

**AL-HAQ SECURITIES (PRIVATE) LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

		December 31, 2018	June 30, 2018
	Note	----- Rupees -----	
<b>Assets</b>			
<b>Non current assets</b>			
Operating fixed assets	6	419,716	405,134
Intangible assets	7	9,600,000	9,600,000
Long term investment	8	14,887,719	14,887,719
Security deposits	9	13,360,000	8,850,000
		<u>38,267,435</u>	<u>33,742,853</u>
<b>Current assets</b>			
Short term investments	10	5,042,174	14,122,956
Due from clients	11	15,511,988	16,594,130
Advances and other receivables	12	871,600	939,900
Tax deducted at source		5,908,999	8,726,869
Cash and bank balances	13	47,130,196	62,709,429
		<u>74,464,957</u>	<u>103,093,271</u>
<b>Total Assets</b>		<u><b>112,722,392</b></u>	<u><b>136,836,124</b></u>
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital			
1000,000 ordinary shares of Rs.100 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital			
608,410 ordinary shares of Rs.100 each		<u>60,841,000</u>	<u>60,841,000</u>
Unappropriated profit		<u>2,638,518</u>	<u>6,249,736</u>
		<u>63,479,518</u>	<u>67,090,736</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	48,853,124	65,081,675
Short term finance	15	549,760	146,716
Accrued mark-up		-	252
Taxation	16	-	4,536,776
		<u>49,242,874</u>	<u>69,745,418</u>
<b>Total Liabilities</b>		<u><b>49,242,874</b></u>	<u><b>69,745,418</b></u>
<b>Contingencies and commitments</b>	17		
<b>Total Equity and Liabilities</b>		<u><b>112,722,392</b></u>	<u><b>136,836,124</b></u>

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

  
Chief Executive



  
Director

**AL-HAQ SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2018**

		December 31, 2018	June 30, 2018
	Note	----- Rupees -----	
Operating revenue	18	3,405,837	7,311,367
Loss on sale of short term investments - net		(2,772,726)	(10,016,821)
Fair value loss on remeasurement of Investments through profit or loss		(1,147,704)	(3,730,397)
Other income	19	1,473,457	3,250,219
		<u>1,018,704</u>	<u>(3,185,632)</u>
Administrative and operating expenses	20	(4,737,012)	(8,173,956)
Other expenses	21	-	(515,083)
Financial charges	22	(102,716)	(154,555)
<b>Loss before taxation</b>		<u>(3,820,944)</u>	<u>(12,079,305)</u>
<b>Taxation</b>	16		
- current		-	(4,536,776)
- prior year		209,756	209,756
		<u>209,756</u>	<u>(4,327,020)</u>
<b>Loss after taxation</b>		<u>(3,611,188)</u>	<u>(16,356,326)</u>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Loss</b>		<u>(3,611,188)</u>	<u>(16,356,326)</u>

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

  
 Chief Executive



Director



**AL-HAQ SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED DECEMBER 31, 2018**

	Share capital	Share deposit money	(Accumulated loss) / Unappropriated profit	Total
	----- Rupees -----			
Balance as at July 01, 2017	60,841,000	14,800,000	22,605,032	98,247,032
Total comprehensive loss for the year ended June 30, 2018	-	-	(16,356,326)	(16,356,326)
Repayment of Share deposit money	-	(14,900,000)	-	(14,900,000)
<b>Balance as at June 30, 2018</b>	<b>60,841,000</b>	<b>-</b>	<b>6,249,706</b>	<b>67,090,706</b>
Total comprehensive loss for the period ended December 31, 2018	-	-	(3,611,188)	(3,611,188)
<b>Balance as at December 31, 2018</b>	<b>60,841,000</b>	<b>-</b>	<b>2,638,518</b>	<b>63,479,518</b>

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

  
Chief Executive



Director



**AL-HAQ SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2018**

**1. LEGAL STATUS AND OPERATIONS**

Al-Haq Securities (Private) Limited (the Company) was incorporated in Pakistan as a Private Company Limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on May 25, 2006. The Company is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited. The Company is principally engaged in shares brokerage & trading business. The registered office of the Company is situated at Room No.405/407, LSE Building, Lahore.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for investments, which are carried at fair value.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest rupees unless otherwise stated.

