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2017)


HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	Dec 31, 2018	June 30, 2018
------(Rupees)-----			
Non-Current Assets			
Property and equipment	7	945,863	1,023,538
Intangible asset	8	2,500,000	2,500,000
Long term investment	9	42,757,556	42,757,556
Long term deposits	10	1,600,000	1,600,000
		47,803,419	47,881,095
Current Assets			
Trade debts - net	11	10,195,378	4,994,452
Deposits, prepayments and other receivables	12	6,584,212	3,691,221
Income tax	13	6,400,383	6,322,201
Short term investments	14	3,011,489	4,521,380
Cash and bank balances	15	639,782	4,700,291
		26,831,243	24,229,545
		<u>74,634,663</u>	<u>72,110,639</u>
Equity and Liabilities			
Share capital	16	23,510,000	23,510,000
Reserves		14,825,403	14,825,403
Unappropriated profit		(1,039,515)	(1,558,813)
Total equity		37,295,888	36,776,590
Advance against issue of shares		-	-
Non Current Liabilities			
Long term loan - unsecured	17	32,931,859	29,131,859
Current Liabilities			
Trade and other payables	18	4,406,915	6,202,189
Provision for taxation - net	19	-	-
		4,406,915	6,202,189
Contingencies and commitments	20	<u>74,634,663</u>	<u>72,110,639</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


 Chief Executive




 Director


HAMZA FARHAD SECURITIES (PVT) LIMITED
INCOME STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2018

	Note	Dec 31, 2018	June 30, 2018
------(Rupees)-----			
Revenue	21	3,185,518	5,160,788
Unrealized gain on short-term investments		-	7,735,890
		3,185,518	12,896,677
Operating and administrative expenses	22	(3,329,725)	(19,989,694)
Operating Profit/(loss)		(144,207)	(7,093,017)
Finance charges	23	(5,287)	(9,804)
Other income / (loss)	24	668,792	(6,025,391)
Profit/(Loss) before taxation		519,298	(13,128,212)
Taxation			
- Current tax expense	25	-	-
- Deferred tax expense		-	-
Profit/(Loss) for the year, after taxation		519,298	(13,128,212)

The annexed notes 1 to 38 form an integral part of these financial statements.


 Chief Executive




 Director

**HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2018**

<i>Note</i>	Dec 31, 2018	June 30, 2018
------(Rupees)-----		
Profit/(Loss) for the year, after taxation	519,298	(13,128,212)
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-	12,411,526
Other comprehensive income for the period	-	12,411,526
Total comprehensive profit/(loss) for the year	519,298	(716,685)

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

HAMZA FARHAD SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2018

	Share capital	Capital Reserve	Fair value reserve	Unappropriated profit	Total
		------(Rupees)-----			
Balance as on 1 July 2017	16,200,000	4,571,062	-	11,569,399	32,340,461
Shares issued during year	7,310,000	-	-	-	7,310,000
Unwind of discount on long-term loan	-	(2,157,186)	-	-	(2,157,186)
Profit for the year	-	-	-	(13,128,212)	(13,128,212)
Other comprehensive income for the year	-	-	12,411,526	-	12,411,526
Balance as at 30 June 2018	23,510,000	2,413,876	12,411,526	(1,558,813)	36,776,590
Unwind of discount on long-term loan	-	-	-	-	-
Profit for the year	-	-	-	519,298	519,298
Other comprehensive income for the year	-	-	-	-	-
Balance as at 31 Dec, 2018	23,510,000	2,413,876	12,411,526	(1,039,515)	37,295,888

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CHIEF EXECUTIVE

DIRECTOR

7 PROPERTY AND EQUIPMENT

	Cost		As at 31 Dec 2018	Accumulated Depreciation		As at 31 Dec 2018	Net book value as at 31 Dec 2018	Rate of Depreciation %age
	As at 1 July 2018	Additions/ (Deletions)		As at 1 July 2018	For the period			
Computers	104,500	-	104,500	92,366	1,820	94,186	10,314	30
Office Equipment	57,719	-	57,719	33,510	1,816	35,326	22,393	15
Furniture and Fixtures	521,848	-	521,848	287,723	17,559	305,282	216,566	15
Vehicles	1,308,000	-	1,308,000	554,929	56,480	611,410	696,590	15
	1,992,067	-	1,992,067	968,529	77,675	1,046,204	945,863	

8 INTANGIBLE ASSETS

		Dec 31, 2018	June 30, 2018
		---Rupees---	
Trading Right Entitlement Certificate ("TREC")	8.1	2,500,000	4,000,000
Impairment loss	8.2	-	(1,500,000)
		<u>2,500,000</u>	<u>2,500,000</u>

- 8.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

- 8.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC from PKR 4 million to PKR 2.5 million. As a result, the Company has recognized an impairment loss of PKR 1.5 million during fiscal 2018.

		Dec 31, 2018	June 30, 2018
		---Rupees---	
	<i>Note</i>		
9 LONG-TERM INVESTMENTS			
Investments available for sale			
ISE Towers REIT Management Limited - opening	9.1	42,757,556	30,346,030
Adjustment for remeasurement to fair value		-	12,411,526
ISE Towers REIT Management Limited - fair value		<u>42,757,556</u>	<u>42,757,556</u>

- 9.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 8.1, the Company received 3,034,603 shares of ISE Towers REIT Management Limited. Of these, 60% (1,820,762 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 1,123,842 shares) were allotted to the Company.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by ISE Towers REIT Management Limited (PKR 14.09 / per share, compared to PKR 10.00 / per share as at June 30, 2017). Remeasurement to fair value resulted in a gain of PKR 12,411,526 (2017: PKR 00).

