

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FALKI CAPITAL (PRIVATE) LIMITED**Report on the Audit of the Financial Statements****Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, except for the matters stated below in the basis for opinion paragraph the statement of financial position, statement of profit or loss, 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 (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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report 2018 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.

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.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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) statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with



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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) zakat was not 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 Shahzad Qazi.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants



Date:

Islamabad

08 OCT 2018

FALKI CAPITAL (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	(949,338)	1,606,457
Adjustments for non cash items		
Depreciation	761,482	779,024
Gain on demutualization		
Operating Profit/(Loss) before Working capital Changes	(187,856)	2,385,481
(Increase) / decrease in current assets		
ISE Margin Deposit	-	-
Trade Debtors	264,256	371,989
	264,256	371,989
Increase / (decrease) in current liabilities		
Accrued Expenses	3,390	(318,045)
Profit with held(DFC) Contract	(47,915)	57,705
PSX Future Market Exposure Deposit (Clients)	(600,000)	695,000
Trade Creditors & Other Payable	(10,132,528)	1,989,425
	(10,777,054)	2,424,085
Cash Generated from Operating activity	(10,700,653)	5,181,555
Income Tax paid	(699,447.66)	(1,132,055)
Net Cash Inflow / (Outflow) From Operating Activities	(11,400,101)	4,049,500
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(262,808)	(7,300)
Other Intangible Assets	1,500,000	30,000
Long term security deposit	(570,000)	(500,000)
Ready Market Exposure Deposit	(350,000)	(500,000)
Future Market Exposure Deposit	800,000	(1,200,000)
PSX Future Market Exposure Deposit (Clients)	600,000	(45,000)
Future loss Deposit	159,395	(183,225)
Marketable Securities	(2,620)	117,020
Net Cash Inflow / (Outflow) From Investing Activities	1,873,967	(2,288,505)
CASH FLOW FROM FINANCING ACTIVITIES		
Capitla Introduce	-	3,500,000
Gain on demutualization	(1,500,000)	-
Loan from Directors	700,000	(2,667,000)
Net Cash Inflow / (Outflow) From Financing Activities	(800,000)	833,000
Net cash inflow / (outflow) during the year	(10,326,134)	2,593,995
Cash and cash equivalent at the beginning of the year	25,405,399	22,811,404
Cash and cash equivalent at the end of the year	15,079,265	25,405,399

Shirley
DIRECTOR



Faraz
CHIEF EXECUTIVE

FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 RUPEES	2017 RUPEES
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorized Share Capital	5	35,000,000	35,000,000
Issued and paid-up & Subscribed Capital		35,000,000	35,000,000
Unappropriated Profit / (Loss)		(277,221)	672,116
		34,722,779	35,672,116
Gain on demutualization	6	20,346,030	21,846,030
NON - CURRENT LIABILITIES			
Loan from directors	7	700,000	-
CURRENT LIABILITIES			
Accrued expenses	8	271,898	268,508
Trade creditors & other payable	9	13,146,469	23,278,998
Profit with held(DFC) Contract		83,780	131,695
PSX Exposure Deduction from Clients		95,000	695,000
Provision for taxation		-	498,002
		13,597,147	24,872,202
Contingencies & Comitments	10	-	-
		69,365,956	82,390,349
ASSETS			
NON - CURRENT ASSETS			
Tangible assets			
Property, plant & equipment	11	13,357,579	13,856,253
Intangible assets:			
TREC	6.1	2,500,000	4,000,000
Software		525,000	525,000
		3,025,000	4,525,000
Long term security deposit		1,670,000	1,100,000
CURRENT ASSETS			
Investment-available for sale due to demutualization		30,346,030	30,346,030
Advances and Deposits	12	4,042,820	5,252,215
Marketable Securities		120,700	118,080
Trade debtors	13	266,463	530,719
Income Tax Refundable		1,458,099	1,256,653
Cash and bank balance	14	15,079,265	25,405,399
		51,313,377	62,909,096
		69,365,956	82,390,349