**3. Changes in accounting standards, laws and interpretations**

**3.1 Standards, Interpretations and amendments to published approved accounting standards that are effective and relevant**

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- (a) Amendments to IAS 7, 'Statement of cash flows'. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only resulted in some additional disclosures in the Company's financial statements.
- (b) IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The Company's current accounting treatment is already in line with the

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against [note 5.1];
- (ii) Classification and valuation of investments [note 5.3];
- (iii) Provision for taxation [note 5.7] and
- (iv) Provisions [note 5.8].

#### 5. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

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

##### 5.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income by applying reducing balance method at the rates specified in note 6. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of fixed assets, if any, is taken to statement of profit or loss.

##### 5.2 Intangible assets

###### Trading Right Entitlement Certificate

In the absence of active market price, Trading Right Entitlement Certificate has been carried at the same value that was determined when the membership card of Lahore Stock Exchange Limited was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate after changing of impairment, if required (note 7.1).

##### 5.3 Investments

###### (a) Available for sale

Investments, which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition these are re-measured to fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other statement of comprehensive income is reclassified to statement of profit or loss.

The Company uses latest stock exchange quotations to determine the fair value of its quoted investments.

###### (b) At fair value through profit and loss

These are held for trading purpose. An investment is classified in this category if acquired principally for the purpose of selling in the short-term. Investments in this category are classified as current assets. These are stated at fair value with any resulting gain or losses recognised directly in statement of profit or loss.

**5.4 Impairment losses**

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

**5.5 Cash and cash equivalents**

Cash and cash equivalents are carried in the reporting date. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

**5.6 Trade and other payables**

Liabilities for 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, whether or not billed to the Company.

**5.7 Taxation****(a) Current and prior year**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by reporting date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

**(b) Deferred**

Deferred tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

**5.8 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**5.9 Borrowings and borrowing costs**

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which those are incurred.

**5.10 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- brokerage income is accounted for on 'accrual basis';
- capital gains and losses on sale of investments are recorded on the date of sale.

**5.11 Financial instruments**

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of profit or loss for the year.

Financial instruments carried on the statement of financial position include deposits, due from clients, advances, investments, bank balances, trade and other payable and accrued mark-up. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**5.12 Off-setting of financial assets and liabilities**

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

**6. OPERATING FIXED ASSETS - tangible**

	Furniture and fixtures	Office equipment	Total
	----- Rupees -----		
<b>At July 1, 2017</b>			
Cost	61,100	1,423,179	1,484,279
Accumulated depreciation	50,875	1,160,536	1,231,411
<b>Net book value</b>	<u>10,225</u>	<u>242,643</u>	<u>252,868</u>
<b>Year ended June 30, 2018</b>			
Opening net book value	10,225	242,643	252,868
Additions	-	211,050	211,050
Depreciation charge	1,594	57,250	58,844
<b>Closing net book value</b>	<u>8,631</u>	<u>325,443</u>	<u>419,134</u>
<b>At June 30, 2018</b>			
Cost	61,100	1,834,229	1,895,329
Accumulated depreciation	52,409	1,237,766	1,290,175
<b>Net book value</b>	<u>8,691</u>	<u>596,463</u>	<u>605,154</u>
<b>Period ended December 31, 2018</b>			
Opening net book value	8,691	596,463	605,154
Additions	-	47,739	47,739
Depreciation charge	602	32,505	33,107
<b>Closing net book value</b>	<u>8,089</u>	<u>411,677</u>	<u>419,716</u>
<b>At December 31, 2018</b>			
Cost	61,100	1,581,968	1,643,068
Accumulated depreciation	53,011	1,270,291	1,323,302
<b>Net book value</b>	<u>8,089</u>	<u>411,677</u>	<u>419,716</u>
<b>Annual depreciation rate (%)</b>	<u>15</u>	<u>15</u>	