		Dec 31, 2018	June 30, 2018
		----Rupees----	
10 LONG TERM DEPOSITS			
Central Depository Company Limited		100,000	100,000
National Clearing Company of Pakistan Limited		1,300,000	1,300,000
Pakistan Stock Exchange Limited		200,000	200,000
		<u>1,600,000</u>	<u>1,600,000</u>
11 TRADE DEBTS			
Considered good	11.1	47,179,753	4,994,452
Considered doubtful		-	36,984,375
		<u>47,179,753</u>	<u>41,978,827</u>
Less: Provision for doubtful debts	11.2	<u>(36,984,375)</u>	<u>(36,984,375)</u>
		<u>10,195,378</u>	<u>4,994,452</u>
11.1 The Company holds client-owned securities with a total fair value of PKR 16,449,912 (2017: PKR 108,203,060) as collateral against trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.			
Trade receivables include PKR 900,741 due from related parties.			
11.2 Movement in provision against trade debts is as under:			
Opening balance (as at July 1)		36,984,375	22,978,353
Charged to profit and loss during the year		-	14,006,022
		<u>36,984,375</u>	<u>36,984,375</u>
Amounts written off during the year		-	-
Closing balance (as at June 30)		<u>36,984,375</u>	<u>36,984,375</u>
12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Margin deposits		2,792,614	744,338
NCSS futures receivable		3,791,598	2,946,883
		<u>6,584,212</u>	<u>3,691,221</u>
13 INCOME TAX REFUNDABLE			
Balance at the beginning of the year		6,322,201	4,351,276
Add: current year additions		78,182	1,970,925
		<u>6,400,383</u>	<u>6,322,201</u>
Less: adjustment against provision for taxation		-	-
Balance at the end of the year		<u>6,400,383</u>	<u>6,322,201</u>
14 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Investment in listed securities		<u>3,011,489</u>	<u>4,521,380</u>
		<u>3,011,489</u>	<u>4,521,380</u>
15 CASH AND BANK BALANCES		Dec 31, 2018	June 30, 2018
		----Rupees----	
Cash in hand	Note	(5,275)	-
Cash at bank:			
Current accounts	15.1	645,057	4,700,291
Savings accounts		-	-
		<u>639,782</u>	<u>4,700,291</u>
15.1 Cash in current accounts includes customers' assets in the amount of PKR 4,684,047 (2017: 7,282,002) held in designated bank accounts.			
16 SHARE CAPITAL			
16.1 Authorized capital			
500,000 (2017:500,000) Ordinary Shares of PKR 100/- each		<u>50,000,000</u>	<u>50,000,000</u>
16.2 Issued, subscribed and paid-up share capital			
235,100 (2017: 162,000) ordinary shares of PKR 100/- each, issued for cash		<u>23,510,000</u>	<u>23,510,000</u>
		<u>23,510,000</u>	<u>23,510,000</u>

16.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	2018	2017	2018	2017
Mr. Khalid Irfan Mehmood Butt	197,250	129,600	83.90%	80.00%
Ms. Seemal Ruby	37,850	32,400	16.10%	20.00%

17 LONG TERM FINANCING

Loan from director - undiscounted value	17.1	32,931,859	31,545,736
Effect of discounting at market interest rate		-	(2,413,876)
		<u>32,931,859</u>	<u>29,131,859</u>

17.1 This represents interest-free, subordinated loans received from directors, repayable by 31 December 2019. The loans, secured to meet short-term working capital needs, have been discounted at market interest of 11% per annum and difference has been recognized in equity under capital reserve.

18 TRADE AND OTHER PAYABLES

Note

Trade creditors	18.1	3,964,545	5,478,776
Accrued expenses		-	67,007
Auditor's remuneration payable		-	150,000
Other payables		442,370	506,406
		<u>4,406,915</u>	<u>6,202,189</u>

18.1 Trade payables include PKR 1,835,765 due to related parties.

19 PROVISION FOR TAXATION

Balance at the beginning of the year	-	-
Add: current year provision	-	-
	<u>-</u>	<u>-</u>
Less: adjustment against advance tax	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

20 CONTINGENCIES AND COMMITMENTS

20.1 There are no contingencies or commitments of the Company as at June 30, 2018 (2017: None)

21 OPERATING REVENUE

Brokerage income	3,185,518	5,160,788
	<u>3,185,518</u>	<u>5,160,788</u>

Dec 31, 2018 June 30, 2018
 ----Rupees----

22 ADMINISTRATIVE EXPENSES

Total	<u>3,329,725</u>	<u>19,989,694</u>
22.1. Auditor's remuneration		
Statutory audit	-	110,000
Certifications and other charges	-	40,000
	<u>-</u>	<u>150,000</u>

23 FINANCIAL CHARGES

Bank and other charges	5,287	9,804
	<u>5,287</u>	<u>9,804</u>

	Dec 31, 2018	June 30, 2018
	----Rupees----	
	Dec 31, 2018	June 30, 2018
	----Rupees----	
24 OTHER INCOME		
Dividend income	518,915	481,203
Realized losses on sales of short-term investments	-	(7,663,012)
Nccpl Profit on Dfc Exposure	149,877	-
Sundry / miscellaneous income	-	1,156,418
	<u>668,792</u>	<u>(6,025,391)</u>

25 TAXATION

Provision made during the year for:

- current

- prior year

10

-	-
-	-
-	-

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit / (loss) after taxation, attributable to ordinary shareholders	519,298	(13,128,212)
Weighted average number of ordinary shares in issue during the year	117,550	198,550
Earnings per share	4.42	(66.12)

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive and directors of the Company as per the terms of their employment are as follows: