





# ANNUAL REPORT

2018







# Company Introduction

BIPL Securities Limited (BIPLS) is a full service brokerage house listed on the Pakistan Stock Exchange (PSX). We trace our history back to 1962 when we were incorporated as Khadim Ali Shah Bukhari. We were corporatized in Oct, 1991. The current sponsors took over in May, 2015 and we eventually become BIPLS on Nov 03, 2016. Over the 5 decades of our existence one thing that is constant is the drive for excellence and the desire to do the very best for our clients.

Everything we do, the sole reason for our existence, is to serve our clients across our many product platforms and to help them achieve their investment objectives consistently and in a transparent and ethical manner.

Our efforts in service excellence has been consistently recognized, appreciated and awarded by local and international agencies. We believe that as long as we remain client focused and work for the long term benefit of our clients, the company will continue to grow and all stakeholders will benefit and prosper.





PIONEERS IN PROVIDING  
PREMIUM FINANCIAL SERVICES  
FOR OVER 5 DECADES

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Form of Proxy - English

Form of Proxy - Urdu

## ► Vision & Mission



### Our Vision

To be the leading financial services company generating consistent value for its stakeholders.

### Our Mission

To be the preferred advisor across various business platforms providing leadership in market and product development.





# Core Values



## Integrity

Acting with honesty and transparency in the best interest of our clients and other stakeholders

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## Excellence

Working diligently to deliver the very best in terms of products and service to our clients on a consistent basis.

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## Leadership

Innovate and be the change agent that exceeds client expectations by providing new, diverse and complete range of products and services

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## ► Services Offered

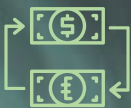
Our vast range of brokerage services includes the following:



### EQUITIES



### MONEY MARKET



### FOREX



### COMMODITIES



### Corporate Finance & Advisory



### RESEARCH

## EQUITIES

- TREC Holder of Pakistan Stock Exchange.
- BIPL Direct: Pakistan's largest online equities platform.
- Nationwide retail branch network.
- One of the largest institutional brokerage platform.
- Relationship with global investors and broker dealers.

## MONEY MARKET

- One of the top brokers in the market.
- Actively advice diverse clients such as banks, corporates, insurance companies, mutual funds, DFIs, NBFCs etc.
- Active across multiple products such as sukuks, T-Bills, commercial papers, promissory notes, overnight, term funding etc.

## FOREX

- Actively catering to FX needs of bank treasuries.
- Research backed investment advice based on macro economic fundamentals.

## COMMODITIES

- One of the leading brokers on the Pakistan Mercantile Exchange.
- Amongst the largest team in the business.
- Night desk facility for investors.
- Professional investment advice based on research and technicals.

## CORPORATE FINANCE & ADVISORY

- Mergers & acquisitions / divestitures and privatizations.
- IPOs, bookbuilding, block transactions and private placements.
- Corporate & financial restructuring.

## RESEARCH

- Award winning research recognized locally and internationally.
- Industry wide coverage supported by macro economic research.
- Detailed company insights supplemented by strategy reports.

## ► Company Information

### Board of Directors

Kamal Uddin Tipu – Chairman  
Abdul Aziz Anis, CFA – Chief Executive Officer  
Sohail Sikandar  
Saad Ahmed Madani  
Sikander Kasim  
Muhammad Hafeezuddin Asif  
Natasha Matin  
Khurram Jamil

### Audit Committee

Sikander Kasim - Chairman  
Sohail Sikandar  
Khurram Jamil  
Muhammad Shafiq Oza - Secretary

### HR & R Committee

Kamal Uddin Tipu - Chairman  
Natasha Matin  
Saad Ahmed Madani  
Jihan Mehboob Malik - Secretary

### Chief Executive Officer

Abdul Aziz Anis, CFA

### Company Secretary

Arsalan Farooq

### Chief Financial Officer

Zafar Ahmed Khan

### Statutory / NCB Auditors

RSM Avas Hyder Liaquat Nauman  
Chartered Accountants  
407, Progressive Plaza, Beaumont Road  
Karachi, Pakistan

### Credit Rating

JCR-VIS Credit Rating Company Limited

### Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Habib Limited  
Bank Al-Falah Limited  
BankIslami Pakistan Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited

### Legal Advisors

Bawaney and partners  
Advocates and Investment and Corporate Advisor  
3rd & 4th Floors, 68-C, Lane 13,  
Bokhari Commercial Area,  
Phase-VI, DHA, Karachi, Pakistan  
Phones: (92-21) 35156191-92-93-94  
Fax: (92-21) 351-56195  
Email: bawaney@cyber.net.pk

### Tax Advisor

Grant Thornton Anjum Rahman  
Chartered Accountants  
1st & 3rd Floor, Modern Motor House, Beaumont  
Road, Karachi, Pakistan.  
Phone: (+92-21) 111-000-322  
Fax: (+92-21) 34168271

### Registered Office

5th Floor, Trade Centre, I.I. Chundrigar Road,  
Karachi.  
Phone: (+92-21) 111-222-000  
Fax: (+92-21) 326-30202  
Email: info@biplsec.com  
Web: [www.biplsec.com](http://www.biplsec.com)

### Share Registrar

THK Associates (Private) Limited 1st Floor, 40-C,  
Block-6, P.E.C.H.S., Karachi 75400, Pakistan.  
Phone: +92 (021) 111-000-322  
Direct: +92 (021) 34168270  
Fax: +92 (021) 341-68271  
Email: secretariat@thk.com.pk



## ► Business Ethics & Practices

BIPLS is a strong supporter of corporate decorum and ensures that its employees endeavor to maintain highest ethical standards during the discharge of their duties. The Company has adopted a Code of Ethics and Business Practices applicable to all its employees which is regularly circulated within the Company. A summary of the Code is as follows:

### Code of Conduct

Employees must act at all times in the Company's best interests and are expected to avoid situations in which their financial or other personal interests or dealings are in conflict with the interests of the Company. Matters involving conflict of interest are prohibited as a matter of policy and any conflict that arises in a specific situation or transaction must be disclosed and resolved.

### Gifts or Entertainment

Offering or acceptance of money, gifts, entertainment, loans or any other benefit or preferential treatment is not acceptable from any existing or potential customer, supplier or business associate of the Company, other than occasional gifts of a modest value and entertainment on a modest scale as part of customary business practice.

### Bribery

The making or receiving of facilitation payments or inducements such as bribes and similar acts in cash or kind are prohibited and the resources of the Company are not utilized for any such purpose.

### Accounting Standards

Compliance with applicable accounting standards and procedures is always necessary. The information supplied to the external auditors, shareholders and other third parties must be complete and not misleading.

### Human Resources

Human Resource policies are consistent, transparent and fair and staff members are encouraged to make suggestions or raise business concerns. Selection for employment and promotion is based on objective assessment of ability, qualification and experience, free from discrimination on any grounds. Discrimination on the basis of caste, culture, religion, disability or sex is intolerable.

### Compliance with Regulatory Requirements

BIPLS transacts its business in accordance with the applicable laws, rules and regulations and cooperates fully with the government and regulatory bodies.

### Confidentiality

Employees are bound to protect the confidentiality of information and are obliged to keep delicate information confidential. Use of Company information for personal gain is strictly prohibited. Confidential information must ONLY be used for the intended purpose.

### Community Responsibility

BIPLS aims to operate as a responsible corporate citizen, supporting the communities locally and globally and recognizes its responsibilities towards these communities.

### Environmental Responsibility

BIPLS is concerned with the conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and it aims to limit its use of all finite resources.

## ► Our Policies



### No Trading on Possession of Insider Information

No person in BIPLS is permitted to trade in any security, either in his own personal account or in the account of his spouse or dependent children, if he / she is in possession of any inside information and neither should they encourage others to do so including his / her relatives, spouse, dependent children or/and close associates.

Also they should refrain from communicating insider information to any outsider, customer or a third party.

All Dealers shall take extra care in sharing information from the trading desk to clients and should be careful not to disseminate any inside information, whether acquired directly or otherwise, or which may, if disseminated, be construed as a leakage of inside information.

### Business Practices

Honesty and integrity are the hallmarks of BIPL Securities (BIPLS) and adherence is expected on part of each employee. BIPLS must compete for business on an honest and open basis – this is integral to ethical behavior.

A conflict occurs when an employee's private interest interfaces with the interest of the Company or its clients. No employee shall transact any business on behalf of himself or any person other than BIPLS with any supplier of goods or services to BIPLS in circumstances that could give rise to a conflict of interest or be prejudicial to the company.

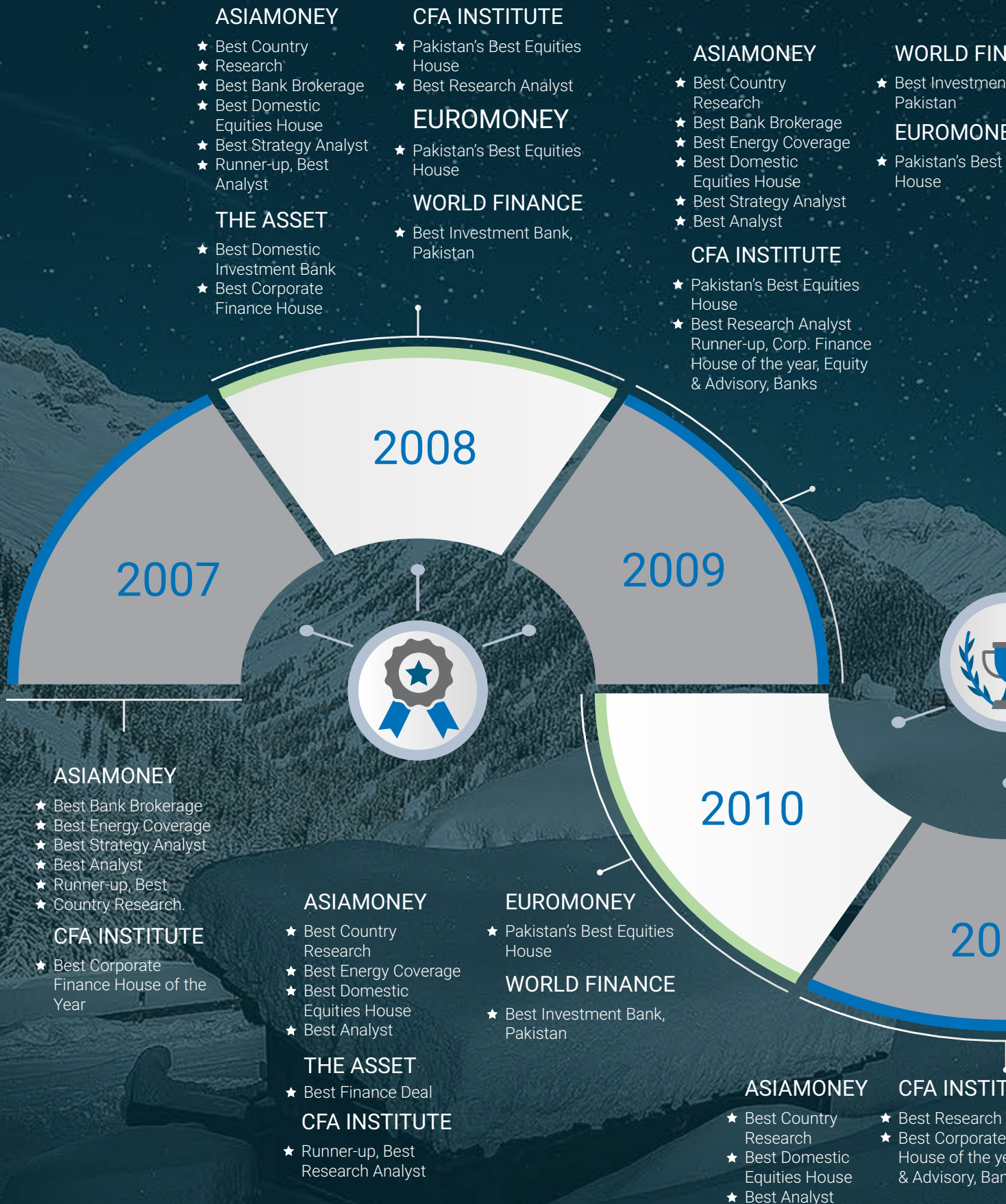
In placing or accepting any business and in entering into contracts on behalf of BIPLS, employees are expected to observe the highest standards of integrity and to act in the best interests of the company. Business should not be placed or accepted, or contracts or arrangements entered into, for any improper motive.

No employee shall use the resources of BIPLS for any purpose other than to conduct BIPL's lawful and proper business. In particular, the company's resources must not be used for illegal purposes or for the gain of anyone other than BIPLS. Employees should endeavor to protect the assets of BIPL and its sponsors and customers and ensure efficient utilization in a transparent manner and as per applicable rules and regulations.





## Awards & Recognitions





## ANCE

t Bank,

## EY

Equities

## ASIAMONEY

- ★ Best Brokerage House in Pakistan for the period 1990-2013 25th Anniversary Poll of Polls
- ★ Best Domestic Equities House
- ★ Best Strategy Analyst

## WORLD FINANCE

- ★ Best Investment Bank, Pakistan

## EUROMONEY

- ★ Pakistan's Best Equities House

## EURO MONEY

- ★ Pakistan's Best Equities House

## WORLD FINANCE

- ★ Best Investment Bank, Pakistan

2013

2014

2015

2012

## ASIAMONEY

- ★ Best Domestic Equities House

## CFA INSTITUTE

- ★ Best Research Analyst
- ★ Best Corporate Finance House of the year, Equity & Advisory, Banks

## WORLD FINANCE

- ★ Best Investment Bank, Pakista

## EUROMONEY

- ★ Pakistan's Best Equities House

## EUROMONEY

- ★ Pakistan's Best Equities House

## WORLD FINANCE

- ★ Best Investment Bank, Pakistan

## UTE

Analyst  
Finance  
ear, Equity  
ks

## WORLD FINANCE

- ★ Best Investment Bank, Pakistan

## EUROMONEY

- ★ Pakistan's Best Equities House



# ► Company Milestones

## M&A / ADVISORY / RESTRUCTURING

**2009**  
USD 9.5 millions




**Nishat Chunian Limited**  
Advisors for the Initial Public Offering of Nishat Chunian Power Ltd.

**2008**  
USD 3.25 millions




**Descon Oxychem Limited**  
Advisors for the Initial Public Offering of Descon Oxychem Ltd.

**2008**  
USD 109 millions GDRs




**Lucky Cement**  
Advisors for the GDR Offering listed on the London Stock Exchange for Lucky Cement

**2007**  
USD 650.3 millions GDRs



**United Bank Limited**  
Advisor to GoP on GDR Offering, Listed on the London Stock Exchange.

**2006**  
USD 150 millions GDRs



**MCB Bank Limited**  
Advisors for the Add-on GDR Offering Listed on the London Stock Exchange for MCB Bank.

**2006**  
USD 25 millions



**World Call Telecommunication**  
Advisors for the Convertible Note Offering of WorldCall Telecommunication Companies.

**2004**  
USD 13 millions

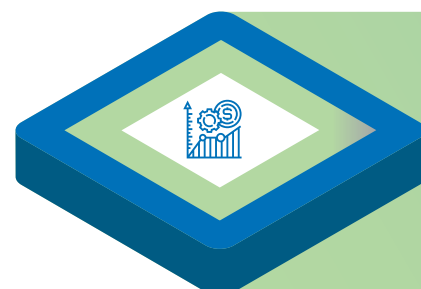


**Pakistan International Airlines**  
Advisors for the Sale of 5% of Pakistan International Airlines through a Secondary Offering.

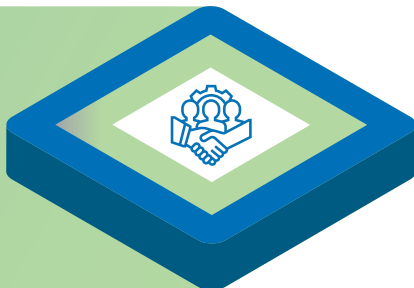
**2003**  
USD 6.88 millions



**Oil & Gas Development Corporation**  
Lead Manager for the Initial Public Offering of Oil and Gas Development Corporation.



## DEBT CAPITAL MARKETS



2017

Not Disclosed



Unity Group

Advisors and Managers for the Acquisition of 70.1% Shares of **TAHA SPINNING MILLS** by Unity Group

2011

USD 28 millions



IBL Group

Advisors for the Restructuring of IBL Group.

2010

Not Disclosed



Nishat Mills Limited

Advisor to Nishat Group for the Acquisition of AES Power's Assets in Pakistan.

2008

USD 926 millions



MCB Bank Limited

20% Strategic Sale to Maybank

2007

USD 460 millions



China Mobile Limited

Advisor to China Mobile for the Acquisition of 100% of Paktel Limited.

2005

USD 200 millions



Karachi Electric Supply Corporation

Advisors for the Acquisition of 73% of Karachi Electric Supply Corporation.

2004

USD 56 millions



Allied Bank Limited

Advisors for the Financial Restructuring and Sale of 75.3% of Allied Bank Limited.

2004

USD 200 millions



Army Welfare Trust

Joint Advisor to the AWT on the Acquisition of Wah Cement.

## EQUITY CAPITAL MARKETS

2010

USD 5 millions



Nishat Chunian Limited

Advisors for the Privately Placed Term Finance Certificate Issuance of Nishat Chunian Ltd.

2008

USD 50 billions 10 year bond



Unity Group

Co- Advisors and Arrangers to Allied Bank Limited Term Finance Certificate Issue.

2007

USD 175 millions



Fauji Cement Company

Advisors on expansion of Fauji Cement Company

2006

USD 20 millions bridging facility



Mobilink

Advisors and Arrangers for a 6-month bridging facility .

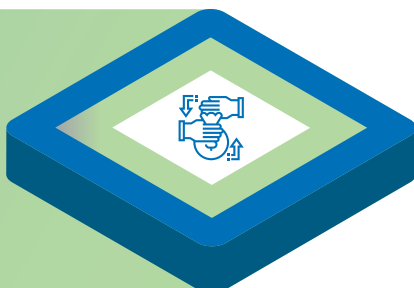
2006

USD 33 millions 7 year bond



Mobilink

Advisors and Arrangers 7 year Corporate bond.



2005

USD 20 millions



United Bank Limited

Advisors & Arrangers for the Issuance of Tier II capital for United Bank Limited.

2002

USD 1.5 millions



Saudi Pak Leasing

Advisors and Arrangers for the TFC Issue of Saudi Pak Leasing.

2002

USD 1.5 millions



Engro Chemicals

Advisors & Arrangers for the TFC Issue of Engro Chemicals.



# ► Our Location & Branch Network

## Corporate Office

5th Floor, Trade Center, I. I. Chundrigar Road, Karachi-74200, Pakistan.  
UAN : 0092-21-111-222-000  
Email : info@biplsec.com

## Branch Offices

### Gulshan-e-Iqbal - Karachi

Mr. Nasim Ahmed

Friends Paradise, 1st Floor, SB-36, Block No. 13-D, KDA Scheme-24, Main University Road, Karachi  
TEL: +92 21-34980763-4 & 66  
FAX: (+92-21) 34980761

### PSX - Karachi

Ahsan ul Haq

Room No. 93, 94, 95, 2nd Floor, Pakistan Stock Exchange Building, Stock Exchange Road.  
TEL: +92 21 3241 2910 - 14  
FAX: (+92-21) 32412911

### Lahore

Mr. Mehmood Afzal Butt

2nd Floor, Fountain Avenue Building, 64-A, Main Boulevard, Main Gulberg, Lahore.  
TEL: +92 42-111-222-000  
FAX: (+92-42) 35787545

### Islamabad

Mr. Junaid Ali

90-91, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.  
TEL: +92 51-111-222-000  
FAX: (+92-51)2272841

### Rahim Yar Khan

Mr. Adnan Saleem

Plot # 29, City Park Chowk, Town Hall Road. Rahim Yar Khan.  
TEL: +92 61-4780300-02  
061-4500273-76  
FAX: (+92-68) 5873251

### Multan

Mr. Muhammad Sajid

Ground Floor, State Life Building, Abdali Road, Multan.  
TEL: +92 51-111-222-000  
FAX: (+92-61) 4500272

### Gujranwala

Mr. Farhan Ataullah Ahmad

81, Ground Floor, GDA Trust Plaza, Gujranwala  
TEL: +92 55-3822501-04  
FAX: (+92-55) 3822505

### Peshawar

Mr. M.Ilyas Khan

1st Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar  
TEL: +92 91-5276025-27  
FAX: (+92-92) 5273683

### Sialkot

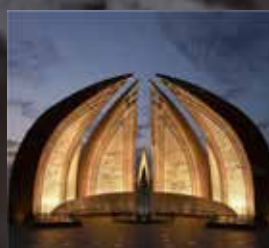
Mr. Manzoor Elahi

Ground Floor, City Tower, Shahab Pura Road, Sialkot  
TEL: +92 52-3256035-37  
FAX: (+92-52) 3256038

### Faisalabad

Mr. Gul Hussain

Room # 509 & 510, 5th Floor, State Life Building, Liaquat Road, Faisalabad  
TEL: +92 41-2614408-10



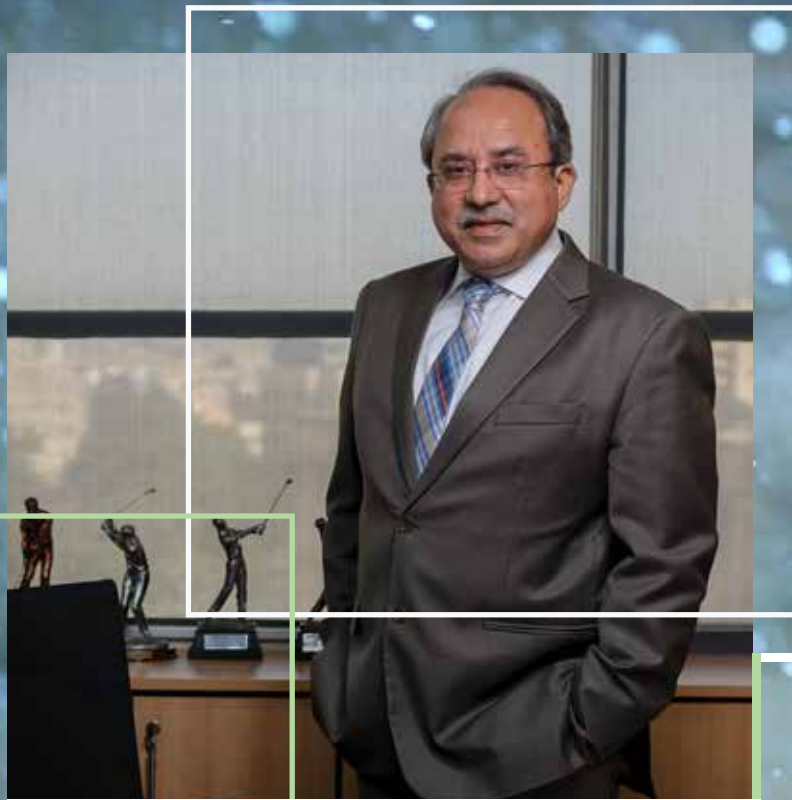
# Serving YOU, Where YOU are...

A robust network of 10 branches and further expanding to better assist you with your investment needs.





## ► Chairman's Review Report



### Kamal Uddin Tipu

It gives me immense pleasure to present this review report to the stakeholders of BIPL Securities Limited on the overall performance of the Board and effectiveness of the role played by the Board in achieving the company's objectives.

The composition of the Board of Directors reflects mix of varied backgrounds and highly experienced individuals in the fields of Finance, Audit, Business and Banking. As required under the Code of Corporate Governance, the Board evaluates its own performance through a mechanism developed by it. The Board is fully involved in company's progress and provides strategic direction to the management and will continue to play its role in ensuring high standards of governance.

The Board of Directors received agendas along with supporting materials in sufficient time prior to the Board and its Committee meetings. The Board has met frequently enough to adequately discharge its responsibilities, duly assisted by its Committees. All the Directors were equally and actively involved in important decisions.

I wish to acknowledge the contribution of Board of Directors and all the employees of BIPL Securities Limited for their hard work, dedication and commitment towards achieving organizational goals.

## ► CEO Message

### Abdul Aziz Anis



2018 has been a challenging year for the entire brokerage industry due to weak market volumes (as compared to previous year) resulting from changing political and economic landscape. We at BIPL Securities Ltd (BIPLS) undertook a host of cost rationalization and revenue stabilization measures in order to improve overall company fundamentals. We feel the true benefits of the hard work done will be visible in 2019 and beyond.

As a business our key strength remains our vast equity retail client base spread over our branch and online network. We feel this is our competitive strength and aim to further build on this going forward. Our commodities brokerage has done exceptionally well YoY and we plan to further consolidate our position here. On the interbank money market and FX side our revenues have been reasonable; however, we are working to further enhance our market share and have initiated measures which we feel will bear fruit in 2019.

The coming year promises to be exciting and we are better prepared to consolidate and strengthen our position as one of the leading brokers in the country.

Last but not least, we would like to express our appreciation for the guidance that the management has received from all our stakeholders, starting from our directors, employees, shareholders, regulators all the way to clients etc. We thank them profusely and look forward to their continued support going forward.

A handwritten signature in black ink, consisting of a stylized 'A' followed by '212' and a horizontal line with an arrow pointing right.



## ► Directors' Profile

Mr. Kamal Uddin Tipu is a PhD scholar in International Relations & Politics, Masters in Conflict Transformation from Eastern Mennonite University, VA USA, a Fulbright scholar, diploma in Human Rights Law from Human Rights Center Peshawar and MSc in Civil Engineering from Wayne State University Detroit MI USA having over 30 years of experience of law enforcement operations, management and planning, International Peacekeeping, electronic media regulation, project management, training and research administration.

His experience includes member of National Counter Terrorism Authority (NACTA), Executive Member and Chairman PEMRA, Police Planning Advisor at United Nations Office to the African Union UNOAU Addis Ababa Ethiopia, Deputy Inspector general of Police, Islamabad, Sector Commander and Director Planning National Highways & Motorway Police, Islamabad and many other command and staff assignments in Police Service of Pakistan.

He has written various papers on the subjects of Conflict Analysis, Nonviolence, Negotiations, Dialogue, Peace building, Community Policing, and Restorative Justice as requirement of the Masters Degree in the field of Conflict Transformation under the Fulbright program at Eastern Mennonite University Virginia, USA. He was a Visiting speaker National Institute of Public Administration, National Police Academy and Pakistan Institute of Manpower Islamabad. He also works on the Executive Body of Association of Former Inspectors General of Police AFIGP

**Kamal Uddin Tipu**  
Chairman



Mr. Abdul Aziz is an investment management and capital markets specialist with multifaceted plus 24 years of successful track record spread over brokerage, asset management, investment advisory, wealth management and investment banking. His in-depth "C" level experience has led to strong leadership and expertise in establishing, running and growing business not only across product lines but also regionally and globally.

He has previously worked as Managing Director Investment Strategist in Asset Management at NCB Capital, Saudi Arabia, which managed close to USD 16bn in AUMS across diverse asset classes. He has actively worked in structuring and launching the largest employee's savings plans in the MENA region worth approx. USD 3.3bn. He has been the founding Chief Executive Officer of Alfalah GHP Investment Management Ltd, an asset management and investment advisory firm, and the Founding Executive Director of Alfalah Securities Ltd, a full service brokerage house. Earlier, he was the Chief Executive Officer of Elixir Securities (formerly Indosuez W.I. Carr Securities) which was the largest foreign brokerage in the country at the time.

**Abdul Aziz Anis, CFA**  
Chief Executive Officer



**Sohail Sikandar**  
Director



Mr. Sohail Sikandar is the Chief Financial Officer for BankIslami Pakistan Limited and has been associated with them since May 2016. A Chartered Accountant by qualification, he has more than 9 years of experience in the field of finance, fund management, business process re-engineering, strategic planning and compliance/governance structures in banking industry.

He has rich experience of setting up a robust MIS system for senior management to assist in decision making. He has also worked as CFO in Burj Bank Ltd. and Dawood Family Takaful Limited.

He has also led due diligence projects for proposed mergers with potential targets, delivering critical insight, valuation, potential synergies and advisory to the board.

**Saad Ahmed Madani**  
Director



Mr. Saad Ahmed Madani is the Head of Corporate Banking for BankIslami Pakistan Limited and has been associated with the bank since 2007.

A Chartered Accountant by qualification, he has 15 years post-qualification experience in the fields of corporate banking, investment banking and credit analysis.

Mr. Sikander Kasim is a fellow member of Institute of Chartered Accountants of Pakistan with over 30 years of experience in cross sector of listed companies.

He joined Ford Rhodes Robson Morrow to pursue Accounting Certification after his B.Com from University of Karachi. He was admitted as an Associate Member of ICAP in the year 1991.

His work experience revolves around financial and corporate affairs, including the office of Chief Financial Officer.

He has major insight of public offerings, treasury functions and mobilization of funds for enterprise. Majority of his experience pertains to refinery sector.

**Sikander Kasim**  
Director



Mr. Asif brings in over 50 years of experience in various positions. He joined Sui Northern Gas Company Limited as a Senior Middle level officer and retired as Senior General Manager / Member of Executive Committee. He has also contributed significantly as a Member Finance in Oil & Gas Regulatory Authority.

Some of his honorary positions includes:

- Director, Karachi Stock Exchange (Guarantee) limited for the Years 1998 & 99.
- Director Pakistan Tourism Development Corporation (2001-04).
- President/Secretary/Council member, ICMAP (Institute of Cost and Management Accountants of Pakistan) having over 10,000 students (1/3/12 years).

**Muhammad Hafeezuddin Asif**  
Director



**Natasha Matin**  
Director



Ms. Natasha Matin is an MBA having over 16 years of diversified banking experience in corporate finance, investment banking and risk management. She has been working with Bankislami since 2007 and is presently heading the corporate credit division of the bank.

Prior to her current assignment she worked with Pak Oman Investment Co. as Vice president/Team leader credit & marketing where she was instrumental in forming the advances portfolio comprising of blue chip corporates.

She started off her career at ORIX Group in 1999 where she was part of credit & marketing team there.

**Khurram Jamil**  
Director



Mr. Khurram Jamil has got Over 14 years of local and international experience in business & risk advisory and assurance services. He holds a degree of Bachelor of Commerce from University of Karachi and is a certified internal controls auditor from Institute of Internal Controls. He is also in process of completion of Chartered Accountancy from ICAP.

His experience venture conveys a background marked by different and significantly esteemed projects and assignments completed with numerous respectable and renowned organizations. He has done key internal audit related projects with Deutsche Bank and Habib Bank Limited/National Bank of Pakistan A.G. His experience likewise incorporates the internal controls advisory, process implementations and expense rationalization for organizations like Habib Bank Limited, National Bank of Pakistan and JS Bank Limited.

He has performed audits and reviews of numerous areas such as: taxation, revenue, expenses, assets, liabilities and so forth. The most noteworthy engagements that have added to his expert development include: commercial banks, manufacturing, port and shipping, pharmaceuticals and brokerage house.



## ► Corporate Social Responsibility (CSR)

BIPLS continues to be a good corporate citizen, supporting the communities from which it derives its business and recognizing its responsibilities towards all such communities. BIPLS will be supportive of community initiatives across the organization, targeting those most appropriate for each individual community.

The company has integrated CSR into its ethics and business practices. In this context, community and stakeholder needs are carefully assessed and support is extended in line with the company's policies, code of ethics and business objectives. Some of the key CSR activities undertaken by the company include:



### Health, Safety and Environment

BIPLS ensures that all its present and future activities are conducted safely without endangering the health and safety of its employees, customers, the public and the environment in which we operate. Our aim is to minimize negative environmental impact and promote green and clean energy as is economically and practically possible.

### The Citizens Foundation (TCF) and Support for Education

A TCF delegation was invited to the BIPLS office to give an overview about the work being carried out by the Foundation in the education of underprivileged children across Pakistan.

Impressed by the work done by TCF, the company sponsored the education of one complete classroom for six months. Also, a few senior management personnel in their individual capacities agreed to support individual child's education on monthly basis.

### Indus Hospital and Blood Drive

Every day blood transfusions take place that saves lives of many people all over the world. Donating blood is good for the health of donors as well as those who need it.

With this in mind, a team from the Indus Hospital was invited to the office of BIPLS to give a briefing about the activities that the hospital was carrying out in this regard. Also, a blood drive was launched in the company and we are happy to report that a large number of employees actively participated in voluntary blood donation.

### Tax Contribution

Taxation is essential for the economic and social development of a country and BIPL Securities takes pride in being a tax compliant company. Over the past decade, the company and its employees contributed approx. PKR 43.84 million to the National Exchequer in the form of taxes.



# ► Directors' Report To The Members

On behalf of the Board of directors of BIPL Securities Limited (BIPLS), we are pleased to present the audited standalone financial statements of the Company and commentary for the year ended December 31, 2018.

## Economic Review

During CY18 Pakistan's economy remained under increasing pressure, with decreasing foreign exchange reserves, increasing trade deficit, rising circular debt and foreign loans taking a toll on macroeconomic health.

Trade numbers for FY18 released during the year showed deficit clocking in at USD 37.7bn, up by 16%YoY as compared to USD32.5bn in FY17. The adverse trade balance was a result of high dependency on imports which went up by 15%YoY in FY18 to USD60.9bn. Meanwhile exports rose by 14%YoY to USD23.2bn during FY18 on account of growing exports of textile, food and petroleum products.

However, due to measures undertaken by the government, trade deficit eased during the second half of CY18 (i.e. 1HFY19), clocking in at USD16.8bn, down by 5%YoY. This improvement in trade balance is due to slight growth in exports of 2%YoY, whereas imports witnessed a decline of 2%YoY to USD 28.04bn.

On the fiscal front the deficit numbers remained elevated at 6.6% for FY18 which was much higher than the government's target of 4.1% for the year. The primary reasons behind the record deficit were high spending by the center and provinces prior to 2018 general elections and a steep decline in tax and non-tax revenues.

The year also saw the country report its highest GDP growth in 13yrs at 5.8% in FY18. This robust growth was achieved while keeping a check on inflationary pressures which remained muted at 3.9% during FY18. Acceleration in GDP growth was supported by a host of factors including low cost of financing, improved energy supplies, favorable business sentiments, fiscal incentives through subsidies and increased access to credit.

## Equity Market Review

CY18 was another disappointing year for the stock market with the KSE-100 index posting a negative return of 8.4% YoY to close at 37,067pts in comparison to 15.3%YoY decline in CY17. The market's dull performance during the year was mostly attributable to i) deteriorating macroeconomic environment including uncertainty on the PKR-USD front and twin deficits, ii) heightened political noise prior to general elections 2018, iii) below expectations earnings growth, and iv) incessant foreign sell-offs amid rising US interest rates. Due to these reasons market volumes dried up even further as All Shares ADT (Regular Market) declined by 22%YoY to 185mn.

## Debt and Currency Market Review

CY18 saw SBP bumping up the discount rates by 425bps cumulatively which was spread out over 12 months. With market participants preempting this hike, participation was limited to the very short tenor of the maturity curve and the maturing PIBs and T-Bills were not rolled over. Instead, the liquidity was directed towards REPO borrowings as well as corporate lending for work capital requirements where the rates were not locked in. Consequently, the fixed income market also remained dull during the year and banks were left with huge liquid assets and SBP had to intervene from time to time to mop-up unwanted liquidity from the system.

## Operating and Financial Performance

During the year ended December 31, 2018 the Company reported  
Details of financial performance for the year ended are as follows:

	2018	2017
	----- (Rupees in '000) -----	
Operating revenue	190,733	237,885
Mark-up / profit on bank deposits, investments & other receivables	56,314	55,420
Gain on sale of investments – net	14,457	77,585
Reversal of impairment	10,000	-
Dividend income	84	659
Unrealized gain on investments –net	-	773
Other income	4,840	59,288
<b>Total income</b>	<b>276,428</b>	<b>431,610</b>
Operating and administrative expenses	(299,019)	(358,080)
(Provision) / Reversal of against doubtful debts-net	(3,340)	23,631
Finance cost	(15,426)	(14,181)
<b>Total expenses</b>	<b>(317,785)</b>	<b>(348,630)</b>
<b>Net (loss) / profit (before impairment and taxation)</b>	<b>(41,357)</b>	<b>82,980</b>
Impairment on long term investment- Subsidiary	(164)	(342)
Taxation	14,562	(44,595)
<b>Net (loss) / profit after tax</b>	<b>(26,959)</b>	<b>38,043</b>
<b>(Loss) / earnings per share</b>	<b>(0.27)</b>	<b>0.38</b>

## Corporate Governance

The directors confirm compliance with the Corporate & Financial Reporting Framework of the Securities and Exchange Commission of Pakistan (SECP's) Code of Corporate Governance for the following:

- Proper books of account of the Company have been maintained;
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- Approved Accounting Standards, as applicable in Pakistan, Companies Act, 2017 and the directives issued by the Commission have been followed in the preparation of the financial statements;
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored;
- The Company is financially sound and is a going concern and that there are no doubts about its ability to continue as a going concern;
- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- The composition of Board of Directors is as per the best practices of Code of Corporate Governance;
- Executive Directors do not number more than one third of the elected directors. Details of the composition of the Board of Directors have been provided below;
- The Board of Directors has ensured that all regulations concerning responsibilities, powers and functions of the Directors have been carefully considered and acted upon. In addition, Company Secretary, CFO and Head of Internal Audit who meet the requirements laid out in the Code have been appointed;
- Key operating and financial data of the preceding years is appearing on page 27;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2018 except for those disclosed in the financial statements;
- Related-party transactions have been placed before the Audit Committee and their recommendations placed;
- The Company operates an approved contributory provident fund for its eligible employees. The value of investments as per the un-audited financial statements for the year ended December 31, 2018 amounts to approximately PKR 51.157 million;
- No material changes and commitments affecting the financial position of your Company have occurred between the balance sheet date and the date of the Directors Report.

## Corporate Social Responsibility

**Responsibility towards the Community:** BIPLS continues to be a good corporate citizen, supporting the communities from which it derives its business and recognizing its responsibilities towards all such communities. BIPLS will be supportive of community initiatives across the organization, targeting those most appropriate for each individual community.

**Responsibility towards the Environment:** BIPLS is concerned with conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and aims to limit its use of all finite resources, with specific focus on usage of energy.

BIPLS has integrated Corporate Social Responsibility (CSR) into its ethics and business practices. In this context, community and stakeholder needs are carefully assessed and support is extended in line with the company's policies, code of ethics and business objectives.

Summary of CSR activities during 2018 are as follows:

- **Adherence to regulatory requirements:** The Company and its employees contributed an amount of PKR 43.84 million to the national exchequer in the form of taxes.
- **People/Human Resources:** The Company follows a policy of contributing to employees' professional development and promoting physical, mental and emotional health.



### The Board

Total number of Directors	7
Male	6
Female	1

### Composition

Independent Directors	3
Non-Executive Directors	4

The positions of the Chairman and the Chief Executive Officer are kept separate in line with the best governance practices and the Chairman has been elected from among the Independent Directors. The Board has established a separate Audit Committee and an HR & Remuneration Committee to assist the Board in the performance of its functions. The Chairman of Board and Audit Committee are Independent Directors and are not same person, in line with best practices. Further, none of the Directors is elected or nominated in more than five listed companies.

Five meetings of the Board of Directors were held during the year 2018. As per the requirements of the Code of Corporate Governance, written notices were circulated at least 7 days in advance except for emergent meetings and significant issues as detailed in the Code were placed for the information, consideration and decision of the Board and the Audit Committee. Minutes were appropriately recorded, including dissenting views, if any.

The attendance of Directors at the Board meetings was as follows:

Name of Directors	Invited for Meetings held during 2018	Meetings attended during 2018*
Kamal Uddin Tipu – Chairman	5	5
Sikander Kasim	5	5
Muhammad Hafeezuddin Asif	3	2
Saad Ahmed Madani	5	4
Sohail Sikandar	5	5
Natasha Matin	5	3
Khawaja Ehrar ul Hassan	4	3
Khurram Jamil	-	-
Abdul Aziz Anis-Chief Executive Officer	4	4

Name of Directors	Invited for Meetings held during 2018	Meetings attended during 2018*
<b>Board Members retired/resigned during 2018</b>		
Khawaja Ehrar Ul Hassan	4	3

\*Against all absences, leave of absence was duly granted by the Board of Directors.

The Directors wish to report the following changes during the year 2018 in the composition of the Board of Directors:

- Mr. Abdul Aziz Anis was appointed as Chief Executive Officer w.e.f. January 13, 2018 in place of Mr. Anwer Ahmed Sheikh.
- Mr. Muhammad Hafeezuddin Asif was appointed as Director in place of Mr. Mansur ur Rehman Khan on March 09, 2018.
- Mr. Khurram Jamil was appointed as Director in place of Khawaja Ehrar Ul Hassan on October 18, 2018.

The Board welcomed the new Members on the Board and placed on record its sincere appreciation for the services rendered by the outgoing Members.

#### Audit Committee

As per the requirements of the Code of Corporate Governance, the Audit Committee consists entirely of non-executive directors. The attendance of Directors at the Committee's meetings was as follows:

Name of Committee Members	Meetings held during 2018	Meetings attended during 2018*
Sikander Kasim – Chairman	4	4
Sohail Sikandar	4	4
Khawaja Ehrar ul Hassan	3	1
Khurram Jamil	-	-

Name of Committee Members	Meetings held during 2018	Meetings attended during 2018*
Committee Members resigned/retired during 2018		
Khawaja Ehrar UI Hassan	3	1

\*Against all absences, leave of absence was duly granted by the Committee.

#### Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee consists entirely of non-executive directors with Chairman being an Independent Director. The attendance of Directors at the Committee's meetings was as follows:

Name of Committee Members	Invited for Meetings held during 2018	Meetings attended during 2018*
Kamal Uddin Tipu - Chairman	1	1
Saad Madani	1	1
Natasha Matin	1	0

\*Against all absences, leave of absence was duly granted by the Committee.

#### Remuneration of Directors

The Company does not pay any remuneration to its non-executive Directors. The Independent Directors are entitled for meeting fee for attending the Board and its Committee meetings. The Independent Directors are also provided or reimbursed for travelling, boarding and lodging expenses incurred, if any, for attending the meetings.

#### Financial Responsibility

The management of the Company is responsible for the preparation of financial statements and the related notes contained therein. These financial statements are reviewed by the Audit Committee before being approved by the Board of Directors.

The Audit Committee assists the Board in monitoring and managing risks associated with the business and the internal controls put in place to mitigate these risks. The Committee operates in accordance with the requirements laid down in the Code of Corporate Governance and the terms of reference approved by the Board. The Committee comprises of three Non-Executive Directors with Chairman being an Independent Director and held four meetings during the year.

The Human Resource & Remuneration committee assists the Board in the Human Resources management including selection, evaluation and compensation of key management personnel. The Committee operates in accordance with the requirements laid down in the Code of Corporate Governance. The Committee comprises of three Non-Executive Directors with Chairman being an Independent Director and held one meeting during the year.



#### Appointment of External Auditors

The external auditors Messrs. RSM Avais Hyder Liaquat Nauman, Chartered Accountants stand retired following expiry of their tenor. As per the recommendations of the Audit Committee, the Board endorses the re-appointment of Messrs. RSM Avais Hyder Liaquat Nauman, Chartered Accountants as external auditors for the financial year 2019.

#### Shareholding

The pattern of shareholding as on December 31, 2018 is annexed with the report.

#### Dividends

In order to accumulate liquidity for expansion and growth prospects, no dividend has been paid during the year.

#### Future Outlook

CY19 is expected to remain a challenging year for the country as the external account will most likely continue to pose difficulty for the government. Added to this the fiscal deficit is also expected to remain burdensome. On the whole we expect economic growth to slow down from the previous year.

For equities we expect overall market volumes to be lower than the year before while on the debt side we expect the participation in long term papers to pick up gradually as the interest rates cycle peaks out towards the end of CY19.

Your company has initiated a series of cost rationalization and revenue enhancement measures which will start bearing fruit in 2019. We continue to believe that while the short term business environment may be challenging the medium to long term prospects are positive for value creation for all stakeholders of the company.


#### Acknowledgement

The Board of Directors of your company BIPL Securities Limited wishes to recognize the efforts of all the stakeholders and employees of the company who contributed towards the betterment of the company.

On behalf of the Board of Directors



Director



Chief Executive Officer

Karachi

Dated: February 19, 2019

# Financial Highlights

Year ended December 31,

	2018	2017	2016	2015	2014	2013
<b>Operating Performance</b> (Rupees in '000)						
Revenue	271,588	372,322	328,845	386,073	609,305	517,717
Operating and administrative expenses	(299,019)	(358,080)	(299,309)	(394,783)	(466,292)	(400,656)
Reversal / (provision) / impairment	(3,340)	23,289	(207)	(538,903)	1,070	9,695
Finance cost	(15,426)	(14,181)	(14,771)	(16,266)	(21,040)	(8,942)
Other income	4,840	59,288	2,846	4,847	6,669	7,263
Profit / (loss) before taxation	(41,521)	82,638	17,404	(559,032)	129,712	125,077
Profit / (loss) after taxation	(26,959)	38,043	19,115	(580,781)	108,658	81,454
<b>Per Ordinary Share</b> (Rupees)						
Earning / (loss) per share	(0.27)	0.38	0.19	(5.81)	1.09	0.81
Break-up value per share	8.74	9.25	10.81	9.37	12.57	12.18
<b>Dividends (Percentage)</b>						
Cash	-	-	-	-	-	5%
<b>Assets and Liabilities</b> (Rupees in '000)						
Total assets	1,825,951	1,915,858	2,377,337	1,628,703	1,986,947	2,257,847
Current assets	1,203,967	1,304,494	1,552,186	933,409	1,014,969	1,272,453
Current liabilities	801,686	840,873	1,146,579	541,700	579,991	939,432
<b>Financial Position</b> (Rupees in '000)						
Shareholders equity	874,265	924,985	1,080,758	937,003	1,256,956	1,218,415
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserves	(125,735)	(75,015)	80,758	(62,997)	256,956	218,415
Share outstanding (Number in '000)	100,000	100,000	100,000	100,000	100,000	100,000
Return on capital employed - (%)	(4.75)	8.93	1.61	(59.66)	10.32	10.27
Return on total assets - (%)	(1.43)	5.05	1.35	(33.33)	7.59	5.94
Current ratio-times	1.50	1.55	1.35	1.72	1.75	1.35
Interest cover ratio-times	(1.69)	6.83	2.18	(33.37)	7.17	14.99

# ► Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Nineteenth Annual General Meeting of BIPL Securities Limited will be held on Thursday, April 18, 2019 at 10:00 a.m. at Taba Foundation Building, First Floor, Clifton Block 9, Gizri Road, Karachi to transact the following businesses:

## ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on April 06, 2018.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2018 together with the Directors' Report and Auditors' Report thereon.
3. To appoint RSM Avais Hyder Liaquat Nauman Chartered Accountants as the Auditors of the Company and fix their remuneration for the year ending December 31, 2019.

By order of the Board



Arsalan Farooq  
Company Secretary

Karachi: March 26, 2019

## Notes:

1. The Share Transfer books of the Company shall remain closed from April 12, 2019 to April 18, 2019 (both days inclusive). Transfers received in order by the Share Registrar of the Company, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan, up to the close of business on April 11, 2019 will be treated in time for the purpose of attending the Annual General Meeting.
2. A member entitled to attend and vote at the above meeting may appoint a person/ representative as proxy to attend and vote on his behalf at the Meeting. The annexed instrument of proxy duly executed in accordance with the Articles of Association of the Company must be received at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
4. Beneficial owners of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Cards (CNICs) or Passports for identification purpose at the time of attending the meeting. The Proxy Form(s) must be submitted with the Company within the time stipulated (mentioned in note no.2 above), duly signed and witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form(s), along with attested copy(ies) of the CNICs or the Passport(s) of the beneficial owners and the proxy(ies). In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the Proxy(ies) Form(s) to the Company. Form of proxy is available at company's website [www.biplsec.com](http://www.biplsec.com).
5. Shareholders are requested to notify any changes in their registered address immediately to the Company's Share Registrar, M/s. THK Associates (Private) Limited.
6. **Notice to Shareholders who have not yet provided CNIC:** The shareholders who have not yet provided copies of their CNICs are once again advised to provide at earliest the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given in note no.1 above.
7. **Placement of Financial Statements:** The Company has placed the Audited Financial Statements for the year ended December 31, 2018 along with the Auditors and Directors Reports thereon on its website [www.biplsec.com](http://www.biplsec.com).
8. **Consent for Video Conference Facility:** Members holding in aggregate 10% or more shareholding residing at a geographical location other than Karachi, may participate in the meeting through video conference by submitting their application to the Company Secretary at least 10 days prior to date of meeting. The Company will arrange video conference facility in the requested city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.



# ► Independent Auditor's Review Report To The Members



RSM Avasi Hyder Liaquat Nauman  
Chartered Accountants

407, Progressive Plaza, Beamount Road,  
Karachi, 75530 - Pakistan  
T: +92 (21) 35655975 - 6  
F: +92 (21) 3565-5977

W: www.rsm-pakistan.pk

## Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of BIPL Securities Limited for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with these Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Engagement Partner: Adnan Zaman  
Karachi.  
Date: February 19, 2019

# ► Statement Of Compliance

## With The Code Of Corporate Governance

### STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

For the year ended December 31, 2018

1. BIPL Securities Limited has complied with the requirements of the Regulations in the following manner:

The total number of directors are Seven (7) as per the following

- a. Male: Six (6)
- b. Female: One (1)

2. The composition of board is as follows:

Category	Names
Independent Directors	Kamal Uddin Tipu Sikander Kasim Muhammad Hafeezuddin Asif
Non-Executive Directors	Saad Ahmed Madani Sohail Sikandar Natasha Matin Khurram Jamil
Chief Executive Officer	Abdul Aziz Anis

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged one (1) Directors' Training Program during the year and in total the following five (5) directors from the Board has attended the Directors' Training Program:
- Mr. Kamal Uddin Tipu
  - Mr. Muhammad Hafeezuddin Asif
  - Mr. Saad Ahmed Madani
  - Mr. Sohail Sikandar
  - Ms. Natasha Matin
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

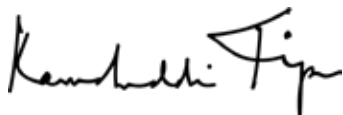
**Audit Committee**

Mr. Sikander Kasim – Chairman  
Mr. Sohail Sikandar – Member  
Mr. Khurram Jamil – Member

**HR and Remuneration Committee**

Mr. Kamal Uddin Tipu – Chairman  
Mr. Saad Ahmed Madani - Member  
Ms. Natasha Matin – Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:
- |    |                               |             |
|----|-------------------------------|-------------|
| a) | Audit Committee               | - Quarterly |
| b) | HR and Remuneration Committee | - Yearly    |
15. The Board has set up an internal audit function, comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Chairman



Chief Executive Officer

Karachi: February 19, 2019





Dedicated  
team that  
caters to the  
diverse needs  
of investors  
around the  
globe.



Email: [bipldirect@biplsec.com](mailto:bipldirect@biplsec.com)

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UAN: +92 21 111 222 001

## YOUR TRUST, OUR STRENGTH



BIPLSecurities  
BMR 2+



### Analytics Portal

Make informed investment decisions with state of the art analytics portal built into your trading terminal.



### Online Withdrawals / Deposits

Make swift withdrawals / deposits from / to your account with the online funds transfer facility.

# STOCK MARKET ON THE FLY

Make the most out of our stock trading app on mobile and desktop platforms.

BIPL Direct is one of the largest online brokerage platform in Pakistan that caters to the diverse needs of equity investors around the globe. BIPL Direct was launched in 2004 and has grown robustly to its current position as one of the market leader in Pakistan's equity business.



## BIPL DIRECT TRADING TERMINAL



Available on  
Windows



Available on  
Android



Available on  
Appstore



### Multi Channel Order Placement

Place orders via trading terminal (web, desktop and mobile), call centre (IVR) and trader assisted.



### Off Hour Order Placement

Flexibility to place your orders even when the stock market is closed.



Finan



# Standalone Financial Statements



Independent Auditor's Report to the  
Members

Statement of Financial Position

Statement of Profit and Loss Account  
and Other Comprehensive Income

Cashflow Statement

Statement of Changes in Equity

Notes to the Financial Statement

# ► Independent Auditor's Report

## To The Members



RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

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Karachi, 75530 - Pakistan  
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W: www.rsmpakistan.pk

### Opinion

We have audited the annexed financial statements of BIPL Securities Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and 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, the statement of financial position, the statement of profit or loss, 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 December 31, 2018 and of the loss, 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p><b>Preparation of the financial statements under the Companies Act, 2017</b></p> <p>As referred to in note 2.1 to the accompanying financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 31 December 2018.</p> <p>The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note 2.1 to the financial statements.</p>	<p><b>Our audit procedures, amongst others, included the following:</b></p> <p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Companies Act, 2017.</p> <p>We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.</p> <p>We evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>The above required changes and enhancements in the financial statements are considered important and a key audit matter because of the significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.</p>	
2.	<p><b>Recognition and realization of deferred tax asset</b></p> <p>As disclosed in note 13, the Company has recognized deferred tax asset amounting to Rs 66.276 million.</p> <p>In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of expected future revenues, business and operational assumptions and timing of reversals.</p> <p>The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the material value of deferred tax asset and because of the assessment of future taxable income involves significant management judgment about future business and economic factors.</p>	<p><b>Our audit procedures, amongst others, included the following:</b></p> <p>We obtained an analysis detailing the components of the future income tax balances in light of the Income Tax Ordinance, 2001.</p> <p>We ensured that all deductible/taxable temporary differences, unused tax losses and income tax deductions have been identified, whether recognized or not in prior years from audit of the statement of financial position components and prior years' tax returns.</p> <p>We ensured that the amount recognized for deductible temporary differences, unused tax losses and income tax reductions is limited to the amount which is likely to be realized.</p> <p>We compared on a test basis, the components of deferred tax and analyzed it with the relevant income tax schedules and assessed reasonableness thereof.</p> <p>We checked the reasonableness of allocation of deferred tax between Normal tax regime and Final tax regime in accordance with Income Tax Ordinance, 2001.</p> <p>We tested and documented the process used by management to assess the likelihood of realizing the future tax assets including tax planning strategies.</p> <p>We also assessed the adequacy of the Company's disclosures pertaining to taxes in accordance with applicable financial reporting framework in Pakistan.</p> <p>We determined whether any subsequent events or transactions have occurred upto the date of our report that could affect the likelihood of realizing the future tax assets.</p>
3.	<p><b>Valuation of Al Jomaih Power Limited (AJPL) - financial asset available for sale</b></p> <p>The company's financial statements include a significant portion of available for sale investment that comprise mainly investment in unquoted foreign company AJPL. This investment is measured at fair value with the corresponding fair value changes recognized in other comprehensive income.</p> <p>The net asset value is estimated by AJPL on market based methodology.</p> <p>The valuation of investment in AJPL was significant to the audit due to foreign currency risk involved in the investment and in unquoted script.</p>	<p><b>Our audit procedures, amongst others, included the following:</b></p> <p>We computed breakup value of shares from AJPL's unaudited financial statements.</p> <p>We obtained confirmation of AJPL confirming the estimated net asset value of BIPL's shareholding in AJPL.</p> <p>We confirmed that at the end of the year, the investment is evaluated and adjusted for any changes in the net asset value by the management.</p> <p>We checked that the investment at the year end has been translated at the appropriate exchange rate and net asset value is calculated on market based methodology.</p>



### 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, but does not include the financial statements and our auditor's reports 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 the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

The 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.

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 year 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) the statement of financial position, the statement of profit or loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)
- (e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is Adnan Zaman.



Chartered Accountants  
Karachi  
Dated: February 19, 2019

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018

Note	2018	2017
	----- (Rupees in '000) -----	
7	39,472	37,480
8	4,775	5,562
9	-	5,066
10	488,286	512,211
11	158	481
12	23,017	14,843
13	66,276	35,721
	621,984	611,364
14	-	152,027
15	121,988	117,271
16	424,365	445,805
	111,476	92,425
17	546,138	496,966
	1,203,967	1,304,494
	1,825,951	1,915,858
	2,000,000	2,000,000
18	1,000,000 18,752  301,304 (445,791) 874,265	1,000,000 18,752  325,065 (418,832) 924,985
19	150,000	150,000
20	700,172	839,431
21	100,000	-
	1,404	1,404
22	110	38
	801,686	840,873
	1,825,951	1,915,858
23		

The annexed notes from 1 to 41.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



## STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
----- (Rupees in '000) -----			
Operating revenue	24	190,733	237,885
<b>Net gain on investments</b>			
Gain on sale of investments 'at fair value through profit or loss'- net	25	14,457	12,860
Gain on sale of 'available-for-sale' investment- net	10.2.2	-	64,725
Reversal of impairment on 'held for trading' investments	14.2.1	10,000	-
Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net	14.1.2	-	773
		24,457	78,358
Dividend income		84	659
Mark-up / profit on bank deposits and other receivables	26	56,314	55,420
		271,588	372,322
Operating and administrative expenses	27	(299,019)	(358,080)
Impairment on long-term investment - subsidiary	10.1	(164)	(342)
(Provision) / reversal against doubtful debts-net	15.2	(3,340)	23,631
		(302,523)	(334,791)
<b>Operating (loss) / profit</b>		(30,935)	37,531
Finance cost	28	(15,426)	(14,181)
		(46,361)	23,350
Other income	29	4,840	59,288
<b>(Loss) / profit before taxation</b>		(41,521)	82,638
Taxation	30	14,562	(44,595)
<b>(Loss) / profit after taxation</b>		(26,959)	38,043
<b>Other comprehensive loss for the year</b>			
Reclassification adjustment on disposal of 'available-for-sale' investments included in profit and loss account		-	(58,435)
Reversal of deferred tax liability related to component of other comprehensive income		-	21,913
Fair value adjustments - available for sale investment		(23,761)	(157,294)
- Will not be reclassified to profit and loss in subsequent periods		-	-
- Will be reclassified to profit and loss in subsequent periods		(23,761)	(193,816)
<b>Total comprehensive loss for the year</b>	10.2.6	(50,720)	(155,773)
----- (Rupees) -----			
<b>(Loss) / earnings per share - basic and diluted</b>	31	(0.27)	0.38

The annexed notes from 1 to 41.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

Note

2018

2017

----- (Rupees in '000) -----

### CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation

(41,521)

82,638

#### Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:

Depreciation

8,367

11,004

Amortization

987

1,058

Gain on sale of 'at fair value through profit and loss' investments - net

(14,457)

(12,860)

Gain on sale of 'available-for-sale' investments - net

-

(64,725)

Gain on sale of property and equipment

(1362)

(67)

Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net

-

(773)

Reversal of impairment on 'held for trading' investments

(10,000)

-

Impairment on long-term investment - subsidiary

164

342

Provision / (reversal) against doubtful debts-net

3,340

(23,631)

Finance cost

15,426

14,181

Dividend income

(84)

(659)

2,379

(76,130)

(39,142)

6,508

#### Working capital adjustments:

##### Decrease / (increase) in current assets

Trade debts

(8,057)

103,796

Advances, deposits, prepayments and other receivables

21,440

126,738

13,383

230,534

##### Decrease in current liabilities

Trade and other payables

(139,259)

(305,709)

(165,018)

(68,667)

Finance cost paid

(15,354)

(14,180)

Income tax paid

(35,042)

(46,611)

##### Net cash flows used in operating activities

(215,414)

(129,458)

### CASH FLOW FROM INVESTING ACTIVITIES

Investments 'at fair value through profit or loss' - net

176,484

(65,895)

Purchase of property and equipment

(5,841)

(20,137)

Purchase of intangible assets

(200)

(1,910)

Proceeds from disposal of property and equipment

1,910

175

Dividend received

84

1,736

##### Net cash flows generated from / (used in) investing activities

172,437

(86,031)

### CASH FLOW FROM FINANCING ACTIVITIES

Long-term loans and advances

323

(278)

Long-term investment

-

66,882

Long-term deposits and prepayments

(8,174)

1,235

Dividend paid

-

2

(7,851)

67,841

##### Net cash flows (used in) / generated from financing activities

(50,828)

(147,648)

##### Net decrease in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

496,966

644,614

Cash and cash equivalents at the end of the year

446,138

496,966

##### Cash and cash equivalents comprises of:

Cash and bank balances

546,138

496,966

Short term financing-secured

(100,000)

-

446,138

496,966

The annexed notes from 1 to 41.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Share Capital	General Reserve	Accumulated Loss	Unrealised gain on re-measurement of 'available-for-sale' investments to fair value - net	Total
----- (Rupees in '000) -----					
<b>Balance as at January 01, 2017</b>	1,000,000	18,752	(456,875)	518,881	1,080,758
Total comprehensive loss for the year	-	-	38,043	(193,816)	(155,773)
<b>Balance as at December 31, 2017</b>	1,000,000	18,752	(418,832)	325,065	924,985
Total comprehensive loss for the year	-	-	(26,959)	(23,761)	(50,720)
<b>Balance as at December 31, 2018</b>	1,000,000	18,752	(445,791)	301,304	874,265

The annexed notes from 1 to 41.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 1. STATUS AND NATURE OF BUSINESS

1.1. BIPL Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi. The branch offices are situated at;

- 90-91, Razia Plaza, Jinnah Avenue, Blue Area, Islamabad.
- 2nd Floor Fountain Avenue, Building 64-A, Main Boulevard, Main Gulberg, Lahore.
- 1st Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar.
- Friends Paradise, 1st Floor, SB-36, Block No. 13-D, KDA Scheme-24, Main University Road, Karachi
- Room No 93,94,95, Pakistan Stock Exchange Building Stock Exchange Road, Karachi.
- Room # 509 & 510, 5th Floor, State Life Building, Liaquat Road, Faisalabad
- 81, Ground Floor, GDA Trust Plaza, Gujranwala.
- Ground Floor, City Tower, Shahabpura Road, Sialkot.
- Ground Floor, State Life Building, Abdali Road, Multan.
- Plot # 29, City Park Chowk, Town Hall Road, Rahim Yar Khan.

1.2. The Company is a subsidiary of BankIslami Pakistan Limited (the Parent Company) which holds 77.12% of the shares of the Company.

1.3. The Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services, consultancy and corporate finance.

1.4. These are separate financial statements of the Company in which investment in subsidiary is reported on the basis of direct equity interest and is not consolidated.

### 2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

2.1. Due to the first time application of financial reporting requirements under the Companies Act, 2017 (the Act) including disclosures and presentation requirements of the fourth schedule of the Act.

2.2. During the current year equity market volumes dropped significantly from last year which resulted in lower commission and resultantly company incurred operating loss as reflected in Profit and loss account.

### 3. BASIS OF PREPARATION

#### 3.1. 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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), 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.

#### 3.2. Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments which are carried out at fair value as referred to in note 4.4 below.

#### 3.3. Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is Company's functional and presentation currency.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1. Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of property and equipment when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

During the year, the management of the Company has revised its estimate of the useful life of computer and office equipment ranging from 2 to 5 years. The revision has been made after taking in to account the expected pattern of recovery of economic benefit associated with the use of computers and office equipment. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had the revision in useful life in respect of computer and office equipments has not been made, depreciation expense included in 'Operating and administrative expenses' would have been higher by Rs. 3.2 million and consequently loss before tax would have been higher by the same amount.

#### 4.2. Intangible assets

Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

#### 4.3. Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged at the rate specified in note 9. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

#### 4.4. Financial assets

##### 4.4.1. Investments

Investments in subsidiary company is stated at cost less provision for impairment, if any. Other Investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for-sale' investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

##### Investments 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.

##### Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations.

##### 4.4.2. Derivatives

Derivative instruments held by the company primarily comprise of future contracts in the capital market. These are initially recognised at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealised gains) are included in assets and derivatives with negative market values (unrealised losses) are included in liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account. Derivative financial instrument contracts entered into by the company do not meet the hedging criteria as defined by International Accounting Standard (IAS) '39: 'Financial Instruments: Recognition and Measurement'. Consequently hedge accounting is not being applied by the company.

##### 4.4.3. 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 for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

#### 4.5. Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

#### 4.6. Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

#### 4.7. Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

#### 4.8. Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised as and when transaction occurred.
- 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.

#### 4.9. Taxation

##### *Current*

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

##### *Deferred*

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus arising on revaluation.

#### 4.10. Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

#### 4.11. Employees' benefits

##### *Defined contribution plan*

The Company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made there under. Monthly contributions at the rate of 8.33% of basic salary are made to the Fund by the Company and the employees.

##### *Employee compensated absences*

The Company allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

#### 4.12. Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Company's cash management.



#### 4.13. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non-monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Non-monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### 4.14. Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

#### 4.15. Trade and other receivables

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

#### 4.16. Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at carrying value.

#### 4.17. Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership is retained by the Muj'ir and Ijarah agreement has been entered into are classified as Ijarah. Payments made under Ijarah are charged to profit and loss on a straight-line basis over the period of Ijarah.

## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	Note
Useful lives of assets and methods of depreciation and impairment	4.1 to 4.3, 7, 8 & 9
Classification of investments	4.4.1, 10 & 14
Provision for doubtful debts	4.14 & 15.2
Deferred taxation and taxation	4.9, 13 & 30

## 6. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2019. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2019) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2019) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2019) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2019). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

#### Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangement" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

"The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements."

## 7. PROPERTY AND EQUIPMENT

### As at December 31, 2018

	Office premises-lease hold (Note 19)	Furniture and Fixtures	Computers and Office Equipment	Motor vehicles	Total
	(Rupees in '000)				
<b>Cost</b>	40,291	24,625	101,113	5,245	171,274
Accumulated depreciation	(27,130)	(21,505)	(81,291)	(3,868)	(133,794)
<b>Net book value at the beginning of the year</b>	13,161	3,120	19,822	1,377	37,480
<b>Changes during the year</b>					
Additions during the year	-	811	5,030	-	5,841
Disposals during the year					
- Cost	-	-	(847)	(2,509)	(3,356)
- Depreciation	-	-	801	2,007	2,808
Transfer from investment properties during the year (note 9.1)	-	-	(46)	(502)	(548)
- Cost	5,804	-	-	-	5,804
- Depreciation	(810)	-	-	-	(810)
Depreciation charge for the year	4,994 (1,811)	- (686)	- (5,470)	- (328)	4,994 (8,295)
	3,183	125	(486)	(830)	1,992
<b>Net book value at the end of the year</b>	16,344	3,245	19,336	547	39,472
<b>Analysis of net book value</b>					
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
<b>Net book value as at December 31, 2018</b>	16,344	3,245	19,336	547	39,472
Depreciation rate (% per annum)	5	10	20-45	20	

### As at December 31, 2017

	Office premises-lease hold	Furniture and Fixtures	Computers and Office Equipment	Motor vehicles	Total
	(Rupees in '000)				
<b>Cost</b>	39,780	23,887	83,075	5,245	151,987
Accumulated depreciation	(25,555)	(20,196)	(74,641)	(3,430)	(123,822)
<b>Net book value at the beginning of the year</b>	14,225	3,691	8,434	1,815	28,165
<b>Changes during the year</b>					
Additions during the year	511	916	18,710	-	20,137
Disposals during the year					
- Cost	-	(178)	(672)	-	(850)
- Depreciation	-	96	646	-	742
Depreciation charge for the year	- (1,575) (1,064)	(82) (1,405) (571)	(26) (7,296) 11,388	- (438) (438)	(108) (10,714) 9,315
<b>Net book value at the end of the year</b>	13,161	3,120	19,822	1,377	37,480
<b>Analysis of net book value</b>					
Cost	40,291	24,625	101,113	5,245	171,274
Accumulated depreciation	(27,130)	(21,505)	(81,291)	(3,868)	(133,794)
<b>Net book value as at December 31, 2017</b>	13,161	3,120	19,822	1,377	37,480
Depreciation rate (% per annum)	5	10	33.33	20	

7.1 During the year the management of the company has revised its estimate of useful lives of computer and office equipment ranging from 2 to 5 years. The effect of this change in accounting estimate is disclosed in note 4.1.

## 7.2 DISPOSAL OF PROPERTY AND EQUIPMENT

Particulars of property and equipment disposed off during the years are as follows:

### As at December 31, 2018

	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (Loss)	Particular of Buyers	Mode of Disposal
----- (Rupees in '000) -----							
<b>Book value more than Rs. 500,000/-</b>							
<b>Vehicles</b>							
Toyota Corolla-GLI AUE-679	1,390	1,112	278	1,127	849	Wasim Mirza	Negotiation
Toyota Corolla-GLI AHT-480	1,119	895	224	710	486	Aamir Shehzad	Negotiation
	2,509	2,007	502	1,837	1,335		
<b>Book value less than Rs. 500,000/-</b>							
Computer and office equipment	847	801	46	73	27	Various	Negotiation
<b>Total</b>	3,356	2,808	548	1,910	1,362		

### As at December 31, 2017

	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (Loss)	Particular of Buyers	Mode of Disposal
----- (Rupees in '000) -----							
<b>Book value more than Rs. 500,000/-</b>	-	-	-	-	-		
<b>Book value less than Rs. 500,000/-</b>							
Furniture and fixture	178	96	82	15	(67)	Various	Negotiation
Computer and office equipment	672	646	26	160	134	Various	Negotiation
<b>Total</b>	850	742	108	175	67		



## 8 INTANGIBLE ASSETS

## As at December 31, 2018

	Computer software and others	Membership of PMEX	Booths at PSX	License and Trademark	TREC - PSX (Note 8.1 and 8.2)	Total
----- (Rupees in '000) -----						
Cost	12,317	750	950	872	1,350	16,239
Accumulated amortization	(10,677)	-	-	-	-	(10,677)
<b>Net book value at the beginning of the year</b>	<b>1,640</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>5,562</b>
Addition during the year	200	-	-	-	-	200
Amortization for the year	(987)	-	-	-	-	(987)
<b>Net book value at the end of the year</b>	<b>853</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>4,775</b>
<b>Analysis of Net Book Value</b>						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
<b>Net book value as at December 31, 2018</b>	<b>853</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>4,775</b>
Amortization rate (% per annum)	33.33	-	-	-	-	

## As at December 31, 2017

	Computer Software and others	Membership of PMEX	Booths at PSX	License and Trademark	TREC - PSX (Note 8.1 and 8.2)	Total
----- (Rupees in '000) -----						
Cost	11,279	750	950	-	1,350	14,329
Accumulated amortization	(9,619)	-	-	-	-	(9,619)
<b>Net book value at the beginning of the year</b>	<b>1,660</b>	<b>750</b>	<b>950</b>	<b>-</b>	<b>1,350</b>	<b>4,710</b>
Addition during the year	1,038	-	-	872	-	1,910
Amortization for the year	(1,058)	-	-	-	-	(1,058)
<b>Net book value at the end of the year</b>	<b>1,640</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>5,562</b>
<b>Analysis of Net Book Value</b>						
Cost	12,317	750	950	872	1,350	16,239
Accumulated amortization	(10,677)	-	-	-	-	(10,677)
<b>Net book value as at December 31, 2017</b>	<b>1,640</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>5,562</b>
Amortization rate (% per annum)	33.33	-	-	-	-	

8.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from right to trade on the exchange. Accordingly, the Company has received equity shares of PSX and a Trading Right Entitlement Certificate (TRECs) in lieu of its membership card of PSX. The Company's entitlement in respect of PSX's shares is determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and the Company has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares were kept in the blocked account and the divestment of the same were made in accordance with the requirements of the Act within two years from the date of Demutualization.

On December 29, 2016, the divestment committee of PSX formed for the purpose has confirmed the sale of 40% equity stake of PSX shares as detailed in Note 10.2.2 to these financial statements.

The cost / book value of the PSX membership card amounts to Rs. 4.95 million as at December 31, 2012. In absence of an active market of the shares of PSX and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) was made by the Company on the basis of the face of ordinary shares and the TREC value assigned by the PSX for minimum capital requirement purpose applicable to the stock exchange brokers.

8.2 The Company has pledged / hypothecated its TREC in favor of PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulation of PSX Rule Book.

## 9. INVESTMENT PROPERTIES

### Net book value as at the beginning of the year

	Note	2018	2017
----- (Rupees in '000) -----			
Cost		5,804	5,804
Accumulated depreciation		(738)	(448)
		5,066	5,356
Depreciation charge for the year		(72)	(290)
Transfer during the year			
Cost	9.1	(5,804)	-
Depreciation		810	-
		(4,994)	
<b>Net book value at the end of the year</b>		<b>-</b>	<b>5,066</b>
Cost		-	5,804
Accumulated depreciation		-	(738)
<b>Net book value at the end of the year</b>		<b>-</b>	<b>5,066</b>
Depreciation rate (% per annum)		5	5

9.1 During the year the company had transferred its Investment properties comprise of Room No. 93, 94 and 95, First Floor, Pakistan Stock Exchange Building, off I.I. Chundrigar Road, Karachi to own property. The said transfer was made on March 31, 2018 in accordance with applicable IFRS.

## 10. LONG TERM INVESTMENTS

Subsidiary company - Structured Venture (Private) Limited (SVPL)	10.1	1,347	1,511
'Available-for-sale' investments	10.2	486,939	510,700
		488,286	512,211

10.1 SVPL is a subsidiary of the company. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on June 22, 2010 was Rs. 625 million. As of the balance sheet date, the Company has invested a total sum of Rs. 488.581 million.

### Subsidiary Company

Cost	488,581	488,581
Less: Provision for impairment	(487,234)	(487,070)
	1,347	1,511

"The net assets of SVPL have reduced due to full impairment of investment of Rs. 81.567 million in an associated company New Horizon Exploration and Production Limited (NHEPL), and provision against advance for purchase of land of Rs. 375 million.

SVPL had given advance against purchase of property of Rs. 375 million which was being developed as a Housing Scheme (the 'Project') by M/s. Noor Developer (Private) Limited (the 'Developer'), the majority shareholder of which is Mr. Arif Ali Shah Bukhari. This amount includes development charges of Rs. 75 million paid to the Developer. The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project.

During the year 2015, the Developer cancelled provisional booking vide its letter dated June 15, 2015 and in response, SVPL has filed legal suit for specific performance, declaration, injunction, partition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated July 04, 2011, the land on which provisional booking was made is not eligible for the type of allotment made to SVPL as per sale agreement dated November 10, 2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with the Company against which, criminal and civil proceedings have already been initiated.

Considering the facts stated above, the history of this transaction and legal implications, SVPL as a matter of prudence, has fully provided this amount. Hence, the Company's investment in SVPL stands impaired.

On request of the Company for complaints against Criminal Acts of M/s. Noor Developers (Private) Limited, SECP vide its letter dated September 27, 2017, has informed that appropriate steps have been taken as to referring the matter to National Accountability Bureau (NAB) under Section 41-B of Securities and Exchange Commission of Pakistan (Amendment) Act, 2016. On the recommendation/ approval of SECP, NAB has initiated enquiry into the matter.

During the year, the Company has recognized further impairment as the net assets of SVPL has decreased due to operating losses.

## 10.2 DESCRIPTION OF AVAILABLE-FOR-SALE INVESTMENTS

2018	2017	Name of the Investee Company	Note	2018		2017	
Number of Shares				Cost	Carrying Value	Cost	Carrying Value
----- (Rupees in '000) -----							
<b>Quoted shares</b>							
1,602,953	1,602,953	Pakistan Stock Exchange Limited	10.2.1-10.2.3	1,438	21,752	1,438	35,906
<b>Unquoted shares</b>							
3,370	3,370	Al Jomaih Power Limited	10.2.4	184,197	465,187	184,197	474,794
		New Horizon Exploration and Production Limited (Related Party)					
14,760,000	14,760,000	Class 'A' ordinary shares		31,629	-	31,629	-
		Less: impairment		(31,629)	-	(31,629)	-
			10.2.5	-	-	-	-
				185,635	486,939	185,635	510,700

10.2.1 This represents 1,602,953 shares having a market value of Rs 13.57 per share as at December 31, 2018 (December 31, 2017: 22.40 per share).

10.2.2 The Company's entitlement in respect of PSX's shares was determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and 4,007,383 shares of the face value of Rs 10/- each were allotted to the Company, out of which 2,404,430 shares were kept in the blocked account and the divestment of the same was to be made in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 [the Act] within two years from the date of promulgation of the Act. On December 22, 2016, the Divestment Committee of PSX accepted the highest bid price of Rs. 28 per share from Chinese Consortium to divest 40% equity stake held by the existing shareholders of PSX, which were kept in the blocked account as mentioned above, under Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012 and regulation framed there under. Subsequent to above, PSX intimated vide letter dated December 29, 2016 that bidding process for the sale of PSX shares has been concluded. Further, consideration for the above sale was received by PSX after holding 10% of the sale price as Retention money in terms of Share Purchase Agreement executed among Anchor investor, Divestment Committee and PSX, which has been retained for a period of one year to settle any outstanding liabilities of PSX, the amount has been subsequently received.

10.2.3 During the quarter ended March 31, 2017, the company has received sale proceed of Rs 40.39 million against disposal of 1,602,953 shares representing 90% of sale proceed as initially agreed with Chinese Consortium through sale purchase agreement mentioned above. During the quarter ended June 30 2017, the company has received sale proceed of Rs. 21.99 million against disposal of 801,477 shares representing 20% holding to general public.

Further, PSX notified vide letter dated June 23, 2017 that SECP has approved the application for formal listing and quotation of shares of PSX pursuant to Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012. The shares of PSX have been listed on June 29, 2017 on its Ready Counter, and currently it is measured at mark to market due to availability of active market. These shares are required to be blocked with CDC in-house / investor accounts under sub-regulation (1), (2) & (3) of Regulation 5 of Public offering Regulations, 2017. However CDC has kept these shares as frozen instead of blocked.

Further, the company has pledged 1,602,694 shares with PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulations in PSX Rule Book. As of reporting date 1,081,194 shares are still kept in blocked account by CDC as required under sub-regulation (1), (2) & (3) of Regulation 5 of Public offering Regulations, 2017 which will be released in June 2020.

10.2.4 The Company's investment in unquoted shares of Al Jomaih Power Limited (AJPL) incorporated in Cayman Island are valued at its fair value based on the net assets value of the investee Company as at December 31, 2018. The above figures are based on unaudited financial statements. The company holds 1.55% of total issued certificates of AJPL. To date company has received a return of Rs 72mn in forms of dividends and the total amount of investment in foreign currency is \$2.92mn (2017:\$2.92mn).

10.2.5 In year 2015, the management carried out impairment testing of its investment in New Horizon Exploration and Production Limited (NHEPL), as required by IAS 39. The recoverable amount of investment was estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows were used, which includes but are not limited to, historical performance of the investment, development and production activity in NHEPL's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the Company fully impaired its investment in NHEPL and an impairment loss of Rs. 31.63 million was recognised upto year 2016. As of reporting date there is no change in management assumption of recoverability of this investment, accordingly no impairment loss has been reversed.

	Note	2018	2017
----- (Rupees in '000) -----			
<b>10.2.6 Unrealized loss on re-measurement of 'available-for-sale' investments - net of deferred tax</b>			
Pakistan Stock Exchange Limited	10.2.1-10.2.3	(14,154)	(41,010)
Al Jomaih Power Limited	10.2.4	(9,607)	(152,806)
		<b>(23,761)</b>	<b>(193,816)</b>

## 11. LONG-TERM LOANS AND ADVANCES - Considered Good

### Loans and advances to:

- Employees
- Executives

Current maturity shown in current assets

Note	2018	2017
	----- (Rupees in '000) -----	
	1,156	1,742
	-	-
11.1	1,156	1,742
16	(998)	(1,261)
	158	481

11.1. This represents loans and advances given to executives and employees for general purpose in accordance with their terms of employment. These loan and advances carry mark-up at the rate of 12% (2017: 12%) per annum and are recovered through deduction from salaries over varying periods upto a maximum period of 36 months. The loans and advances are secured against staff provident fund balance.