Airaf
DIRECTOR



Indul
CHIEF EXECUTIVE

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

	Note	2018 RUPEES	2017 RUPEES
Revenue	15	2,309,358	5,561,009
Less: Operational expenses	16	(3,858,146)	(4,685,845)
Operating profit / (loss)		(1,548,788)	875,164
Capital Gain / (Loss)	17	21,150 (1,527,638)	75,792 950,956
Other income	18	578,300	655,501
Profit before taxation		(949,338)	1,606,457
Less: Taxation	19	-	(542,111)
Profit / (Loss) after taxation		(949,338)	1,064,346

Aliy
DIRECTOR



Salim
CHIEF EXECUTIVE

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

	<u>2018</u>	<u>2017</u>
	<u>RUPEES</u>	<u>RUPEES</u>
Profit / (Loss) after tax for the year	(949,338)	1,064,346
Total comprehensive income /(Loss) for the year	<u>(949,338)</u>	<u>1,064,346</u>

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

A. H. S.
DIRECTOR



A. H. S.
CHIEF EXECUTIVE

**FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018**

Particulars	Share capital	EXCHANGE RESERVE		Total
		Accumulated Profit / (loss)	(Rupees)	
Balance as on June 30, 2015	31,500,000	(386,181)		31,113,819
(Loss) for the year	-	(6,049)		(6,049)
Balance as on June 30, 2016	31,500,000	(392,230)		31,107,770
Capital Introduced during the year	3,500,000	-		3,500,000
Profit for the year	-	1,064,346		1,064,346
Balance as on June 30, 2017	35,000,000	672,116		35,672,116
(Loss) for the year		(949,338)		(949,338)
Balance as on June 30, 2018	35,000,000	(277,221)		34,722,779

Ailmy
DIRECTOR



A. Balakrishnan
CHIEF EXECUTIVE

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The following amendments/improvements to approved accounting standards, effective for accounting periods beginning from the dates specified below and are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

- IFRS15 - Revenue from contracts with customer (effective for annual periods beginning on or after 01 July 2018).
- IFRS16 - Leases - (effective for annual periods beginning on or after 01 January 2019).
- IFRS 9 - Financial Instruments - (effective for annual periods beginning on or after 01 July 2018).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

4.1 Property, plant and equipment

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Items of property, plant and equipment other than land, buildings and capital work in progress are measured at cost less accumulated depreciation

Depreciation

Depreciation is charged so as to write off the cost or revalued amount of assets over their estimated useful lives, using the straight-line method.

4.2 Provisions

A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.



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

4.3 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities other than at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to profit or loss for the year. Any gain or loss on derecognition of financial assets and financial liabilities is included in profit or loss for the year.

4.4 Impairment

The carrying amount of the Company's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to profit and loss account.

4.5 Revenue Recognition

Revenue is recognized when services have been rendered.

4.6 Non Current Assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is provided on reducing balance method over the estimated useful lives of the assets at rates specified in note 8 to the financial statements.

4.7 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.8 Trade and other payables

Liabilities for bills and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

4.9 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.



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

1 Corporate and general information

1.1 Legal status and operations

The company was incorporated in Pakistan on June 8th 2006 as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017).

The main business of the company is to assist, regulate or control the business of buying, selling securities, facilitating public securities and to initiate activities in relation to stock exchange and money market etc.

The geographical location and address of the Company's office is as under:

The registered office of the Company is situated at Flat 1, 1st floor plaza 61-d, Chaklala Scheme III, Commercial area Rawalpindi.

1.1 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The Company has received Interest free loan from director amounting Rs. 700,000 (Refer to note 5)

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 Standard for Medium Sized Entities (IFRS for SMEs) 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 for SMEs, 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 the shares and TREC, which have been recorded at revalued amount

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupees, unless otherwise stated.



Arzaleed *A. Khan*

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

4.10 Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value and / or amortized cost respectively, whichever is applicable. The Company derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

4.11 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.12 Basic and Diluted earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders to the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.