**7. INTANGIBLE ASSETS**

	Note	Dec-18	Jun-18
		----- Rupees -----	
Trading Right Entitlement Certificate - PSX	7.1	5,000,000	5,000,000
Room at LSE building		4,600,000	4,600,000
		<u>9,600,000</u>	<u>9,600,000</u>

7.1 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received Trading Right Entitlement Certificate (TREC) and equity shares of LSE Financial Services Ltd. (formerly Lahore Stock Exchange Ltd.) in lieu of its membership card of Lahore Stock Exchange Ltd. The Company's entitlement in respect of shares of LSE Financial Services Ltd. was determined on the basis of the valuation of assets and liabilities of Lahore Stock Exchange Ltd. as approved by the SECP. The Company has been allotted with 843,975 shares of LSE Financial Services Ltd., having face value of Rs.10 each.

7.2 As at June 30, 2013 the active market value of TREC and equity shares of LSE Financial Services Ltd. was not available. The allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares was made on proportionate basis at ratio of 32:68 which was determined on the basis of fair value estimate of LSE Financial Services Ltd.

**8. LONG TERM INVESTMENT**

These represent 843,975 (2017: 843,975) ordinary shares of Rs.10 each of LSE Financial Services Ltd. In the absence of active market value, these shares have been carried at the value as determined at the time of receipt of these shares under the swap scheme (note 7.2).

**9. SECURITY DEPOSITS**

Deposits with:

Pakistan Stock Exchange Ltd.	11,500,000	7,000,000
National Clearing Company of Pakistan	1,100,000	1,100,000
Pakistan Mercantile Exchange Ltd.	750,000	750,000
	<u>13,350,000</u>	<u>8,850,000</u>

**10. SHORT TERM INVESTMENTS - held for trading**

No. of shares		Name of the Company	Market value	
Dec 31, 2018	June 30, 2018		Dec 31, 2018	June 30, 2018
----- Rupees -----				
-	-	Al-Habib Corporation Ltd.	-	-
599	599	Adamjee Insurance Company Ltd.	25,170	20,730
8,166	8,166	Azadi Bank Ltd.	185,331	178,590
440	440	Aisha Steel Mills Ltd.	4,620	6,939
2,202	2,202	Aisha Steel Mills Ltd. Preference	25,718	43,401
318	255	Attock Refinery Ltd.	46,911	54,904
500	500	Al-Azhar Textile Mills Ltd.- Freeze	-	130
2,209	2,009	Bank Alfalah Ltd.	89,663	125,031
592	592	Bank Al-Habib Ltd.	40,724	46,657
15,026	14,763	Carry forward	428,138	454,871



500	500	Al-Azhar Textile Mills Ltd. - Freeze	-	130
2,209	2,009	Bank Alfalah Ltd.	89,663	105,351
592	692	Bank Al Habib Ltd.	40,724	46,867
15,026	14,753	Carry forward	428,138	464,871

AL-HAQ SECURITIES PRIVATE LIMITED (10) NOTES TO THE FINANCIAL STATEMENTS

2018	2018		2018	2018
---Number of shares---			-----Rupees-----	
15,026	14,753	Brought forward	428,138	464,871
83,816	43,816	The Bank Of Punjab	1,003,278	601,279
5,100	5,100	Byoc Petroleum Pakistan Ltd.	44,268	62,220
2,350	2,350	Capital Assets Leasing Corporation Ltd.	19,200	22,443
234	234	First Capital Mutual Fund	2,340	2,340
612	612	Crescent Steel & Allied Products Ltd.	34,003	55,796
23,500	4,500	Dewan Cement Ltd.	273,305	81,000
8,000	8,000	Dewan Farooq Motor Ltd.	127,280	227,440
342	342	D.G. Khan Cement Company Ltd.	27,411	39,156
4,013	4,013	Dewan Salman Fibre Ltd.	-	3,531
267	267	Efu Life Assurance Ltd.	65,413	89,395
1,100	1,100	First Tri-Star Modaraba	11,550	8,763
1,330	1,330	Genartech Pakistan Ltd. - Freeze	-	-
953	953	Highnoon Laboratories Pakistan Ltd.	331,310	331,218
342	298	IGI Holding Ltd.(prev IGI Insurance Ltd.)	66,804	85,824
13	13	Innovative Investment Bank Ltd. - Freeze	-	-
1,500	1,500	Jahangir Siddiqui & Company Ltd.	23,325	27,265
211	211	JS Large Cap. Fund	22,256	30,253
466	87,468	K-Electric Ltd.	2,768	496,827
109	109	KSB Pumps Company Ltd.	20,010	30,520
149,304	132,997	Carry forward	2,504,659	2,720,135
2018	2018		2018	2018
---Number of shares---			-----Rupees-----	

109		139 KSB Pumps Company Ltd.		20,010	30,520
149,304		182,397		2,504,659	2,720,165
AL-HAQ SECURITIES (PRIVATE) LIMITED		Carry forward		NOTES TO THE FINANCIAL STATEMENTS	
(11)					
2018	2018			2018	2018
---Number of shares---				-----Rupees-----	
149,304	182,397	Brought forward		2,504,659	2,720,165
584	50,584	Lotte Chemicals Pakistan Ltd.		9,864	304,365
2,936	2,936	Macle Leaf Cement Factory Ltd.		119,348	148,973
-	135,300	Mughal Iron and Steel Industries Ltd.		-	8,291,700
206	172	National Foods Ltd.		40,273	54,866
500	500	National Bank of Pakistan Ltd.		21,015	23,865
20,000	20,000	Noorie Textile Mill Ltd. - revoked		-	-
2,511	2,511	Pak Elektron Ltd.		62,524	69,340
550	550	Pak Datacom Ltd.		29,497	32,573
243	243	Pakistan Engineering Company Ltd.		35,235	59,839
-	2,360	PICIC Investment Fund		-	-
247	247	Pioneer Cement Ltd.		10,352	11,574
243	212	Pakistan Petroleum Ltd.		36,367	45,559
110	110	MCB Pakistan Stock Market Fund		1,100	1,100
75,000		Pakistan Int. Airline Corporation		381,750	
303	303	Samba Bank Ltd.		2,436	2,318
2,592	2,592	Standard Chartered Bank Pak Ltd.		62,519	62,156
464	404	The Seale Company Ltd.		113,954	137,158
5,500	5,500	Southern Electric Power Company Ltd. - Freeze		-	-
2,500	2,500	Shifa International Hospital Ltd.		516,050	675,000
1,000	1,000	Shahpur Textile Mills Ltd. - Freeze		180	180
510,198	510,198	Silk Bank Ltd.		637,748	293,866
2,246	2,246	Soneri Bank Ltd.		28,467	29,131
643	643	Sui Northern Gas Pipelines Ltd.		49,556	64,441
100,000	100,000	Saudi Pak Leasing Co. Ltd.		-	90,000
500	500	Sargodha Spinning Mills Ltd.		-	12,320
2,636	2,636	Tri-Star Polyester Ltd.		42,703	43,784
5,500	5,500	Tri-Star Power Ltd.		23,045	34,540
200,000	100,000	World Call Telecom Ltd.		278,000	193,000
2,360		HBL Investment class A		11,942	
2,360		HBL Investment class B		23,600	
1,900	1,300	Zeal Pak Cement Factory Ltd. - Freeze		-	-
<u>1,093,136</u>	<u>1,134,344</u>			<u>5,042,174</u>	<u>14,122,958</u>

10.1 As at June 30, 2018, shares having value of Rs. 10196 million are pledged with National Clearing