## 12. LONG-TERM DEPOSITS AND PREPAYMENTS

### Deposits with:

- Pakistan Stock Exchange Limited (PSX)
- National Clearing Company of Pakistan Limited (NCCPL)
- Pakistan Mercantile Exchange Limited (PMEX)
- Central Depository Company of Pakistan Limited (CDC)
- Rent deposits
- Ijarah deposits
- Others

### Prepayments

Note	2018	2017
	----- (Rupees in '000) -----	
12.1	15,512	5,512
	1,650	1,650
	2,500	2,500
	200	200
	1,533	1,327
	1,462	2,107
	106	1,421
	22,963	14,717
	54	126
	23,017	14,843

12.1. This includes amount of Rs 15.5 million (2017: 5.5 million) as cash deposit with PSX to fulfill the Base Minimum Capital (BMC) requirement in Compliance with clause 19.2 of the Risk Management Regulation of PSX Rule Book.

## 13. DEFERRED TAX ASSET - NET

### Deductible temporary differences arising from:

- Deferred tax asset at the beginning of the year
- Addition / (reversal) for the year
- Reversal for the year on income related to component of other comprehensive income

Note	2018	2017
	----- (Rupees in '000) -----	
	35,721	40,201
	30,555	(26,393)
	-	21,913
	66,276	35,721

### Deductible temporary differences arising due to:

- carry forward of tax losses
- accelerated tax depreciation
- carry forward of minimum tax
- provision for doubtful debts

35,653	27,643
389	164
3,181	2,143
27,053	5,771
66,276	35,721
66,276	35,721

## 14. SHORT-TERM INVESTMENTS

### 'At fair value through profit or loss' - held for trading

- Listed shares
- Term finance certificates

14.1	-	152,027
14.2	-	-
	-	152,027



#### 14.1 Listed shares

2018	2017	Name of the Investee Company	Note	2018		2017	
Number of Shares				Cost	Carrying Value	Cost	Carrying Value
----- (Rupees in '000) -----							
-	1,161,000	Engro Fertilizers Ltd.		-	-	75,976	78,623
-	427,500	Fauji Cement Company Ltd.		-	-	10,614	10,692
-	3,290,000	K Electric Ltd.		-	-	22,043	20,760
-	98,500	National Bank of Pakistan		-	-	4,622	4,783
-	132,000	Pak Elektron Limited		-	-	6,259	6,269
-	175,000	Pakistan Stock Exchange Ltd.		-	-	4,868	3,920
-	911,500	TRG Pakistan Ltd.		-	-	26,873	26,980
14.1.1				-	-	151,254	152,027

14.1.1 This includes shares with carrying value of Nil (December 31, 2017: Rs.127.35 million) pledged with NCCPL against exposure margin.

#### 14.1.2 Unrealised gain on re-measurement of investments - net

Listed shares

Note	2018	2017
	------(Rupees in '000)-----	
14.1.3	-	773

#### 14.1.3 "Movement in unrealized gain on remeasurement of short term investments"

At the beginning of the year

Net unrealized loss in the value of investments for the year

At the end of the year

773	7,061
(773)	(6,288)
-	773

#### 14.2 Term Finance Certificates

2018	2017	Note	2018	2017
Number of certificates	Name of Investee Company		------(Rupees in '000)-----	
10,000	Pace Pakistan Ltd. (Face value Rs. 5,000/- each)		45,369	45,369
(4,000)	Opening		(18,148)	-
6,000	Less: sold during the year		27,221	45,369
	Closing		(27,221)	(45,369)
	Less: impairment		-	-

#### 14.2.1 Impairment

Opening balance

Less: Reversal of impairment due to sale

Impairment written off

45,369	45,369
(10,000)	-
(8,148)	-
27,221	45,369

## 15. TRADE DEBTS

Receivable against purchase of marketable securities - net of provisions

Receivable from National Clearing Company of Pakistan Ltd.

Inter-bank brokerage

Fees

78,155	113,459
40,638	75
3,195	2,790
-	947
121,988	117,271

#### 15.1 Considered good

Secured

Unsecured

28,299	59,661
7,189	10,655
35,488	70,316
139,285	137,538
(96,618)	(94,395)
78,155	113,459

#### Considered doubtful

Less: Provision for doubtful debts

15.2

## 15.2 Reconciliation of provisions against trade debts

Opening balance

Provision for the year

Write off during the year

Reversal during the year

Note	2018	2017
	----- (Rupees in '000) -----	
	94,395	118,026
15.2.1	3,390	1,771
	(1,117)	-
	(50)	(25,402)
	2,223	(23,631)
	96,618	94,395

15.2.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs.42.67 million (December 31, 2017: Rs. 43.14 million) held in custody by the Company against respective customer accounts.

## 16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

## Advances to:

Suppliers

Current portion of long-term loans and advances to employees and executives

## Deposits:

Exposure deposit with -NCCPL

Exposure deposit with -PMEX

Others

## Prepayments:

Rent

Insurance

Software development and maintenance

Others

## Other receivables:

Profit on bank deposits

Profit on exposure deposit with -NCCPL

Receivable against margin finance

Receivable from PSX against sale of shares

Others

Note	2018	2017
	----- (Rupees in '000) -----	
11	5,456	2,086
	998	1,261
	6,454	3,347
16.1	322,046	330,814
	3,084	5,400
	2,100	2,200
	327,230	338,414
	1,967	1,748
	231	1
	461	702
	1,633	2,072
	4,292	4,523
10.2.2	4,314	4,129
16.2	778	533
	75,286	87,300
	-	4,488
	6,011	3,071
	86,390	99,521
	424,365	445,805

16.1 This includes amounts deposited with the Honorable District and Sessions Court Karachi South in the form of Defense Saving Certificates (DSCs) having face value Rs. 2.1 million. These DSCs carry yield of 7.34% per annum and will mature in August 2026 (December 31, 2017: 7.34%).

16.2 This includes an amount of Rs 1.3mn paid against an award made by PSX.

## 17. CASH AND BANK BALANCES

## Company accounts

Current accounts

Saving accounts

## Client accounts

Current accounts

Saving accounts

Cash in hand

Stamps in hand

Note	2018	2017
	----- (Rupees in '000) -----	
17.1	6,064	2,896
	120,239	79,863
	126,303	82,759
17.1	10	12
	419,820	414,182
	419,830	414,194
17.2	546,133	496,953
	-	-
	5	13
	546,138	496,966

17.1 These carry profit at rates ranging from 2.6% to 9% (2017: 1.4% to 5.6%) per annum.

17.2 This includes Rs 217.47 million (December 31, 2017: Rs 103.59 million) with BankIslami Pakistan Limited (the Parent Company).

## 18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017	Note	2018	2017
Number of Shares			----- (Rupees in '000) -----	
89,867,900	89,867,900	Ordinary shares of Rs. 10 each fully paid-up in cash	898,679	898,679
10,132,100	10,132,100	Ordinary shares of Rs. 10 each fully paid-up as part of the scheme of arrangement	101,321	101,321
100,000,000	100,000,000		1,000,000	1,000,000

## 19. LONG-TERM FINANCING - SECURED

Loan from financial institution	19.1	150,000	150,000
---------------------------------	------	---------	---------

19.1 This represents long-term financing obtained from the Parent Company (BIPL) on December 31, 2015. The loan is secured by way of Exclusive Charge over DM Assets along with equitable mortgage over all other commercial properties of the Company as disclosed in note 7. The financing is payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 to December 2020.

## 20. TRADE AND OTHER PAYABLES

	Note	2018	2017
----- (Rupees in '000) -----			
Trade creditors		625,426	739,644
Payable to National Clearing Company of Pakistan Ltd.		43,269	51,959
Accrued expenses		26,221	42,664
Withholding tax		2,985	3,070
Others		2,271	2,094
		700,172	839,431

## 21. SHORT TERM FINANCING- SECURED

Loan from financial institution	21.1	100,000	-
---------------------------------	------	---------	---

This represents running musharakah facility obtained from the Parent Company (BIPL) which is secured by way of Hypothecation over shares / receivables equivalent to amount of financing obtained. This facility carries markup at the rate of 1 week KIBOR plus 1%. The payment frequency is maximum 30 days from the date of financing obtained.

## 22. ACCRUED MARK-UP:

	2018	2017
----- (Rupees in '000) -----		
Mark-up accrued on:		
- BankIslami Pakistan Limited -the Parent Company	110	38

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies:

The Income Tax authorities substituted Section 5A of Income Tax Ordinance 2001 through Finance Act 2017 which requires company to be subjected to additional tax of 7.5% of the accounting profit before tax if it fails to distribute at least 40% of profit after tax within six months of the end of tax year through cash or bonus. However, the company has filed an appeal before the Honorable High Court of Sindh at Karachi dated September 29, 2017. The Honorable High Court of Sindh has granted Stay orders in favour of the company and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matters will be decided in favour of the company. Accordingly, no provisions has been made in these financial statements.

### 23.2 Commitments:

Net future sale transactions of equity securities entered into by the Company in respect of which the settlement is outstanding.

2018	2017
----- (Rupees in '000) -----	
-	125,503

The Company has entered into Ijarah arrangements for vehicles with BankIslami Pakistan Limited. The aggregate amount of commitments against these arrangements are as follows:

	2018	2017
----- (Rupees in '000) -----		
Not later than one year	2,587	3,895
Later than one year but not later than 5 years	4,701	9,988
	7,288	13,883

## 24. OPERATING REVENUE

Brokerage
Subscription research income
Financial advisory fee
Custody services

Note	2018	2017
	----- (Rupees in '000) -----	
	183,914	230,531
	3,539	2,816
	-	1,442
	3,280	3,096
	<b>190,733</b>	<b>237,885</b>

## 25. GAIN ON SALE OF INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'- NET

Listed shares
Debt securities

13,519	12,815
938	45
<b>14,457</b>	<b>12,860</b>

## 26. MARK-UP / PROFIT ON BANK DEPOSITS AND OTHER RECEIVABLES

Profit on bank deposits
Margin finance income
Others

42,456	35,877
13,668	19,384
190	159
<b>56,314</b>	<b>55,420</b>

## 27. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits
Training and development
Rent, rates and taxes
Insurance charges
Depreciation
Amortization of intangible assets
Repairs and maintenance
Power and utilities
Communication
Trading costs
Information technology related cost
Fees and subscription
Director fee
Printing and stationery
Papers and periodicals
Advertisement and business promotion
Sales and marketing
Travelling and conveyance
Entertainment
Brokerage expense
Legal and professional charges
Consultancy charges
Auditor's remuneration
Stamp charges
Donations
Workers' welfare fund
Kitchen expenses
Profit -paid to clients
Ijara rental
Debts written off
Others

27.1	185,462	219,869
	211	1,574
	11,785	9,899
	1,148	819
27.2	8,367	11,004
	987	1,058
	6,223	9,418
	12,588	13,387
	14,702	14,867
	12,882	17,319
	10,222	10,236
	7,326	7,551
	1,140	1,740
	1,763	4,273
	90	98
	354	2,092
	1,555	2,193
	3,150	4,262
	810	1,505
	172	1,513
	3,511	5,553
	525	3,290
27.3	1,370	1,593
	3	3
27.4	-	180
	-	1,018
	2,016	2,176
27.5	6,845	6,943
	3,577	1,878
	234	-
	-	769
	<b>299,019</b>	<b>358,080</b>

27.1 Salaries, allowances and benefits include company's contribution to provident fund amount to Rs 6.4 million (2017: Rs 6.4 million).

## 27.2 Depreciation

Property and equipment
Investment properties

Note	2018	2017
	----- (Rupees in '000) -----	
7	8,295	10,714
9	72	290
	<b>8,367</b>	<b>11,004</b>



Note	2018	2017
	----- (Rupees in '000) -----	
27.3 Auditor's Remuneration		
Statutory audit fee	548	548
Half-yearly review fee and other certifications	743	957
Out of pocket expenses	79	88
	<b>1,370</b>	<b>1,593</b>

27.4 No donation was paid during the year.

27.5 This relates to share of client in mark-up income earned against their unutilised fund balances in pls bank accounts of BIPL Securities Limited- Client account as per the notice no. KSE/N-1479 dated March 17, 2015 of Pakistan Stock Exchange Limited. The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.

Note	2018	2017
	----- (Rupees in '000) -----	
28. FINANCE COST		
Mark-up on:		
Long-term loan (the Parent Company)	14,980	13,765
Short-term loan (the Parent Company)	119	-
Bank charges	327	416
	<b>15,426</b>	<b>14,181</b>

## 29. OTHER INCOME

Gain on disposal of property and equipment	7.2	1,362	67
Rental income		-	1,815
Staff loan		127	82
Other		3,263	59,403
UIN fee rebate -PMEX		88	16
Loss on settlement of transaction in future		-	(2,095)
		<b>4,840</b>	<b>59,288</b>

## 30. TAXATION

Current			
for the year		17,165	19,143
for prior year		(1,172)	(941)
Deferred	13	(30,555)	26,393
		<b>(14,562)</b>	<b>44,595</b>

### 30.1 Relationship between tax expense and accounting (loss) / profit

In the view of tax loss for the year, provision for minimum tax has been made in accordance with Section 113 of Income Tax Ordinance, 2001. According-ly relationship between tax expense and accounting loss has not been presented for the current year.

30.2 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

30.3 According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

### Financial Year Ended December

Tax Year	Tax Provision	Tax assessed
	----- (Rupees in '000) -----	
2017	19,143	18,332
2016	9,852	9,852
2015	26,465	25,885

## 31. (LOSS) / EARNINGS PER SHARE-BASIC AND DILUTED

### 31.1 Basic

(Loss) / profit after taxation attributable to ordinary shareholders(Rs in '000')	<b>(26,959)</b>	<b>38,043</b>
Weighted average number of ordinary shares('000')	<b>100,000</b>	<b>100,000</b>
(Loss) / earnings per share	<b>(0.27)</b>	<b>0.38</b>

## 31.2 Diluted

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2018 and December 31, 2017 which could have any effect on the earnings per share.

## 32. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Managerial remuneration	9,621	-	33,696	13,509	-	29,587
Fee (note 32.2)	-	1,140	-	-	1,740	-
Contribution to provident fund	377	-	1,347	510	-	1,209
	9,998	1,140	35,043	14,019	1,740	30,796
Number of persons	2	3	8	1	3	7

32.1 Certain executives of the Company are provided Company owned and maintained cellular phones.

32.2 The fee was paid to the Independent Directors for attending the Board of Directors meeting, Audit Committee and HR&R committee meetings of the Company.

32.3 As per the requirement under Regulation 5(4) of Research Analyst Regulation 2015, following are the details of Research Analyst employed by the Company;

	2018	2017
	----- (Rupees in '000) -----	
Managerial remuneration	9,426	5,899

All Research Analyst reports to Head of Research who in turn reports to the Chief Executive Officer.

32.4 The change in CEO and Directors' offices during the year has been disclosed in the Statement of Compliance with the Code of Corporate Governance.

## 33. RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of BankIslami Pakistan Limited (the Parent company), associated undertakings including companies under common directorship), employee benefit plans, directors and its key management personnel. The balances with related parties as at December 31, 2018 and December 31, 2017 and transactions with related parties during the year ended December 31, 2018 and December 31, 2017 are as follows:

	2018					
	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
<b>BALANCES</b>						
Accrued mark-up	110	-	-	-	-	110
Bank balances	217,474	-	-	-	-	217,474
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	514	-	-	-	-	514
Long-term loan	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	633	-	-	-	-	633
Rent payable	525	-	-	-	-	525
Advance against settlement of ijarah	3,262	-	-	-	-	3,262
Short term loan	100,000	-	-	-	-	100,000
Trade debts	66	-	1	-	-	67
Trade payables	-	1	117	24	-	142

2017

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>BALANCES</b>						
Accrued mark-up	38	-	-	-	-	38
Bank balances	103,585	-	-	-	-	103,585
Ijarah deposits	2,107	-	-	-	-	2,107
Ijarah rental payable	542	-	-	-	-	542
Long-term loan secured	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	605	-	-	-	-	605
Prepaid rent	106	-	-	-	-	106
Loan / Advance Receivable	-	-	-	26	-	26
Receivable against financial advisory	500	-	-	-	-	500
Trade debts	23	26	2	-	-	51
Trade payables	-	-	-	785	-	785

2018

	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>TRANSACTIONS</b>						
<b>Income</b>						
Brokerage income earned	788	11	-	62	-	861
Custody services	5	1	1	-	-	7
Mark-up on staff loan	-	-	-	8	-	8
MFS- Income	7	-	-	-	-	7
Profit on bank deposits	8,630	-	-	-	-	8,630
<b>Expenses</b>						
Bank charges	204	-	-	-	-	204
Charge in respect of contributory plan	-	-	-	823	5,598	6,421
Mark-up expense	15,099	-	-	-	-	15,099
Remuneration paid	-	-	-	20,802	-	20,802
Ijarah expense	3,577	-	-	-	-	3,577
Reimbursement of expenses	-	2	-	-	-	2
Meeting fees	-	-	1,140	-	-	1,140
Rent expense	1,261	-	-	-	-	1,261
<b>Other transactions</b>						
Commission paid	-	-	-	480	-	480
Repayment of advances/deposits	-	-	-	300	-	300
Sale of fixed assets	-	-	-	46	-	46

2017					
Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----					
<b>TRANSACTIONS</b>					
<b>Income</b>					
Brokerage income earned	1,193	-	-	43	1,236
Custody services	5	8	-	-	13
Profit on bank deposits	11,847	-	-	-	11,847
<b>Expenses</b>					
Bank charges	134	-	-	-	134
Charge in respect of contributory plan	-	-	-	913	6,427
Mark-up expense	13,765	-	-	-	13,765
Remuneration paid	-	-	-	22,273	22,273
Meeting fee	-	-	1,740	-	1,740
Ijarah expense	1,878	-	-	-	1,878
Reimbursement of expenses	-	22	-	-	22
Rent expense	1,284	-	-	-	1,284
<b>Other transactions</b>					
Repayment of advances	-	314	-	-	314
Purchase of property and equipment	3,224	-	-	-	3,224

## 34. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

Note	2018	2017
----- (Rupees in '000) -----		
Size of the fund -Total assets	46,705	47,144
Cost of investments made	51,157	52,148
Percentage of investments made	105.30%	106.44%
Fair value of investments	49,183	50,180

### 34.1 Break-up value of fair value of investments is:

2018		2017	
(Rs. in '000)	(%)	(Rs. in '000)	(%)
Government securities	- 0.00%	- 0.00%	
Term deposits/saving accounts	48,997 99.62%	49,988 99.62%	
Listed shares	186 0.38%	192 0.38%	
49,183	100.00%	50,180	100.00%

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The above figures are unaudited.



## 35. NUMBER OF EMPLOYEES

The average and total number of employees during the year end as at December 31, 2018 and December 31, 2017 respectively are as follows:

	2018	2017
	-----Number-----	
Average number of employees during the year	151	145
Total number of employees as at year end	146	156

## 36. FINANCIAL INSTRUMENTS

### Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (interest rate foreign currency and price risk), liquidity risk and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### 36.1 Market Risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risk: interest/markup rate risk, foreign exchange or currency risk and equity price risk. The market risks associated with the Company's business activities are discussed as under:

#### (i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Company is exposed to such risk mainly in respect of bank balances, short term and long term loan. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's total comprehensive income by Rs. 2.91 million (2017: Rs. 3.44 million) and a 1% decrease would result in decrease in the Company's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs.465.2 million (2017: Rs. 474.8 million) [US dollars 3.35 million (2017: US dollars 4.30 million)].

Management of the Company estimates that 10% increase in the exchange rate between US dollars and Pak Rupees will increase the comprehensive income of the Company by Rs. 46.52 million (2017: Rs. 47.48 million) and 10% decrease in the exchange rate would result in decrease in comprehensive income of the Company by the same amount. Out of this 0.27mn relates to 10% change in NAV whereas Rs 46.25mn relates to 10% change in exchange rates. However, in practice, the actual results may differ from the sensitivity analysis.

#### (iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified on the balance sheet as investments at fair value through profit or loss and available-for-sale investments. The management believes that 10% increase or decrease in the value of investments at fair value through profit and loss, with all other factors remaining constant would result in increase or decrease of the Company's profit by Rs. nil (2017: Rs. 15.2 million) and 10% of such increase or decrease would result in increase or decrease of other comprehensive income by Rs. 2.17 million (2017: 3.59).

### 36.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by following internal guidelines of the company executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

On the reporting date, the Company has cash and bank balance Rs. 546.13 million (2017:Rs. 496.97 million) unutilized credit lines Rs. 1,050 million (2017: Rs. 1,150 million) and liquid assets in the form of short term securities Rs. Nil (2017: 152.02 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

The table below summaries the maturity profile of the Company's financial liabilities:

	2018				
	On Demand	Upto Three Months	More than Three Months upto one year	More than one year	Total
----- (Rupees in '000) -----					
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	697,186	-	-	-	697,186
Short term loan	100,000	-	-	-	100,000
Accrued mark-up	110	-	-	-	110
	797,296	-	-	150,000	947,296
	2017				
	On Demand	Upto Three Months	More than Three Months upto one year	More than one year	Total
----- (Rupees in '000) -----					
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	836,361	-	-	-	836,361
Accrued mark-up	38	-	-	-	38
	836,399	-	-	150,000	986,399

### 36.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counter parties. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the Company's maximum exposure to credit risk:

	Note	2018	2017
		----- (Rupees in '000) -----	
Trade debts	36.3.1	218,606	211,666
Bank balances	36.3.2	546,133	496,953
Long-term loans and advances		1,156	1,742
Long-term deposits and prepayments		23,017	14,843
Advances, deposits, prepayments and other receivables		423,367	444,544
		1,212,278	1,169,749

#### 36.3.1 The aging analysis of trade debts are as follows:

	2018		2017	
	Gross	Impairment	Gross	Impairment
----- (Rupees in '000) -----				
Not past due	70,285	-	64,287	-
Past due 15 day - 30 days	473	-	474	-
Past due 31 days - 180 days	4,260	-	4,371	-
Past due 181 days - 1 year	3,373	-	2,457	-
More than one year	140,215	(96,618)	140,077	(94,395)
	218,606	(96,618)	211,666	(94,395)

36.3.2 The analysis below summarises the credit quality of the Company's bank balances with banks / financial institutions:

	2018	2017
	----- (Rupees in '000) -----	
<b>Rating (short-term) of Banks and Financial Institutions*</b>		
A1	217,474	103,585
A1+	318,086	264,487
A-1+	10,573	128,881
	<b>546,133</b>	<b>496,953</b>

\*Rating of banks performed by PACRA and JCR-VIS.

#### 36.4 Financial instruments by categories

As at December 31, 2018				
Financial assets as per balance sheet	Asset at ammortized cost	Asset at fair value through profit and loss	Loans and receivables	Other Financial Assets
	----- (Rupees in '000) -----			
Long term investment	-	1,347	-	486,939
Long term deposits	-	-	-	22,963
Long term loans and advances	-	-	158	-
Trade debts	-	-	121,988	-
Advances, deposits and other receivables	-	-	420,073	-
Cash and bank balances	-	-	-	546,138
	<b>-</b>	<b>1,347</b>	<b>542,219</b>	<b>1,056,040</b>
				<b>1,599,607</b>

As at December 31, 2018	
Financial liabilities as per balance sheet	Financial liabilities at amortized cost
	----- (Rupees in '000) -----
Long-term loan	150,000
Trade and other payables	697,186
Short term loan	100,000
Accrued mark-up	110
	<b>947,296</b>

As at December 31, 2017				
Financial assets as per balance sheet	Asset at ammortized cost	Asset at fair value through profit and loss	Loans and receivables	Other Financial Assets
	----- (Rupees in '000) -----			
Long term investment	-	1,511	-	510,700
Long term deposits	-	-	-	14,717
Long term loans and advances	-	-	481	-
Short term investments	-	152,027	-	-
Trade debts	-	-	117,271	-
Advances, deposits and other receivables	-	-	441,282	-
Cash and bank balances	-	-	-	496,966
	<b>-</b>	<b>153,538</b>	<b>559,034</b>	<b>1,022,383</b>
				<b>1,734,955</b>

As at December 31, 2017	
Financial liabilities as per balance sheet	Financial liabilities at amortized cost
	----- (Rupees in '000) -----
Long-term financing	150,000
Trade and other payables	836,361
Accrued mark-up	38
	<b>986,399</b>

## 37. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital include:

- Reinforcing Company's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;
- Maintaining a strong capital base - resulting in enhancement of Company's business operations.

In order to maintain the balance of its capital structure, the Company may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The Company monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long-term borrowings, if any, as shown in the balance sheet. Equity represents paid-up capital of the Company, general reserve and unappropriated profit and loss.

Net capital requirements of the Company are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

## 38. FAIR VALUE OF FINANCIAL INSTRUMENT

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 transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Under the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

### 38.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2018 the Company held the following financial instruments measured at fair value:

	2018			
	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
'Available-for-sale' investments	486,939	21,752	-	465,187
Investment 'at fair value through profit and loss' - held for trading	-	-	-	-
	486,939	21,752	-	465,187

	2017			
	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
'Available-for-sale' investments	510,700	35,906	-	474,794
Investment 'at fair value through profit and loss' - held for trading	152,027	152,027	-	-
	662,727	187,933	-	474,794

38.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2018	2017
	----- (Rupees in '000) -----	
Opening balance	474,794	728,586
Unrealised loss on 'available-for-sale' investments	(9,607)	(152,806)
Investments transferred to Level 1 due to availability of active market	-	(100,986)
Closing balance	465,187	474,794

### 39. OTHER DISCLOSURES UNDER REGULATION 34(2) OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these annual financial statements are as follows:

#### 39.1 Person holding more than 5% of shares

	2018	2017	2018	2017
	% of Holding		No. of Shares	
M/s. BankIslami Pakistan Limited	77.12%	77.12%	77,117,500	77,117,500
Mrs. Noor Jehan Bano	6.54%	6.53%	6,535,500	6,532,500
Mr. Mohammad Aslam Motiwala	7.31%	7.31%	7,314,500	7,314,500

39.2 During the year, Mrs. Noor Jehan Bano acquired 3,000 shares of the company.

39.3 As at December 31, 2018, the value of customer shares maintained with the company pledged with financial institution is Rs.87.65 million (December 31, 2017: Rs. 71.72 million).

39.4 As at December 31, 2018, the value of customer shares maintained with the company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs.12,422 million (December 31, 2017: Rs. 13,169 million).

### 40. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Company on February 19, 2019.

### 41. GENERAL

41.1 Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer





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# Consolidated Financial Statements

Directors' Report on the Consolidated Financial Statements

Independent Auditor's Report to the Members

Consolidated Statement of Financial Position

Consolidated Statement of Profit and Loss  
Account and Other Comprehensive Income

Consolidated Cashflow Statement

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statement

# ► Directors' Report

## On The Consolidated Financial Statements

The Board of Directors present the report on consolidated financial statements of BIPL Securities Limited and its wholly owned subsidiary namely Structured Venture (Private) Limited, for the year ended December 31, 2018.

The consolidated financial results of the group for the year ended December 31, 2018, under review, are summarized as follows:

	2018	2017
	----- (Rupees in '000) -----	
(Loss) / profit before taxation	(41,521)	82,638
Taxation	14,562	(44,595)
(Loss) / profit after taxation	(26,959)	38,043
Dividend paid during the year	-	-
Un-appropriated loss brought forward	(418,832)	(456,875)
Un-appropriated loss carried forward	(445,791)	(418,832)
	----- (Rupees) -----	
(Loss) / earnings per share	(0.27)	0.38

### Summary of changes in equity

The Group's loss after tax was PKR (26.959) Million, LPS (0.27) in CY18 as compare to profit after tax PKR 38.043 million, EPS 0.38 in CY 17.

### Summary of changes in the nature of group business interests

BIPL Securities Limited and Structured Venture (Private) Limited continue in their stated nature of business and have made no changes to the nature of business interests, nor to the class of business interests in which the Company has an interest.

### Pattern of Shareholding

The pattern of shareholding as at December 31, 2018 along with disclosure required under the code of Corporate Governance is annexed to the report.

On behalf of the Board of Directors



Director



Chief Executive Officer

Karachi: February 19, 2019

# ► Independent Auditor's Report

## To The Members



RSM Awaiz Hyder Liaquat Nauman  
Chartered Accountants

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Karachi, 75530 - Pakistan  
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### Opinion

We have audited the annexed consolidated financial statements of BIPL Securities Limited and its subsidiary, namely Structured Venture Private Limited, (the Group), which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cashflows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p><b>Preparation of the consolidated financial statements under the Companies Act, 2017</b></p> <p>As referred to in note 2.1 to the accompanying consolidated financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.</p> <p>The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements.</p> <p>In the case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements as referred to note 2.1 to the consolidated financial statements.</p>	<p><b>Our audit procedures, amongst others, included the following:</b></p> <p>We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to the application of the Companies Act, 2017.</p> <p>We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.</p> <p>We evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the consolidated financial statements.</p>

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>The above required changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.</p>	
2.	<p><b>Recognition and realization of deferred tax asset</b></p> <p>As disclosed in note 14, the Group has recognized deferred tax asset amounting to Rs 66.276 million.</p> <p>In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of expected future revenues, business and operational assumptions and timing of reversals.</p> <p>The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the material value of deferred tax asset and because of the assessment of future taxable income involves significant management judgment about future business and economic factors.</p>	<p><b>Our audit procedures, amongst others, included the following:</b></p> <p>We obtained an analysis detailing the components of the future income tax balances in light of the Income Tax Ordinance, 2001.</p> <p>We ensured that all deductible/taxable temporary differences, unused tax losses and income tax deductions have been identified, whether recognized or not in prior years from audit of the consolidated statement of financial position components and prior years' tax returns.</p> <p>We ensured that the amount recognized for deductible temporary differences, unused tax losses and income tax reductions is limited to the amount which is likely to be realized.</p> <p>We compared on a test basis, the components of deferred tax and analyzed it with the relevant income tax schedules and assessed reasonableness thereof.</p> <p>We checked the reasonableness of allocation of deferred tax between Normal tax regime and Final tax regime in accordance with Income Tax Ordinance, 2001.</p> <p>We tested and documented the process used by management to assess the likelihood of realizing the future tax assets including tax planning strategies.</p> <p>We also assessed the adequacy of the Group's disclosures pertaining to taxes in accordance with applicable financial reporting framework in Pakistan.</p> <p>We determined whether any subsequent events or transactions have occurred upto the date of our report that could affect the likelihood of realizing the future tax assets.</p>
3.	<p><b>Valuation of Al Jomaih Power Limited (AJPL) - financial asset available for sale</b></p> <p>The Group's financial statements include a significant portion of available for sale investment that comprise mainly investment in unquoted foreign company AJPL. This investment is measured at fair value with the corresponding fair value changes recognized in other comprehensive income.</p> <p>The net asset value is estimated by AJPL on market based methodology.</p> <p>The valuation of investment in AJPL was significant to the audit due to foreign currency risk involved in the investment and in unquoted script.</p>	<p><b>Our audit procedures, amongst others, included the following:</b></p> <p>We computed breakup value of shares from AJPL's unaudited financial statements.</p> <p>We obtained confirmation of AJPL confirming the estimated net asset value of Group's shareholding in AJPL.</p> <p>We confirmed that at the end of the year, the investment is evaluated and adjusted for any changes in the net asset value by the management.</p> <p>We checked that the investment at the year end has been translated at the appropriate exchange rate and net asset value is calculated on market based methodology.</p>



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

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the 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.



For the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations 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 benefits of such communications.

The engagement partner on the audit resulting in this independent auditor's report is Adnan Zaman.

A handwritten signature in blue ink, appearing to read 'Adnan Zaman', is written over a faint, circular blue stamp.

Chartered Accountants  
Karachi  
Dated: February 19, 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

Note	2018	2017
	----- (Rupees in '000) -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	39,472	37,480
Intangible assets	4,775	5,562
Investment properties	-	5,066
Advance against purchase of property	-	-
Long-term investments	486,939	510,700
Long-term loans and advances	158	481
Long-term deposits and prepayments	23,017	14,843
Deferred tax asset - net	66,276	35,721
	620,637	609,853
<b>Current assets</b>		
Short-term investments	-	152,027
Trade debts	121,988	117,271
Advances, deposits, prepayments and other receivables	424,369	445,808
Taxation - net	111,693	92,639
Cash and bank balances	547,522	498,382
	1,205,572	1,306,127
<b>TOTAL ASSETS</b>	<b>1,826,209</b>	<b>1,915,980</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
<b>Authorised Capital :</b>		
200,000,000 (2017:200,000,000) Ordinary shares of Rs. 10 each	2,000,000	2,000,000
<b>Issued, subscribed and paid-up capital</b>	<b>1,000,000</b>	<b>1,000,000</b>
General reserve	18,752	18,752
Unrealised gain on re-measurement of 'available for-sale' investments to fair value - net	301,304	325,065
Accumulated loss	(445,791)	(418,832)
	874,265	924,985
<b>Non-current liabilities</b>		
Long-term financing - secured	150,000	150,000
<b>Current liabilities</b>		
Trade and other payables	700,430	839,553
Short term financing-secured	100,000	-
Unclaimed dividend	1,404	1,404
Accrued mark-up	110	38
	801,944	840,995
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,826,209</b>	<b>1,915,980</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		

The annexed notes from 1 to 42.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note	2018	2017
	----- (Rupees in '000) -----	
25	190,733	237,885
26	14,457	12,860
11.2.2	-	64,725
15.2.1	10,000	-
15.1.2	-	773
	24,457	78,358
	84	659
27	56,351	55,461
	271,625	372,363
28	(299,220)	(358,463)
16.2	(3,340)	23,631
	(302,560)	(334,832)
	(30,935)	37,531
29	(15,426)	(14,181)
	(46,361)	23,350
30	4,840	59,288
	(41,521)	82,638
31	14,562	(44,595)
	(26,959)	38,043
	-	(58,435)
	-	21,913
	(23,761)	(157,294)
	-	-
11.2.6	(23,761)	(193,816)
	(50,720)	(155,773)
	----- (Rupees) -----	
32	(0.27)	0.38

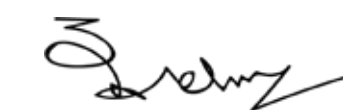
The annexed notes from 1 to 42.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

Note

2018

2017

----- (Rupees in '000) -----

### CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation

(41,521)

82,638

**Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:**

Depreciation

8,367

11,004

Amortization

987

1,058

Gain on sale of 'at fair value through profit and loss' investments - net

(14,457)

(12,860)

Gain on sale of 'available-for-sale' investments - net

-

(64,725)

Gain on sale of property and equipment

(1,362)

(67)

Unrealised gain on re-measurement of investments 'at fair value through profit or loss' - net

-

(773)

Reversal of impairment on 'held for trading' investments

(10,000)

-

Provision / (reversal) against doubtful debts-net

3,340

(23,631)

Finance cost

15,426

14,181

Dividend income

(84)

(659)

2,215

(76,472)

(39,306)

6,166

**Working capital adjustments:**

**Decrease / (increase) in current assets**

Trade debts

(8,057)

103,796

Advances, deposits, prepayments and other receivables

21,439

126,739

13,382

230,535

**Decrease in current liabilities**

Trade and other payables

(139,123)

(305,645)

(165,044)

(68,944)

Finance cost paid

(15,354)

(14,180)

Income tax paid

(35,045)

(46,612)

**Net cash flows used in operating activities**

(215,445)

(129,736)

### CASH FLOW FROM INVESTING ACTIVITIES

Investments 'at fair value through profit or loss' - net

176,484

(65,895)

Purchase of property and equipment

(5,841)

(20,137)

Purchase of intangible assets

(200)

(1,910)

Proceeds from disposal of property and equipment

1,910

175

Dividend received

84

1,736

**Net cash flows generated from / (used) in investing activities**

172,437

(86,031)

### CASH FLOW FROM FINANCING ACTIVITIES

Long-term loans and advances

323

(278)

Long-term investment

-

66,882

Long-term deposits and prepayments

(8,174)

1,235

Dividend paid

-

2

**Net cash flows (used in) / generated from financing activities**

(7,851)

67,841

**Net decrease in cash and cash equivalents**

(50,860)

(147,929)

Cash and cash equivalents at the beginning of the year

498,382

646,311

Cash and cash equivalents at the end of the year

447,522

498,382

**Cash and cash equivalents comprises of:**

Cash and bank balances

547,522

498,382

Short term financing-secured

(100,000)

-

447,522

498,382

The annexed notes from 1 to 42.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Share Capital	General Reserve	Accumulated Loss	Unrealised gain on re-measurement of 'available-for-sale' investments to fair value - net	Total
----- (Rupees in '000) -----					
<b>Balance as at January 01, 2017</b>	1,000,000	18,752	(456,875)	518,881	1,080,758
Total comprehensive loss for the year	-	-	38,043	(193,816)	(155,773)
<b>Balance as at December 31, 2017</b>	1,000,000	18,752	(418,832)	325,065	924,985
Total comprehensive loss for the year	-	-	(26,959)	(23,761)	(50,720)
<b>Balance as at December 31, 2018</b>	1,000,000	18,752	(445,791)	301,304	874,265

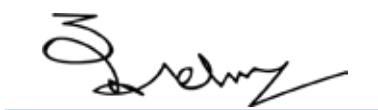
The annexed notes from 1 to 42.1 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

- Holding Company-BIPL Securities Limited (BIPLS)
- Subsidiary Company-Structured Venture (Private) Limited (SVPL)

1.1 BIPLS was incorporated in Pakistan on October 24, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the holding company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the holding company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi. The branch offices of holding company are situated at;

- 90-91, Razia Plaza, Jinnah Avenue, Blue Area, Islamabad.
- 2nd Floor Fountain Avenue, Building 64-A, Main Boulevard, Main Gulberg, Lahore.
- 1st Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar.
- Friends Paradise, 1st Floor, SB-36, Block No. 13-D, KDA Scheme-24, Main University Road, Karachi
- Room No 93,94,95, Pakistan Stock Exchange, Building Stock Exchange Road, Karachi.
- Room # 509 & 510, 5th Floor, State Life Building, Liaquat Road, Faisalabad
- 81, Ground Floor, GDA Trust Plaza, Gujranwala.
- Ground Floor, City Tower, Shahabpura Road, Sialkot.
- Ground Floor, State Life Building, Abdali Road, Multan.
- Plot # 29, City Park Chowk, Town Hall Road, Rahim Yar Khan.

1.2 The Group is a subsidiary of BankIslami Pakistan Limited (the Ultimate Parent Holding Company) which holds 77.12% of the shares of the Group.

1.3 The holding company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services, consultancy and corporate finance.

Subsidiary company was incorporated in Pakistan on June 25, 2010 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the holding company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

Subsidiary is wholly owned by BIPL Securities Limited.

Subsidiary's core objective is to capitalize opportunities across different asset classes, including but not limited to, commodities, structured products, real estate etc. In addition, the company can, subject to regulatory approvals, invest / participate in selected local and foreign business ventures.

The following additional disclosures was made in the subsidiary's financial statements which has no material impact on group's financial statements.

At present, the subsidiary has no operational activities, except to pursue the legal case against M/s. Noor Developer (Private) Limited (the Developer) for the purchase of investment property of Rs 375 million due to the following reason:

The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project. During the year 2015, the Developer canceled provisional booking vide its letter dated June 15, 2015 and in response, the subsidiary has filed legal suit for specific performance, declaration, injunction, petition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated July 04, 2011, the land on which provisional booking was made is not eligible for the type of allotment made to the subsidiary as per sale agreement dated November 10, 2010 between the subsidiary and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with the subsidiary against which, criminal and civil proceedings have already been initiated.

Considering the facts stated above, the history of this transaction and legal implications, the subsidiary as a matter of prudence, has decided to fully provide this amount.

Further, the subsidiary's management made its investment in New Horizon Exploration and Production Limited (NHEPL), which was fully impaired in 2015 due to the fact that the subsidiary will not be able to recover cash flows from such investment.

The above said amounts of investment property and long term investment were the substantial assets of the subsidiary which constituted more than 99% of the total assets of the subsidiary. The subsidiary does not have sufficient cash flows, equity and other means to operate the company, therefore the board of directors of subsidiary have decided to prepare subsidiary's financial statements on other than going concern basis (net realisable basis).

The Carrying value of assets and liabilities of the subsidiary as at December 31, 2018 is equivalent to the realizable value.

## 2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

2.1. Due to the first time application of financial reporting requirements under the Companies Act, 2017 (the Act) including disclosures and presentation requirements of the fourth schedule of the Act.

2.2. During the current year equity market volumes dropped significantly from last year which resulted in lower commission and resultantly the group incurred operating loss as reflected in Profit and loss account.

## 3. BASIS OF PREPARATION

### 3.1. Statement of compliance

These consolidated 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 such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3.2. Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for investments which are carried out at fair value as referred to in note 4.4 below.

### 3.3. Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is Group's functional and presentation currency.

### 3.4. Basis of consolidation

The Financial Statements of the subsidiary are included in the consolidated financial statements from the date of the control commences until the date control ceases. In preparing consolidated financial statements, the financial statements of the holding company and the subsidiary are consolidated on a line by line basis by adding together the items of assets, liabilities, income and expenses. All intercompany transactions have been eliminated.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1. Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of property and equipment when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

During the year, the management of the holding company has revised its estimate of the useful life of computer and office equipment ranging from 2 to 5 years. The revision has been made after taking in to account the expected pattern of recovery of economic benefit associated with the use of computers and office equipment. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had the revision in useful life in respect of computer and office equipments has not been made, depreciation expense included in 'Operating and administrative expenses' would have been higher by Rs. 3.2 million and consequently loss before tax would have been higher by the same amount.

### 4.2. Intangible assets

Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

#### 4.3. Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged at the rate specified in note 9. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

#### 4.4. Financial assets

##### 4.4.1. Financial assets

Investments are classified as either 'investments at fair value through profit or loss', 'held-to-maturity' investments or 'available-for-sale' investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of securities within the time frame generally established by regulation or convention in the market place.

##### Investments 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.

##### Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations.

##### 4.4.2. Derivatives

Derivative instruments held by the holding company primarily comprise of future contracts in the capital market. These are initially recognised at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealised gains) are included in assets and derivatives with negative market values (unrealised losses) are included in liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account. Derivative financial instrument contracts entered into by the holding company do not meet the hedging criteria as defined by International Accounting Standard (IAS) '39: Financial Instruments: Recognition and Measurement'. Consequently hedge accounting is not being applied by the holding company.

##### 4.4.3. 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 for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

#### 4.5. Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

#### 4.6. Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

#### 4.7. Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

#### 4.8. Revenue recognition

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised as and when transaction occurred.
- 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.

#### 4.9 Taxation

##### *Current*

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

##### *Deferred*

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus arising on revaluation.

#### 4.10. Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

#### 4.11 Employees' benefits

##### *Defined contribution plan*

The holding company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made there under. Monthly contributions at the rate of 8.33% of basic salary are made to the Fund by the Company and the employees.

##### *Employee compensated absences*

The holding company allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is neither accumulating nor encashable.

#### 4.12 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the group's cash management.

#### 4.13 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### 4.14 Provisions

Provisions are recognized when the group has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

#### 4.15 Trade and other receivables

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.



The allowance for doubtful debts of the group is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

#### 4.16 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at carrying value.

#### 4.17 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership is retained by the Muj'ir and Ijarah agreement has been entered into are classified as Ijarah. Payments made under Ijarah are charged to profit and loss on a straight-line basis over the period of Ijarah.

## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

Useful lives of assets and methods of depreciation and impairment	4.1 to 4.3, 7, 8 & 9
Classification of investments	4.4.1, 11 & 15
Provision for doubtful debts	4.14 & 16.2
Deferred taxation and taxation	4.9, 14 & 31

## 6. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2019. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on group's financial statements.

Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2019) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on group's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2019) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on group's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2019) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the group's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on group's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2019). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The group is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The group is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on group's financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on group's financial statements.

#### Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangement" - the amendment aims to clarify the accounting treatment when a group increases its interest in a joint operation that meets the definition of a business. A group remeasures its previously held interest in a joint operation when it obtains control of the business. A group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that the group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

"The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Group's financial statements."

## 7. PROPERTY AND EQUIPMENT

### As at December 31, 2018

	Office premises-lease hold (Note 20)	Furniture and Fixtures	Computers and Office Equipment	Motor vehicles	Total
(Rupees in '000)					
Cost	40,291	24,625	101,113	5,245	171,274
Accumulated depreciation	(27,130)	(21,505)	(81,291)	(3,868)	(133,794)
<b>Net book value at the beginning of the year</b>	<b>13,161</b>	<b>3,120</b>	<b>19,822</b>	<b>1,377</b>	<b>37,480</b>
<b>Changes during the year</b>					
Additions during the year	-	811	5,030	-	5,841
Disposals during the year					
- Cost	-	-	(847)	(2,509)	(3,356)
- Depreciation	-	-	801	2,007	2,808
Transfer from investment properties during the year (note 9.1)	-	-	(46)	(502)	(548)
- Cost	5,804	-	-	-	5,804
- Depreciation	(810)	-	-	-	(810)
Depreciation charge for the year	4,994 (1,811)	- (686)	- (5,470)	- (328)	4,994 (8,295)
	3,183	125	(486)	(830)	1,992
<b>Net book value at the end of the year</b>	<b>16,344</b>	<b>3,245</b>	<b>19,336</b>	<b>547</b>	<b>39,472</b>
<b>Analysis of net book value</b>					
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
<b>Net book value as at December 31, 2018</b>	<b>16,344</b>	<b>3,245</b>	<b>19,336</b>	<b>547</b>	<b>39,472</b>
Depreciation rate (% per annum)	5	10	20-45	20	

### As at December 31, 2017

	Office premises-lease hold	Furniture and Fixtures	Computers and Office Equipment	Motor vehicles	Total
(Rupees in '000)					
Cost	39,780	23,887	83,075	5,245	151,987
Accumulated depreciation	(25,555)	(20,196)	(74,641)	(3,430)	(123,822)
<b>Net book value at the beginning of the year</b>	<b>14,225</b>	<b>3,691</b>	<b>8,434</b>	<b>1,815</b>	<b>28,165</b>
<b>Changes during the year</b>					
Additions during the year	511	916	18,710	-	20,137
Disposals during the year					
- Cost	-	(178)	(672)	-	(850)
- Depreciation	-	96	646	-	742
Depreciation charge for the year	- (1,575)	(82) (1,405)	(26) (7,296)	- (438)	(108) (10,714)
	(1,064)	(571)	11,388	(438)	9,315
<b>Net book value at the end of the year</b>	<b>13,161</b>	<b>3,120</b>	<b>19,822</b>	<b>1,377</b>	<b>37,480</b>
<b>Analysis of net book value</b>					
Cost	40,291	24,625	101,113	5,245	171,274
Accumulated depreciation	(27,130)	(21,505)	(81,291)	(3,868)	(133,794)
<b>Net book value as at December 31, 2017</b>	<b>13,161</b>	<b>3,120</b>	<b>19,822</b>	<b>1,377</b>	<b>37,480</b>
Depreciation rate (% per annum)	5	10	33.33	20	

7.1 During the year the management of the holding company has revised its estimate of useful lives of computer and office equipment ranging from 2 to 5 years. The effect of this change in accounting estimate is disclosed in note 4.1.

## 7.2 DISPOSAL OF PROPERTY AND EQUIPMENT

Particulars of property and equipment disposed off during the years are as follows:

### As at December 31, 2018

	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (Loss)	Particular of Buyers	Mode of Disposal
----- (Rupees in '000) -----							
<b>Book value more than Rs. 500,000/-</b>							
<b>Vehicles</b>							
Toyota Corolla-GLI AUE-679	1,390	1,112	278	1,127	849	Wasim Mirza	Negotiation
Toyota Corolla-GLI AHT-480	1,119	895	224	710	486	Aamir Shehzad	Negotiation
	2,509	2,007	502	1,837	1,335		
<b>Book value less than Rs. 500,000/-</b>							
Computer and office equipment	847	801	46	73	27	Various	Negotiation
<b>Total</b>	3,356	2,808	548	1,910	1,362		

### As at December 31, 2017

	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (Loss)	Particular of Buyers	Mode of Disposal
----- (Rupees in '000) -----							
<b>Book value more than Rs. 500,000/-</b>	-	-	-	-	-		
<b>Book value less than Rs. 500,000/-</b>							
Furniture and fixture	178	96	82	15	(67)	Various	Negotiation
Computer and office equipment	672	646	26	160	134	Various	Negotiation
<b>Total</b>	850	742	108	175	67		

## 8 INTANGIBLE ASSETS

## As at December 31, 2018

	Computer software and others	Membership of PMEX	Booths at PSX	License and Trademark	TREC - PSX (Note 8.1 and 8.2)	Total
----- (Rupees in '000) -----						
Cost	12,317	750	950	872	1,350	16,239
Accumulated amortization	(10,677)	-	-	-	-	(10,677)
<b>Net book value at the beginning of the year</b>	<b>1,640</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>5,562</b>
Addition during the year	200	-	-	-	-	200
Amortization for the year	(987)	-	-	-	-	(987)
<b>Net book value at the end of the year</b>	<b>853</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>4,775</b>
<b>Analysis of Net Book Value</b>						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
<b>Net book value as at December 31, 2018</b>	<b>853</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>4,775</b>
Amortization rate (% per annum)	33.33	-	-	-	-	

## As at December 31, 2017

	Computer Software and others	Membership of PMEX	Booths at PSX	License and Trademark	TREC - PSX (Note 8.1 and 8.2)	Total
----- (Rupees in '000) -----						
Cost	11,279	750	950	-	1,350	14,329
Accumulated amortization	(9,619)	-	-	-	-	(9,619)
<b>Net book value at the beginning of the year</b>	<b>1,660</b>	<b>750</b>	<b>950</b>	<b>-</b>	<b>1,350</b>	<b>4,710</b>
Addition during the year	1,038	-	-	872	-	1,910
Amortization for the year	(1,058)	-	-	-	-	(1,058)
<b>Net book value at the end of the year</b>	<b>1,640</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>5,562</b>
<b>Analysis of Net Book Value</b>						
Cost	12,317	750	950	872	1,350	16,239
Accumulated amortization	(10,677)	-	-	-	-	(10,677)
<b>Net book value as at December 31, 2017</b>	<b>1,640</b>	<b>750</b>	<b>950</b>	<b>872</b>	<b>1,350</b>	<b>5,562</b>
Amortization rate (% per annum)	33.33	-	-	-	-	

8.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from right to trade on the exchange. Accordingly, the holding company has received equity shares of PSX and a Trading Right Entitlement Certificate (TRECs) in lieu of its membership card of PSX. The holding company's entitlement in respect of PSX's shares is determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and the holding company has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares were kept in the blocked account and the divestment of the same were made in accordance with the requirements of the Act within two years from the date of Demutualization.

On December 29, 2016, the divestment committee of PSX formed for the purpose has confirmed the sale of 40% equity stake of PSX shares as detailed in Note 11.2.2 to these financial statements.

The cost / book value of the PSX membership card amounts to Rs. 4.95 million as at December 31, 2012. In absence of an active market of the shares of PSX and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) was made by the holding company on the basis of the face of ordinary shares and the TREC value assigned by the PSX for minimum capital requirement purpose applicable to the stock exchange brokers.

8.2 The holding company has pledged / hypothecated its TREC in favor of PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulation of PSX Rule Book.



## 9. INVESTMENT PROPERTIES

### Net book value as at the beginning of the year

Note	2018	2017
	----- (Rupees in '000) -----	
Cost	5,804	5,804
Accumulated depreciation	(738)	(448)
	5,066	5,356
Depreciation charge for the year	(72)	(290)
Transfer during the year		
Cost	(5,804)	-
Depreciation	810	-
	(4,994)	
<b>Net book value at the end of the year</b>	<b>-</b>	<b>5,066</b>
Cost	-	5,804
Accumulated depreciation	-	(738)
<b>Net book value at the end of the year</b>	<b>-</b>	<b>5,066</b>
Depreciation rate (% per annum)	5	5

9.1 During the year the holding company had transferred its Investment properties comprise of Room No. 93, 94 and 95, First Floor, Pakistan Stock Exchange Building, off I.I. Chundrigar Road, Karachi to own property. The said transfer was made on March 31, 2018 in accordance with applicable IFRS.

## 10. ADVANCE AGAINST PURCHASE OF PROPERTY

	2018	2017
	----- (Rupees in '000) -----	
Advance paid for purchase of land:		
- in Korangi Housing Scheme, Karachi	375,000	-
Less: Provision	(375,000)	-
<b>Balance as at December 31, 2018</b>	<b>-</b>	<b>-</b>

This represents advance for purchase of land which was being developed as a Housing Scheme (the 'Project') by M/s. Noor Developer (Private) Limited (the 'Developer'), the majority shareholder of which is Mr. Arif Ali Shah Bukhari. This amount includes development charges of Rs. 75 million paid to the Developer. The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project.

During the year 2015, the Developer canceled provisional booking vide its letter dated June 15, 2015 and in response, the subsidiary has filed legal suit for specific performance, declaration, injunction, partition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated July 04, 2011, the land on which provisional booking was made is not eligible for the type of allotment made to the subsidiary as per sale agreement dated November 10, 2010 between the subsidiary and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with the subsidiary against which, criminal and civil proceedings have already been initiated.

Considering the facts stated above, the history of this transaction and legal implications, the subsidiary as a matter of prudence, has decided to fully provide this amount.

On request of the subsidiary for complaints against Criminal Acts of M/s. Noor Developers (Private) Limited, SECP vide its letter dated September 27, 2017, has informed that appropriate steps have been taken as to referring the matter to National Accountability Bureau (NAB) under Section 41-B of Securities and Exchange Commission of Pakistan (Amendment) Act, 2016. On the recommendation/ approval of SECP, NAB has initiated enquiry into the matter.

## 11. LONG TERM INVESTMENTS

'Available-for-sale' investments

Note	2018	2017
	----- (Rupees in '000) -----	
11.1	486,939	510,700

# 11.1 DESCRIPTION OF AVAILABLE-FOR-SALE INVESTMENTS

2018	2017	Name of the Investee Company	Note	2018		2017	
Number of Shares				Cost	Carrying Value	Cost	Carrying Value
----- (Rupees in '000) -----							
<b>Quoted shares</b>							
1,602,953	1,602,953	Pakistan Stock Exchange Limited	11.2.1-11.2.3	1,438	21,752	1,438	35,906
<b>Unquoted shares</b>							
3,370	3,370	Al Jomaih Power Limited	11.2.4	184,197	465,187	184,197	474,794
		New Horizon Exploration and Production Limited (Related Party)					
25,000,000	25,000,000	Class 'A' ordinary shares		25,000	-	25,000	-
10,000,000	10,000,000	Class 'B' ordinary shares		50,000	-	50,000	-
				75,000	-	75,000	-
		Less: impairment		(75,000)	-	(75,000)	-
			11.2.5	-	-	-	-
				185,635	486,939	185,635	510,700

**11.2.1** This represents 1,602,953 shares held by holding company having a market value of Rs 13.57 per share as at December 31, 2018 (December 31, 2017: 22.40 per share).

**11.2.2** The holding company's entitlement in respect of PSX's shares was determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and 4,007,383 shares of the face value of Rs 10/- each were allotted to the Company, out of which 2,404,430 shares were kept in the blocked account and the divestment of the same was to be made in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 [the Act] within two years from the date of promulgation of the Act. On December 22, 2016, the Divestment Committee of PSX accepted the highest bid price of Rs. 28 per share from Chinese Consortium to divest 40% equity stake held by the existing shareholders of PSX, which were kept in the blocked account as mentioned above, under Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012 and regulation framed there under. Subsequent to above, PSX intimated vide letter dated December 29, 2016 that bidding process for the sale of PSX shares has been concluded. Further, consideration for the above sale was received by PSX after holding 10% of the sale price as Retention money in terms of Share Purchase Agreement executed among Anchor investor, Divestment Committee and PSX, which has been retained for a period of one year to settle any outstanding liabilities of PSX, the amount has been subsequently received.

**11.2.3** During the quarter ended March 31, 2017, the holding company has received sale proceed of Rs 40.39 million against disposal of 1,602,953 shares representing 90% of sale proceed as initially agreed with Chinese Consortium through sale purchase agreement mentioned above. During the quarter ended June 30 2017, the holding company has received sale proceed of Rs. 21.99 million against disposal of 801,477 shares representing 20% holding to general public.

Further, PSX notified vide letter dated June 23, 2017 that SECP has approved the application for formal listing and quotation of shares of PSX pursuant to Stock Exchange (Corporatisation, Demutualisation and Integration) Act, 2012. The shares of PSX have been listed on June 29, 2017 on its Ready Counter, and currently it is measured at mark to market due to availability of active market. These shares are required to be blocked with CDC in-house / investor accounts under sub-regulation (1), (2) & (3) of Regulation 5 of Public offering Regulations, 2017. However CDC has kept these shares as frozen instead of blocked.

Further, the holding company has pledged 1,602,694 shares with PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulations in PSX Rule Book. As of reporting date 1,081,194 shares are still kept in blocked account by CDC as required under sub-regulation (1), (2) & (3) of Regulation 5 of Public offering Regulations, 2017 which will be released in June 2020.

**11.2.4** The holding company's investment in unquoted shares of Al Jomaih Power Limited (AJPL) incorporated in Cayman Island are valued at its fair value based on the net assets value of the investee company as at December 31, 2018. The above figures are based on unaudited financial statements. The holding company holds 1.55% of total issued certificates of AJPL. To date holding company has received a return of Rs 72mn in forms of dividends and the total cost of investment in foreign currency is \$2.92mn (2017:\$2.92mn).

**11.2.5** In year 2015, the management carried out impairment testing of its investment in New Horizon Exploration and Production Limited (NHEPL), as required by IAS 39. The recoverable amount of investment was estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows were used, which includes but are not limited to, historical performance of the investment, development and production activity in NHEPL's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the holding company fully impaired its investment in NHEPL and an impairment loss of Rs. 31.63 million was recognised upto year 2016. As of reporting date there is no change in management assumption of recoverability of this investment, accordingly no impairment loss has been reversed.

**11.2.6 Unrealized loss on re-measurement of 'available-for-sale' investments**

Pakistan Stock Exchange Limited  
Al Jomaih Power Limited

Note	2018	2017
	----- (Rupees in '000) -----	
11.2.1-11.2.3	(14,154)	(41,010)
11.2.4	(9,607)	(152,806)
	<b>(23,761)</b>	<b>(193,816)</b>

**12. LONG-TERM LOANS AND ADVANCES - Considered good****Loans and advances to:**

Employees  
Executives

Current maturity shown in current assets

	1,156	1,742
	-	-
12.1	<b>1,156</b>	<b>1,742</b>
17	<b>(998)</b>	<b>(1,261)</b>
	<b>158</b>	<b>481</b>

12.1. This represents loans and advances given to executives and employees of holding company for general purpose in accordance with their terms of employment. These loan and advances carry mark-up at the rate of 12% (2017: 12%) per annum and are recovered through deduction from salaries over varying periods upto a maximum period of 36 months. The loans and advances are secured against staff provident fund balance.

**13. LONG-TERM DEPOSITS AND PREPAYMENTS****Deposits with:**

- Pakistan Stock Exchange Limited (PSX)
- National Clearing Company of Pakistan Limited (NCCPL)
- Pakistan Mercantile Exchange Limited (PMEX)
- Central Depository Company of Pakistan Limited (CDC)
- Rent deposits
- Ijarah deposits
- Others

**Prepayments**

Note	2018	2017
	----- (Rupees in '000) -----	
13.1	15,512	5,512
	1,650	1,650
	2,500	2,500
	200	200
	1,533	1,327
	1,462	2,107
	106	1,421
	22,963	14,717
	54	126
	<b>23,017</b>	<b>14,843</b>

13.1. This includes amount of Rs 15.5 million (2017: 5.5 million) as cash deposit with PSX by holding company to fulfill the Base Minimum Capital (BMC) requirement in Compliance with clause 19.2 of the Risk Management Regulation of PSX Rule Book.

