Companies Ordinance, 1984 on June 04, 2001 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange (Guarantee) Limited. The registered office of the company is located at room no 103, 1st floor, Business Finance Centre, Stock Exchange Road, Karachi. The principal activities of the Company are to carry on the business of share brokerage, under writing of public issues, investment and portfolio management.

2 Basis of Preparation

2.1 Statement of Compliance

The financial statements is prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, these financial statements have been prepared in accordance with 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 financial statements have been prepared under the historical cost convention unless otherwise specifically specified.

2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.4 Critical Accounting Estimates and Judgments

The preparation of financial statements is 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 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, value of intangibles and provision for doubtful receivables.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 New and Amended Standards and interpretations

The adoption of the new and amended standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.5.2 Standards, Interpretation and Amendments to approved accounting standards that are not yet effective

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

Description effective for periods		Effective for periods beginning on or after
IFRS 2	Share-based Payment - Amendments relating to classification and measurement of Share-based Payment Transactions	January 01, 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	Not yet finalized
IAS 7	Statement of Cash Flows - Amendments relating to Disclosure Initiative	January 01, 2017
IAS 12	Income Taxes - Amendments relating to recognition of Deferred Tax Assets for unrealized losses	January 01, 2017
IFRS 4	Insurance Contract: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2018
IAS 40	Investment Property: Transfer of Investment Property (Amendments)	January 01, 2018
IFRIC 22	Foreign Currency Transaction and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 16	Leases	January 01, 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in

Pakistan.

Description effective for periods		Effective for periods beginning on or after
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contract	January 01, 2021

3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Taxation

Income tax expense comprises of current, and prior year. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.1.1 Current

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

3.1.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

However the company is subject to taxation from next year that is based on transaction volume. As the tax is not levied on the basis of profits therefore deferred tax liability/asset is not recognized.

3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item

will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Reducing balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

3.3 Intangible Assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.4 Impairment

3.4.1 Financial Assets

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

3.4.2 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 such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pretax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. 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 is 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 previously. Reversal of an impairment loss is recognized immediately in profit and loss account.

3.5 Financial Instruments

3.5.1 Financial Assets

The Company classifies its financial assets at initial recognition in the following categories depending on the nature and purpose for which the financial assets were acquired:

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, interest accrued, other receivables, cash and bank balances.

Held to maturity

These are financial assets with fixed or determinable payment and fixed maturity which the Company has positive intent and ability to hold to the maturity.

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At each balance sheet date, these investments are re-measured at fair value and the resulting gains or losses are recognized directly in equity until the investment is disposed of or impaired at which time these are transferred to the profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Pakistan Stock Exchange. The investments, for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized and de recognized on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are de recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of

ownership. 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 amortized cost using the effective interest rate method.

The Company assesses at each reporting date whether there is objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognized in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

3.5.2 Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is derecognized 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 or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

3.6 Trade and Other Receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Trade debts and other receivable considered irrecoverable are written off.

3.7 Trade and Other Payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.8 Provisions

Provisions are recognized when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate

The amount recognized as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

3.9 Revenue Recognition

- Brokerage income is recognized as and when transaction is executed.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

3.12 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 and bank balance, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change.

3.13 Related Party Transactions

Transactions in relation to sales purchase and services with related parties are made at arm's length price which is determined in accordance with the comparable uncontrolled price method. The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees.

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

	Note	2018 (Rupees)	2017 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	15,361,884	17,288,653
Intangible assets	5	3,068,750	5,250,000
Investment - available for sale	6	21,353,582	41,163,833
Long term deposits	7	13,870,000	31,875,073
		53,654,216	95,577,559
<u>CURRENT ASSETS</u>			
Trade debts - unsecured considered good	8	9,145,939	33,399,422
Short term investment	9	73,663,510	24,026,421
Advances, deposits, prepayments and other receivables	10	28,969,067	29,877,323
Cash and bank balances	11	134,937,677	164,376,249
		246,716,193	251,679,415
		<u>300,370,409</u>	<u>347,256,974</u>
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital	12.1	75,000,000	75,000,000
Issued, subscribed and paid-up capital	12.2	50,000,000	50,000,000
Unappropriated profit		185,176,363	190,044,806
Surplus/(Deficit) - Investment available for sale		17,306,573	35,163,833
		252,482,936	275,208,638
<u>CURRENT LIABILITIES</u>			
Trade and other payable	13	47,887,473	72,048,336
Contingencies and commitments	14	-	-
		<u>300,370,409</u>	<u>347,256,974</u>

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


Chief Executive

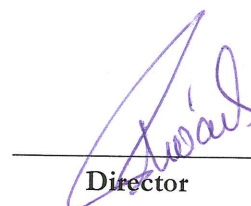

Director

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

	Note	2018 (Rupees)	2017 (Rupees)
Operating revenue	15	15,522,228	34,241,849
Operating and administrative expenses	16	(22,234,748)	(40,113,112)
Impairment		(2,500,000)	
Finance charges		(60,643)	(65,601)
Operating (Loss)		(9,273,163)	(5,936,865)
Other income	17	6,864,099	77,250,569
NET PROFIT/(LOSS) BEFORE TAXATION		(2,409,065)	71,313,704
Taxation	18	(2,459,377)	(6,198,913)
NET PROFIT/(LOSS) AFTER TAXATION		(4,868,442)	65,114,791
Earning per share- basic and diluted		(0.97)	13.02

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


Chief Executive

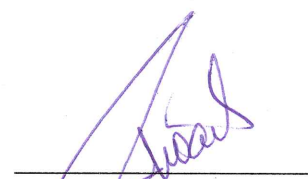

Director

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

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Surplus/ (Deficit) - Investment available for sale	Total
	<u>-----Rupees-----</u>			
Balance as at June 30, 2016 (Restated)	50,000,000	124,930,015	-	174,930,015
Surplus/(Deficit)- Investment available for sale			35,163,833	35,163,833
Net profit for the year	-	65,114,791	-	65,114,791
Balance as at June 30, 2017	50,000,000	190,044,806	35,163,833	275,208,638
Surplus/(Deficit) - Investment available for sale	-	-	(17,857,260)	(17,857,260)
Net profit/(loss) for the year	-	(4,868,442)	-	(4,868,442)
Balance as at June 30, 2018	50,000,000	185,176,363	17,306,573	252,482,936

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


Chief Executive


Director

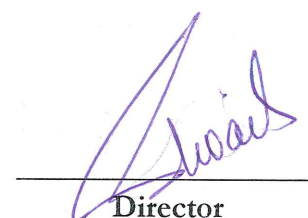
DALAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 (Rupees)	2017 (Rupees)
Profit for the year	(4,868,442)	65,114,791
Other comprehensive income:		
Unrealised gain on revaluation of investments available for sale	17,306,573	35,163,833
TOTAL COMPREHENSIVE INCOME	<u><u>12,438,131</u></u>	<u><u>100,278,623</u></u>

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

7


Chief Executive


Director

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

	Note	2018 (Rupees)	2017 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		(2,409,063)	71,313,704
<u>Adjustment for non-cash items:</u>			
Depreciation		1,975,669	2,345,441
Amortization		106,250	-
Gain on PSX Shares		-	(57,881,795)
Unrealized loss on remeasurement of investments		8,164,456	2,320,602
Capital Gain - Realized on short term investment		(8,112,929)	(14,478,835)
Unrealized loss/(Gain) on investment on NAFA Islamic Fund		-	(711,132)
Dividend income		(2,077,714)	(1,655,187)
Loss on disposal of fixed assets		-	2,813
Impairment-TREC		2,500,000	-
Operating profit before working capital changes		2,555,732	(70,058,093)
<u>Changes in working capital</u>			
Decrease / (increase) in trade debts		24,253,483	(14,399,126)
Decrease / (increase) in advances, deposits and prepayments		1,649,458	(14,206,361)
Increase in long term deposits		18,005,073	(18,000,264)
(Decrease) / increase in trade and other payable		(24,160,862)	11,748,445
Net changes in working capital		19,747,152	(34,857,306)
Finance cost paid			
Taxes paid		(3,200,579)	(7,927,593)
Net cash (used in)/generated from operating activities		16,693,242	(41,529,288)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(48,900)	(3,764,000)
Acquisition of Computer Software		(425,000)	
Proceeds from sale of property, plant & equipment		-	60,000
Proceeds from sale of long term investments		(6,211,465)	66,881,795
short term investments		(41,524,160)	39,511,602
Dividend received		2,077,714	1,655,186
Net cash (used in)/generated from investing activities		(46,131,811)	104,344,583
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (used in)/generated from financing activities		-	-
Net increase in cash and cash equivalent		(29,438,569)	62,815,295
Cash and cash equivalent at beginning of the year		164,376,249	101,560,954
Cash and cash equivalent at end of the year		134,937,680	164,376,249