A. Zahid

A. Zahid

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

2.4 Key judgements and estimates

The preparation of financial statements in conformity with the approved accounting standards 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 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

2.4.2 Provisions

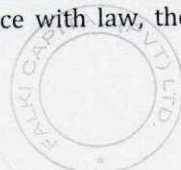
A provision is recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

2.4.3 Impairment

The carrying amount of the Company's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to profit and loss account.

2.4.4 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.



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

2018	2017
RUPEES	RUPEES

5 Share Capital

Authorized share capital comprises of 3,500,000 (2017: 3,500,000) Ordinary shares of Rs. 10 each.

Issued, subscribed and paid up capital

2018	2017			
Numbers	Numbers	Ordinary shares		
3,500,000	3,500,000	Ordinary shares of Rs. 10 each paid i	35,000,000	35,000,000
			<u>35,000,000</u>	<u>35,000,000</u>

6 Surplus / Gain on revaluation of shares /TREC on Demutualization and Corporatization of stock exchange

Pursuant to the promulgation of the stock Exchange (Corporation, 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 (TRECs) in lieu of it membership card of ISE.The company's entitlement in respect of ISE's shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and company has been allotted 3,034,603 shares of the face value of Rs 10/- each, out of which 1,820,761 shares are kept in the blocked account and the divorcement of the same will be made in accordance with the requirement of the Act within two years from the date of demutualization.

In the absence of an active market of the shares of ISE and TREC, the company has taken the cost of the shares (at issued price of Rs 10 each) and TREC at 4.00 million which is the value approved by the Board of Directors of ISE and endorsed by the SECP. Consequently the company has recorded surplus of RS:21.846 million on conversion of membership card of ISE to shares and TREC in The equity as effect of Corporatization Demutualization Act, and this surplus on revaluation is approved

Shares		30,346,030	30,346,030
Office premises		16,400,000	16,400,000
TREC	6.1	2,500,000	4,000,000
Software		40,000	40,000
		49,286,030	50,786,030
Other intangible assets		(28,940,000)	(28,940,000)
		20,346,030	21,846,030

- 6.1** Pakistan Stock Exchange has issued notice dated September 15, 2017 regarding the rationalizing of notional value of TRE certificate for the purpose of base minimum Capital to take the value of TREC ar Rs. 2.5m.

7 Loan from directors

This represents interest free and unsecured loan obtained from on of the director of the Company on June 29, 2018 to enhance the liquidity. The loan will be repaid after the period of two years therefore the fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of loan is not considered material and hence not recognized.



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

11 PROPERTY PLANT & EQUIPMENT

PARTICULARS	C O S T		RATE %	D E P R E C I A T I O N		W.D.V AS ON 30-06-2018
	AS ON July 01, 2017	ADDITION		AS ON June 30, 2018	AS ON June 30, 2018	
	RUPEES					
VEHICLES	41,000	-	20	33,262	34,809	6,190
OFFICE EQUIPMENTS	991,053	203,638	10	396,949	476,723	717,968
FURNITURE & FIXTURES	479,925	59,170	10	249,468	278,431	260,664
OFFICE PEREMISES	16,400,000	-	5	3,376,045	4,027,243	12,372,757
RUPEES 2018	17,911,978	262,808		4,055,724	4,817,206	13,357,579
RUPEES 2017	17,904,678	7,300		3,276,700	4,055,724	13,856,253

PARTICULARS	C O S T		RATE %	D E P R E C I A T I O N		W.D.V AS ON 30-06-2017
	AS ON July 01, 2016	ADDITION		AS ON June 30, 2017	AS ON June 30, 2017	
	RUPEES					
VEHICLES	41,000	-	20	31,327	33,262	7,737
OFFICE EQUIPMENTS	983,753	7,300	10	330,937	396,949	594,104
FURNITURE & FIXTURES	479,925	-	10	223,862	249,468	230,457
OFFICE PEREMISES	16,400,000	-	5	2,690,574	3,376,045	13,023,955
RUPEES 2017	17,904,678	7,300		3,276,700	4,055,724	13,856,253
RUPEES 2016	17,605,437	299,241		2,451,746	3,276,700	14,627,977

A. Zahed Ali



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

	2018 RUPEES	2017 RUPEES
14.1 Cash at Bank		
Clients Account	13,663,007	23,349,519
House Account	1,222,047	1,806,990
	14,885,054	25,156,509

14.2 Assets in CDC

	2018		
	Back Office	CDC	Reconcile
Customer Assets	6,919,861	6,919,062	Right Shares Pending Out GHNLR 799
	2017		
	Back Office	CDC	Reconcile
Customer Assets	7,303,064	7,084,147	Pledged with NCCPL for Exposure

14.3 Assets Pledged with Financial Institutions

Own Assets	Nil	Nil
Customer Assets	Nil	Nil

15 Revenue

Clients	2,105,429	5,295,071
Propriety	187,244	11,331
Institutions	16,685	254,607
	2,309,358	5,561,009

16 OPERATING EXPENSES

Salaries & Wages	1,896,250	1,982,506
Membership fee / PSX & Others	68,050	-
Bank Charges	3,223	12,497
Telephone, Postage & Internet charges	200,114	144,656
Traveling	12,960	56,303
Repair & Maintenance	12,730	79,180
Utility Bills	457,264	474,123
Prop Trading Expenses	1,937	-
SECP Charges	-	24,900
Auditors' Remuneration	100,000	125,000
Printing & Stationary	61,155	55,330
Misc. Expenses	104,754	52,830
Depreciation	761,482	779,024
Property Tax	175,000	11,740
Legal & Presumptive	-	1,200
Financial Charges	-	10,472
Loss during Operation	-	7,749
Provision for doubtful debts	3,226	868,335
	3,858,146	4,685,845



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

	<u>2018</u>	<u>2017</u>
	<u>RUPEES</u>	<u>RUPEES</u>
8 ACCRUED EXPENSES		
Audit Fee	75,000	75,000
Utilities & Other	196,898	193,508
	<u>271,898</u>	<u>268,508</u>
9 TRADE CREDITORS & OTHER PAYABLE		
Payable to Clients	13,121,346	23,163,584
Sale Tax /FED Tax	19,547	86,919
Payable due to rebate	2,432	28,495
Payable to PSX	3,145	-
	<u>13,146,469</u>	<u>23,278,998</u>
10 Contingencies & Commitments		
There were no contingencies and commitments as at June 30, 2018 (2017: Nil).		
12 Advances and Deposits		
Ready Market Exposure Deposit	2,850,000	2,500,000
Future Market Exposure Deposit	1,000,000	1,800,000
PSX Future Market Exposure Deposit (Clients)	95,000	695,000
Future loss Deposit	97,820	257,215
	<u>4,042,820</u>	<u>5,252,215</u>
13 TRADE DEBTORS		
Trade Debtors	269,689	1,399,054
Provision for doubtful debts	13.1 (3,226)	(868,335)
	<u>266,463</u>	<u>530,719</u>
13.1 Provision for doubtful debts		
Aging of Trade Debts (5 Days)		
Trade Debtors	269,689	1,399,054
Trade receivable within five days	(30,097)	(83,445)
Debt Due to Commission Received with collateral (VAR Haircuts)	(17,345)	-
	(219,021)	(447,273)
Provisioning for Doubtful Debts	<u>3,226</u>	<u>868,335</u>
13.1.1 Aging of Trade Debts (14 Days)		
Trade Debtors	269,689	1,399,054
Trade receivable within fourteen days	(49,144)	(93,785)
Debt Due to Commission Received	(17,345)	-
Securities Purchased above fourteen days	(199,973)	(436,934)
	<u>3,226</u>	<u>868,335</u>
14 CASH AND BANK BALANCE		
Cash In hand	194,211	248,890
Cash at bank	14.1 14,885,054	25,156,509
	<u>15,079,265</u>	<u>25,405,399</u>



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

	2018 RUPEES	2017 RUPEES
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22 PROVIDENT FUND

No Provident fund was maintained by Company.