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


Chief Executive


Director

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

4. PROPERTY PLANT AND EQUIPMENT

Particulars	Cost				Rate %	Depreciation				W.D.V. As at June 30, 2018
	As at July 01, 2017	Additions	Disposals/ write off	As at Jun 30, 2018		As at July 01, 2017	For the year	Disposals/ write off	As at Jun 30, 2018	
	-----Rupees-----					-----Rupees-----				
Office premises	10,381,000	-	-	10,381,000	5%	1,480,591	445,020	-	1,925,611	8,455,389
Furniture and fixture	3,498,185	-	-	3,498,185	10%	2,391,254	110,693	-	2,501,947	996,238
Computer equipment	1,848,340	48,900	-	1,897,240	30%	1,735,534	48,512	-	1,784,046	113,194
Office equipment	1,851,803	-	-	1,851,803	10%	1,229,239	62,256	-	1,291,495	560,308
Motor car	9,334,000	-	-	9,334,000	20%	2,809,298	1,304,940	-	4,114,238	5,219,762
Motor cycle	147,975	-	-	147,975	20%	126,734	4,248	-	130,982	16,993
June 30, 2018	27,061,303	48,900	-	27,110,203		9,772,650	1,975,669	-	11,748,319	15,361,884
June 30, 2017	23,882,303	3,764,000	585,000	27,061,303		7,949,396	2,345,441	522,187	9,772,650	17,288,653

5. INTANGIBLE ASSETS

		2018 (Rupees)	2017 (Rupees)
Trading Right Entitlement Certificate (TREC)	5.1	2,500,000	5,000,000
Pakistan Mercantile Exchange Limited		250,000	250,000
Software		318,750	-
		<u>3,068,750</u>	<u>5,250,000</u>

5.1 Trading Right Entitlement Certificate (TREC)	5.1.1	5,000,000	
Impairment- TREC	5.1.2	<u>(2,500,000)</u>	
		<u>2,500,000</u>	
Computer Software		425,000	
Amortization		<u>(106,250)</u>	
		<u>318,750</u>	

5.1.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed.

5.1.2 The carrying value of TREC as at 30 June 2018, is more than its recoverable amount therefore, an impairment loss amounted to Rs. 2,500,000 has been recognized due to which carrying value has been reduced to Rs. 2,500,000.

6. INVESTMENT - AVAILABLE FOR SALE

Investment in shares of Pakistan Stock Exchange	6.1	<u>21,353,582</u>	<u>41,163,833</u>
6.1 This Represent 1,081,194 shares of Pakistan Stock Exchange.(2017: 1,602,953)			

	2018 (Rupees)	2017 (Rupees)
7. LONG-TERM DEPOSITS		
Deposit with PSX	10,000	10,000
Deposit with CDC	100,000	100,000
Deposit with NCCPL	500,000	500,000
Deposit with National Commodity Building(NCEL)	10,000,000	12,500,000
Deposit with PMEX	750,000	750,000
Deposit with Pakistan Mobile Communication	10,000	10,000
Deposit with PSX(BMC)	2,500,000	18,005,073
	<u>13,870,000</u>	<u>31,875,073</u>

8. TRADE DEBTS		
Trade debts	9,145,939	33,399,422
Provision for doubtful debt	-	-
	<u>9,145,939</u>	<u>33,399,422</u>

9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT		
Investment in quoted securities	9.1. 73,663,510	24,026,421
9.1 Investment in various equity shares carried at market value.		

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to employees	410,500	443,000
Advance against plot	7,650,000	4,461,000
Advance tax	5,547,693	4,806,491
Income tax refund	282,005	282,005
Receivable from PSX	-	4,488,268
NCCPL Exposure	15,000,000	15,000,000
Receivable NCCPL for CGT Refund	45,038	393,101
Other deposits and receivables	33,831	3,458
	<u>28,969,067</u>	<u>29,877,323</u>

11. CASH AND BANK BALANCES		
Cash in hand	53,428	59,745
Cash at bank current	134,840,823	163,594,598
- saving	43,426	721,906
	<u>134,937,677</u>	<u>164,376,249</u>

12. SHARE CAPITAL

12.1 AUTHORIZED SHARE CAPITAL

2018 Number of Shares	2017 Number of Shares		2018	2017
<u>7,500,000</u>	<u>7,500,000</u>	ordinary shares of Rs. 10 each	<u>75,000,000</u>	<u>75,000,000</u>

12.2 ISSUED SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
<u>5,000,000</u>	<u>5,000,000</u>	ordinary shares of Rs. 10 each fully paid in cash	<u>50,000,000</u>	<u>50,000,000</u>

Pattern of Shareholding

	No of shares	Percentage of Holding
i Muhammad Siddique Dalal (Chief executive)	3,000,000	60.0%
ii Muhammad Shoaib Dalal (Director)	2,000,000	40.0%
	5,000,000	

all changes in shareholding above 5 %
No Changes in shareholding during the year

		2018 (Rupees)	2017 (Rupees)
13. TRADE AND OTHER PAYABLE			
Credit balances of clients	13.1.	44,274,803	68,106,984
Accrued Expenses		3,487,670	1,766,352
Advance against property		-	2,050,000
Auditor remuneration		125,000	125,000
		47,887,473	72,048,336
13.1 Credit balances of clients held by the company		44,274,803	68,106,984
Value of Securities of client held by the company			2,088,055,290
Number of Securities of client held by the company		64,289,571	58,809,269
13.2 Number of Securities of clients is pledged with Financial Institution.		2,983,904	2,294,000
13.3 Number of Securities of the company is pledged with Financial Institution.			
14. CONTINGENCIES AND COMMITMENTS			
14.1. There were no contingencies and commitments as at June 30, 2018.			
15. OPERATING REVENUE			
Brokerage income	15.1	15,522,228	34,241,849
15.1 Brokerage Income- gross		17,841,641	38,693,291
Sales tax		(2,319,413)	(4,451,442)
		15,522,228	34,241,849

16. OPERATING AND OTHER EXPENSES

	2018 (Rupees)	2017 (Rupees)
Director Remuneration	3,000,000	3,000,000
Salaries to staff	7,297,300	6,857,378
Rent, rates and taxes	55,455	49,498
Utility expense	295,662	287,807
Commission paid	846,772	2,260,477
Printing and stationary expense	176,690	284,963
Computer software expense	559,640	196,654
Communication expense	280,114	616,305
Repair and maintenance	862,894	1,655,592
Audit fee	125,000	125,000
Legal professional charges	20,000	15,000
Insurance expense	436,204	438,603
Travelling and Conveyance	469,295	475,257
Entertainment expense	521,739	576,518
Depreciation expense	1,975,669	2,345,441
General expenses	271,982	294,950
Charity donation	3,300,000	2,400,000
Bad debt expense	-	15,127,055
Charges to regulator	1,397,227	2,731,849
Amortization Expense	106,250	-
Fees and subscription	236,855	374,765
	<u>22,234,748</u>	<u>40,113,112</u>

17. OTHER INCOME

Capital Gain on PSX share	-	57,881,795
Share application commission	165,001	916,936
Dividend Income	2,077,714	1,655,187
Profit on bank deposit	4,225,579	3,258,554
Profit for cash exposure margin	897,333	671,545
Capital Gain- Investment held for trading	8,112,929	14,478,835
Capital Gain on NAFA Islamic fund	-	711,132
Unrealize loss on investment held for trading	(8,164,456)	(2,320,602)
Gain/(Loss) on sale of assets	(450,000)	(2,813)
	<u>6,864,100</u>	<u>77,250,569</u>

18. TAXATION

The Company has filed return for the tax year 2017. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Provision for taxation

- Current year

- Prior year

-Deferred Tax

Net tax charge

18.1

2,342,226	2,493,451
117,151	3,705,462
-	-
<u>2,459,377</u>	<u>6,198,913</u>

18.1 Deferred tax asset is not recognized as the company is suffering loss from operations.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

19.1 Financial instrument by category

19.1.1 Financial assets

2018			
At fair value through profit or loss held for trading	Available for sale	Loans and Receivables	Total
Long term loan, advances and deposits	-	13,870,000	13,870,000
Long term investment	21,353,582	-	21,353,582
Short term investment	73,663,510	-	73,663,510
Trade debts	9,145,939	-	9,145,939
prepayments	-	28,969,067	28,969,067
Bank balances	-	134,937,677	134,937,677
	82,809,449	21,353,582	177,776,743
			281,939,775

2017			
At fair value through profit or loss held for trading	Available for sale	Loans and Receivables	Total
Long term loan, advances and deposits	-	31,875,073	31,875,073
Long term investment	41,163,833	-	41,163,833
Short term investment	24,026,421	-	24,026,421
Trade debts	33,399,422	-	33,399,422
prepayments	-	29,877,323	29,877,323
Bank balances	-	164,376,249	164,376,249
	57,425,843	41,163,833	226,128,645
			324,718,321

19.1.2 Financial Liabilities

2018	
Amount	Amount
Trade and other Payables	
47,887,473	47,887,473
<u>47,887,473</u>	<u>47,887,473</u>
2017	
Amount	Amount
Trade and other Payables	
72,048,336	72,048,336
<u>72,048,336</u>	<u>72,048,336</u>

19.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees of risk.

The Board of Directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk
Operational risk

19.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking in to account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to Credit risk

Credit risk of the company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The company did not allow credits to its customers and trade are executed on 100% margin.

Credit risk is minimised due to the fact that the company invest only in high quality financial assets, all transactions are settled/paid for upon delivery. The company doesnot expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	Rupees	
Long term deposits	13,870,000	31,875,073
Long term investments	21,353,582	41,163,833
Short term investments	73,663,510	24,026,421
Trade debts	9,145,939	33,399,422
Bank Balances	134,937,677	164,376,249
	<u>252,970,708</u>	<u>294,840,998</u>

9.2.1.1 Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2018	2017
	Rupees	
AAA	278,149	462,259
AA+	134,403,989	162,830,653
AA-	158,686	301,686
AA	25,672	25,152
A-	17,753	696,753
A	-	-
	<u>134,884,249</u>	<u>164,316,503</u>

19.2.1.1 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of business.

		2018				
		carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities						
Trade and other payables		47,887,473	47,887,473	47,887,473	-	-
		47,887,473	47,887,473	47,887,473	-	-
		2017				
		carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities						
Trade and other payables		72,048,336	72,048,336	72,048,336	-	-
		72,048,336	72,048,336	72,048,336	-	-

On the balance sheet date, the company has cash and bank balances of Rs.134 million (2017: 164 million) and short term investments of Rs 73 million (2017: 24 million) for repayment of liabilities

19.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

Other price risk

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

The company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The company manages the equity price through diversification and all instruments are made through surplus funds.

The company is exposed to other price risk on investment in listed shares. The company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2018	7,366,351	(7,366,351)
as at 30th June 2017	2,402,642	(2,402,642)

19.4 **Fair value of Financial instruments**

The Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

The company hold listed assets amounting to Rs 95 million (2017: 65 million) that are recorded at quoted price.

The carrying value of remaining financial assets and liabilities reflected in these financial statements approximate to their fair value.

20 **Capital risk management**

The primary objective of the company's capital risk management is to maintain healthy capital ratios.

The company finances its operations through 100% equity to maintain sufficient capital to finance its capital.

21. **NUMBER OF EMPLOYEES**

As at year end

13

13


22. **DATE OF AUTHORIZATION**

These financial statements have been authorized for issue on 28 SEP 2018 by the Board of Directors of the company.

23. **GENERAL**

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.


Chief Executive


Director