23 FINANCIAL INSTRUMENTS

	Fair value through profit or loss		Amortized cost		Total	
	2018	2017	2018	2017	2018	2017
	(Rupees)					
Financial assets						
Investment-available for sale due to demutualization	30,346,030	30,346,030	-	-	30,346,030	30,346,030
Advances and Deposits	4,042,820	5,252,215	-	-	4,042,820	5,252,215
Marketable Securities	120,700	118,080	-	-	120,700	118,080
Trade debtors	266,463	530,719	-	-	266,463	530,719
Cash and Bank Balances	15,079,265	25,405,399	-	-	15,079,265	25,405,399
	<u>49,855,278</u>	<u>61,652,443</u>	<u>-</u>	<u>-</u>	<u>49,855,278</u>	<u>61,652,443</u>
Financial liabilities						
Trade creditors & other payable	13,146,469	23,278,998	-	-	13,146,469	23,278,998
Profit with held(DFC) Contract	83,780	131,695	-	-	-	-
PSX Exposure Deduction	95,000	695,000	-	-	-	-
	<u>13,230,249</u>	<u>23,410,693</u>	<u>-</u>	<u>-</u>	<u>13,146,469</u>	<u>23,278,998</u>

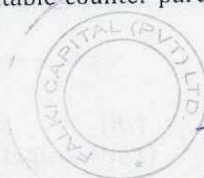
23.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1.1 Risk management policies

The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing to meet their objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

22.1.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.



A. Zahid *A. Iqbal*

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

					2018 RUPEES	2017 RUPEES	
	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
2018							
Gain on demutualization	20,346,030	20,346,030	20,346,030	-	-	-	-
Trade creditors & other payable	13,146,469	13,146,469	-	-	-	-	13,146,469
Accrued expenses:	271,898	271,898	271,898	-	-	-	-
Profit with held(DFC)							
Contract	83,780	83,780	83,780	-	-	-	-
PSX Exposure Deduction from Clients	95,000	95,000	95,000	-	-	-	-
	33,943,177	33,943,177	20,796,708	-	-	-	13,146,469
	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
2017							
Gain on demutualization	21,846,030	21,846,030	21,846,030	-	-	-	-
Trade creditors & other payable	23,278,998	23,278,998	-	-	-	-	23,278,998
Accrued expense:	268,508	268,508	268,508	-	-	-	-
Profit with held(DFC)							
Contract	131,695	131,695	131,695	-	-	-	-
PSX Exposure Deduction from Clients	95,000	95,000	95,000	-	-	-	-
	45,620,231	45,620,231	22,341,233	-	-	-	23,278,998

22.1.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.



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**FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	2018 RUPEES	2017 RUPEES
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Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2018 Rupees	2017
Investment-available for sale due to demutualization	30,346,030	30,346,030
Long term security deposit	1,670,000	1,100,000
Marketable Securities	120,700	118,080
Trade debtors	266,463	530,719
Cash and bank balance	15,079,265	25,405,399
	47,482,458	57,500,228

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

22.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.



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**FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

2018 RUPEES	2017 RUPEES
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b) Interest rate risk

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 interest rates. Majority of the interest rate exposure arises from borrowings and investments.

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

25 Transactions With Related Parties

The related parties and associated undertakings of the Company comprise of associated companies, transactions with related parties and associated undertakings involve advance as long term investment, details are as follows :

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	
Brig (Retd.) Fateh Khan Malik Director		Loan received	700,000

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Chief executive and directors are not getting any remuneration and other benefits from company.

27 NUMBERS OF EMPLOYEES

Number of employees during the year 7 7

28 DATE OF AUTHORIZATION FOR ISSUE

These Financial statement were authorized for issue of on 08 Oct 2018 by the Board of Director of the Company.

29 GENERAL

Figures have been rounded off to Nearest Rupee.

[Signature]
DIRECTOR



[Signature]
CHIEF EXECUTIVE