**14. DEFERRED TAX ASSET - NET**

Deferred tax asset at the beginning of the year  
Addition / (reversal) for the year  
Reversal for the year on income related to component of other comprehensive income

**Deductible temporary differences arising due to:**

- carry forward of tax losses
- accelerated tax depreciation
- carry forward of minimum tax
- provision for doubtful debts

Note	2018	2017
	----- (Rupees in '000) -----	
	35,721	40,201
	30,555	(26,393)
	-	21,913
	<b>66,276</b>	<b>35,721</b>
	35,653	27,643
	389	164
	3,181	2,143
	27,053	5,771
	66,276	35,721
	<b>66,276</b>	<b>35,721</b>

**15. SHORT-TERM INVESTMENTS****'At fair value through profit or loss'**

- Listed shares
- Term finance certificates

15.1	-	152,027
15.2	-	-
	<b>-</b>	<b>152,027</b>

### 15.1 Listed shares

2018	2017	Name of the Investee Company	Note	2018	2017
Number of Shares				Cost Carrying Value ----- (Rupees in '000) -----	Cost Carrying Value
- 1,161,000		Engro Fertilizers Limited		-	75,976
- 427,500		Fauji Cement Company Limited		-	10,614
- 3,290,000		K Electric Limited		-	22,043
- 98,500		National Bank of Pakistan		-	4,622
- 132,000		Pak Elektron Limited		-	6,259
- 175,000		Pakistan Stock Exchange Limited		-	4,868
- 911,500		TRG Pakistan Limited		-	26,873
			15.1.1	-	151,254
				-	152,027

15.1.1 This includes shares with carrying value of Nil (December 31, 2017: Rs.127.35 million) pledged with NCCPL against exposure margin by holding company.

### 15.1.2 Unrealised gain on re-measurement of investments - net

Listed Shares

#### 15.1.3 "Movement in unrealized gain on remeasurement of short term investments"

At the beginning of the year

Net unrealized loss in the value of investments for the year

At the end of the year

Note	2018	2017
	----- (Rupees in '000) -----	
15.1	-	773
	773	7,061
	(773)	(6,288)
	-	773

### 15.2 Term Finance Certificates

2018	2017	Note	2018	2017
Number of certificates			----- (Rupees in '000) -----	
10,000	10,000	Pace Pakistan Ltd. (Face value Rs. 5,000/- each)	45,369	45,369
(4,000)	-	Opening	(18,148)	-
6,000	10,000	Less: sold during the year	27,221	45,369
		Closing	(27,221)	(45,369)
		Less: impairment	-	-

#### 15.2.1 Impairment

Opening balance

Less: Reversal of impairment due to sale

Impairment written off

45,369	45,369
(10,000)	-
(8,148)	-
27,221	45,369

## 16. TRADE DEBTS

Receivable against purchase of marketable securities - net of provisions

Receivable from National Clearing Company of Pakistan Ltd.

Inter-bank brokerage

Fees

78,155	113,459
40,638	75
3,195	2,790
-	947
121,988	117,271

#### 16.1 Considered good

Secured

Unsecured

28,299	59,661
7,189	10,655
35,488	70,316
139,285	137,538
(96,618)	(94,395)
78,155	113,459

Considered doubtful

Less: Provision for doubtful debts

16.2

## 16.2 Reconciliation of provisions against trade debts

Opening balance
Provision for the year
Write off during the year
Reversal during the year

Note	2018	2017
	----- (Rupees in '000) -----	
	94,395	118,026
16.2.1	3,390	1,771
	(1,117)	-
	(50)	(25,402)
	2,223	(23,631)
	96,618	94,395

16.2.1 Provision against doubtful debts has been made after considering the market value of listed shares amounting to Rs.42.67 million (December 31, 2017: Rs. 43.14 million) held in custody by the holding company against respective customer accounts.

## 17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

## Advances to:

Suppliers
Current portion of long-term loans and advances to employees and executives

Note	2018	2017
	----- (Rupees in '000) -----	
12	5,456	2,086
	998	1,261
	6,454	3,347

## Deposits:

Exposure deposit with -NCCPL
Exposure deposit with -PMEX
Others

17.1	322,046	330,814
	3,084	5,400
	2,100	2,200
	327,230	338,414

## Prepayments:

Rent
Insurance
Software development and maintenance
Others

	1,967	1,748
	231	1
	461	702
	1,633	2,072
	4,292	4,523

## Other receivables:

Profit on bank deposits
Profit on exposure deposit with -NCCPL
Receivable against margin finance
Receivable from PSX against sale of shares
Others

17.2	4,318	4,132
	778	533
	75,286	87,300
	-	4,488
	6,011	3,071
	86,394	99,524
	424,369	445,808

17.1 This includes amounts deposited by holding company with the Honorable District and Sessions Court Karachi South in the form of Defense Saving Certificates (DSCs) having face value Rs. 2.1 million. These DSCs carry yield of 7.34% per annum and will mature in August 2026 (December 31, 2017: 7.34%).

17.2 This includes an amount of Rs 1.3mn paid by holding company against an award made by PSX.

## 18. CASH AND BANK BALANCES

## Company accounts

Current accounts
Saving accounts

Note	2018	2017
	----- (Rupees in '000) -----	
18.1	6,064	2,896
	121,600	81,279
	127,664	84,175

## Client accounts

Current accounts
Saving accounts

18.1	10	12
	419,820	414,182
	419,830	414,194
18.2	547,494	498,369
	23	-
	5	13
	547,522	498,382

Cash in hand
Stamps in hand



18.1 These carry profit at rates ranging from 2.6% to 9% (2017: 1.4% to 5.6%) per annum.

18.2 This includes Rs 218.83 million (December 31, 2017: Rs 103.59 million) with BankIslami Pakistan Limited (the Ultimate Parent Company).

## 19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
Number of Shares			----- (Rupees in '000) -----	
89,867,900	89,867,900	Ordinary shares of Rs. 10 each fully paid-up in cash	898,679	898,679
10,132,100	10,132,100	Ordinary shares of Rs. 10 each fully paid-up as part of the scheme of arrangement	101,321	101,321
100,000,000	100,000,000		1,000,000	1,000,000

## 20. LONG-TERM FINANCING - SECURED

Loan from financial institution

150,000 150,000

20.1 This represents long-term financing obtained by holding company from the Ultimate Parent Company (BIPL) on December 31, 2015. The loan is secured by way of Exclusive Charge over DM Assets along with equitable mortgage over all other commercial properties of the holding company as disclosed in note 7. The financing is payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 to December 2020.

## 21. TRADE AND OTHER PAYABLES

Trade creditors  
Payable to National Clearing Company of Pakistan Ltd.  
Accrued expenses  
Withholding tax  
Others

Note	2018	2017
	----- (Rupees in '000) -----	
	625,426	739,644
	43,269	51,959
	26,479	42,786
	2,985	3,070
	2,271	2,094
	700,430	839,553

## 22. SHORT TERM FINANCING- SECURED

Loan from financial institution

22.1 100,000 -

22.1 This represents running musharakah facility obtained by holding company from the Ultimate Parent Company (BIPL) which is secured by way of Hypothecation over shares / receivables equivalent to amount of financing obtained. This facility carries markup at the rate of 1 week KIBOR plus 1%. The payment frequency is maximum 30 days from the date of financing obtained.

## 23. ACCRUED MARK-UP:

Mark-up accrued on:

- BankIslami Pakistan Limited -the Parent Company

2018 2017

----- (Rupees in '000) -----

110 38

## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies:

The income tax authorities substitute Section 5A of Income Tax Ordinance 2001 through Finance Act 2017 which requires company to be subjected to additional tax of 7.5% of the accounting profit before tax if it fails to distribute at least 40% of profit after tax within six months of the end of tax year through cash or bonus. However, the holding company has filed an appeal before the Honorable High Court of Sindh at Karachi dated September 29, 2017. The Honorable High Court of Sindh has granted Stay orders in favor of the holding company and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matters will be decided in favor of the holding company. Accordingly, no provisions has been made in these consolidated financial statements.

### 24.2 Commitments:

Net future sale transactions of equity securities entered into by the holding company in respect of which the settlement is outstanding.

2018 2017

----- (Rupees in '000) -----

- 125,503

The holding company has entered into Ijarah arrangements for vehicles with Bankislami Pakistan Limited. The aggregate amount of commitments against these arrangements are as follows:

Note	2018	2017
	----- (Rupees in '000) -----	
Not later than one year	2,587	3,895
Later than one year but not later than 5 years	4,701	9,988
	<b>7,288</b>	<b>13,883</b>

## 25. OPERATING REVENUE

Brokerage	183,914	230,531
Subscription research income	3,539	2,816
Financial advisory fee	-	1,442
Custody services	3,280	3,096
	<b>190,733</b>	<b>237,885</b>

## 26. GAIN ON SALE OF INVESTMENTS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'- NET

Listed shares	13,519	12,815
Debt securities	938	45
	<b>14,457</b>	<b>12,860</b>

## 27. MARK-UP / PROFIT ON BANK DEPOSITS AND OTHER RECEIVABLES

Profit on bank deposits	42,493	35,918
Margin finance income	13,668	19,384
Others	190	159
	<b>56,351</b>	<b>55,461</b>

## 28. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	28.1	185,462	219,869
Training and development		211	1,574
Rent, rates and taxes		11,785	9,899
Insurance charges		1,148	819
Depreciation	28.2	8,367	11,004
Amortization of intangible assets		987	1,058
Repairs and maintenance		6,223	9,418
Power and utilities		12,588	13,387
Communication		14,702	14,867
Trading costs		12,882	17,319
Information technology related cost		10,222	10,236
Fees and subscription		7,332	7,586
Director fee		1,140	1,740
Printing and stationery		1,763	4,273
Papers and periodicals		90	98
Advertisement and business promotion		354	2,092
Sales and marketing		1,555	2,193
Travelling and conveyance		3,150	4,262
Entertainment		810	1,505
Brokerage expense		172	1,513
Legal and professional charges		3,647	5,816
Consultancy charges		525	3,290
Auditor's remuneration	28.3	1,429	1,653
Stamp charges		3	3
Donations	28.4	-	180
Workers' welfare fund		-	1,018
Kitchen expenses		2,016	2,176
Profit -paid to clients	28.5	6,845	6,943
Ijarah rental		3,577	1,878
Debts written off		234	-
Others		-	794
		<b>299,220</b>	<b>358,463</b>

28.1 Salaries, allowances and benefits include holding company's contribution to provident fund amount to Rs 6.4 million (2017: Rs 6.4 million).

## 28.2 Depreciation

Property and equipment  
Investment properties

Note	2018	2017
	----- (Rupees in '000) -----	
7	8,295	10,714
9	72	290
	<b>8,367</b>	<b>11,004</b>

## 28.3 Auditor's Remuneration

Statutory audit fee  
Half-yearly review fee and other certifications  
Out of pocket expenses

607	608
743	957
79	88
<b>1,429</b>	<b>1,653</b>

28.4 No donation was paid during the year.

28.5 This relates to share of client in mark-up income earned against their unutilised fund balances in pls bank accounts of holding company's- Client account as per the notice no. KSE/N-1479 dated March 17, 2015 of Pakistan Stock Exchange Limited. The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.

## 29. FINANCE COST

Mark-up on:  
Long-term loan (the Ultimate Parent Company)  
Short-term loan (the Ultimate Parent Company)  
Bank charges

Note	2018	2017
	----- (Rupees in '000) -----	
	14,980	13,765
	119	-
	327	416
	<b>15,426</b>	<b>14,181</b>

## 30. OTHER INCOME

Gain on disposal of property and equipment  
Rental income  
Staff loan  
Other  
UIN fee rebate -PMEX  
Loss on settlement of transaction in future

7.2	1,362	67
	-	1,815
	127	82
	3,263	59,403
	88	16
	-	(2,095)
	<b>4,840</b>	<b>59,288</b>

## 31. TAXATION

Current  
for the year  
for prior year  
Deferred

14	17,165	19,143
	(1,172)	(941)
	<b>(30,555)</b>	<b>26,393</b>
	<b>(14,562)</b>	<b>44,595</b>

### 31.1 Relationship between tax expense and accounting (loss) / profit

In the view of tax loss for the year, provision for minimum tax has been made in accordance with Section 113 of Income Tax Ordinance, 2001. Accordingly relationship between tax expense and accounting loss has not been presented for the current year.

31.2 Income tax assessments of the Group are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

31.3 According to group's management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

### Financial Year Ended December

Tax Year	Tax Provision	Tax assessed
	----- (Rupees in '000) -----	
2018	19,143	18,332
2017	9,852	9,852
2016	26,465	25,885

**32. (LOSS) / EARNINGS PER SHARE-BASIC AND DILUTED****32.1 Basic**

(Loss) / profit after taxation attributable to ordinary shareholders(Rs in '000')

Weighted average number of ordinary shares('000')

(Loss) / earnings per share

2018	2017
----- (Rupees in '000) -----	
<b>(26,959)</b>	38,043
<b>100,000</b>	100,000
<b>(0.27)</b>	0.38

**32.2 Diluted**

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2018 and December 31, 2017 which could have any effect on the earnings per share.

**33. REMUNERATION OF DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in these consolidated financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Managerial remuneration	9,621	-	33,696	13,509	-	29,587
Fee (note 33.2)	-	1,140	-	-	1,740	-
Contribution to provident fund	377	-	1,347	510	-	1,209
	<b>9,998</b>	<b>1,140</b>	<b>35,043</b>	<b>14,019</b>	<b>1,740</b>	<b>30,796</b>
Number of persons	<b>2</b>	<b>3</b>	<b>8</b>	<b>1</b>	<b>3</b>	<b>7</b>

**33.1** Certain executives of the Group are provided Company owned and maintained cellular phones.

**33.2** The fee was paid to the Independent Directors for attending the Board of Directors meeting, Audit Committee and HR&R committee meetings of the Group.

**33.3** As per the requirement under Regulation 5(4) of Research Analyst Regulation 2015, following are the details of Research Analyst employed by the holding company;

	2018	2017
	----- (Rupees in '000) -----	
Managerial remuneration	<b>9,426</b>	5,899

All Research Analyst reports to Head of Research who in turn reports to the Chief Executive Officer.

**34. RELATED PARTY TRANSACTIONS**

The related parties of the Group comprise of BankIslami Pakistan Limited (the Ultimate Parent company), associated undertakings including companies under common directorship), employee benefit plans, directors and its key management personnel. The balances with related parties as at December 31, 2018 and December 31, 2017 and transactions with related parties during the year ended December 31, 2018 and December 31, 2017 are as follows:

2018

	Ultimate Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>BALANCES</b>						
Accrued mark-up	110	-	-	-	-	110
Bank balances	218,835	-	-	-	-	218,835
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	514	-	-	-	-	514
Long-term loan	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	637	-	-	-	-	637
Rent payable	525	-	-	-	-	525
Advance against settlement of ijarah	3,262	-	-	-	-	3,262
Short term loan	100,000	-	-	-	-	100,000
Trade debts	66	-	1	-	-	67
Trade payables	-	1	117	24	-	142

2017

	Ultimate Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
<b>BALANCES</b>						
Accrued mark-up	38	-	-	-	-	38
Bank balances	105,001	-	-	-	-	105,001
Ijarah deposits	2,107	-	-	-	-	2,107
Ijarah rental payable	542	-	-	-	-	542
Long-term loan	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	608	-	-	-	-	608
Prepaid rent	106	-	-	-	-	106
Loan / Advance Receivable	-	-	-	26	-	26
Receivable against financial advisory	500	-	-	-	-	500
Trade debts	23	26	2	-	-	51
Trade payables	-	-	-	785	-	785



## 2018

Ultimate Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----------------------------	---------------------------	-----------	--------------------------------	--------	-------

----- (Rupees in '000) -----

## TRANSACTIONS

## Income

Brokerage income earned	788	11	-	62	-	861
Custody services	5	1	1	-	-	7
Mark-up on staff loan	-	-	-	8	-	8
MFS- Income	7	-	-	-	-	7
Profit on bank deposits	8,667	-	-	-	-	8,667

## Expenses

Bank charges	204	-	-	-	-	204
Charge in respect of contributory plan	-	-	-	823	5,598	6,421
Mark-up expense	15,099	-	-	-	-	15,099
Remuneration paid	-	-	-	20,802	-	20,802
Ijarah expense	3,577	-	-	-	-	3,577
Meeting fees	-	-	1,140	-	-	1,140
Rent expense	1,261	-	-	-	-	1,261

## Other transactions

Commission paid	-	-	-	480	-	480
Repayment of advances/deposits	-	-	-	300	-	300
Sale of fixed assets	-	-	-	46	-	46

## 2017

Ultimate Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----------------------------	---------------------------	-----------	--------------------------------	--------	-------

----- (Rupees in '000) -----

## TRANSACTIONS

## Income

Brokerage income earned	1,193	-	-	43	-	1,236
Custody services	5	8	-	-	-	13
Profit on bank deposits	11,888	-	-	-	-	11,888

## Expenses

Bank charges	134	-	-	-	-	134
Charge in respect of contributory plan	-	-	-	913	5,514	6,427
Mark-up expense	13,765	-	-	-	-	13,765
Remuneration paid	-	-	-	22,273	-	22,273
Meeting fee	-	-	1,740	-	-	1,740
Ijarah expense	1,878	-	-	-	-	1,878
Rent expense	1,284	-	-	-	-	1,284

## Other transactions

Repayment of advances	-	314	-	-	-	314
Purchase of property and equipment	3,224	-	-	-	-	3,224

## 35. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund of holding company's employees:

	Note	2018	2017
----- (Rupees in '000) -----			
Size of the fund -Total assets		46,705	47,144
Cost of investments made		51,157	52,148
Percentage of investments made		105.30%	106.44%
Fair value of investments	35.1	49,183	50,180

35.1 Break-up value of fair value of investments is:

	2018		2017	
	(Rs. in '000)	(%)	(Rs. in '000)	(%)
Government securities	-	0.00%	-	0.00%
Term deposits / saving accounts	48,997	99.62%	49,988	99.62%
Listed shares	186	0.38%	192	0.38%
	49,183	100.00%	50,180	100.00%

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The above figures are unaudited.

## 36. NUMBER OF EMPLOYEES

The average and total number of employees of the group during the year end as at December 31, 2018 and December 31, 2017 respectively are as follows:

	2018	2017
	(Number)	
Average number of employees during the year	151	145
Total number of employees as at year end	146	156

## 37. FINANCIAL INSTRUMENTS

### Financial Risk Factors

The group's activities expose it to a variety of financial risks: market risk (interest, foreign currency and price risk), liquidity risk and credit risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the group's financial assets and liabilities are limited. The group consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of group's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### 37.1 Market Risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The group's market risk comprises of three types of risk: interest, foreign exchange or currency risk and equity price risk. The market risks associated with the group's business activities are discussed as under:

#### (i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the group is exposed to such risk mainly in respect of bank balances, short term and long term loan. Effective interest rates on such instruments are disclosed in respective notes to the consolidated financial statements.

Management of the group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the group's total comprehensive income by Rs. 2.91 million (2017: Rs. 3.44 million) and a 1% decrease would result in decrease in the group's total comprehensive income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs.465.2 million (2017: Rs. 474.8 million) [US dollars 3.35 million (2017: US dollars 4.30 million)].

Management of the group estimates that 10% increase in the exchange rate between US dollars and Pak Rupees will increase the comprehensive income of the group by Rs. 46.52 million (2017: Rs. 47.48 million) and 10% decrease in the exchange rate would result in decrease in comprehensive income of the group by the same amount. Out of this 0.27 million relates to 10% change in NAV whereas Rs 46.25 million relates to 10% change in exchange rates. However, in practice, the actual results may differ from the sensitivity analysis.

### (iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The group is exposed to price risk because of investments held by the group and classified on the balance sheet as investments at fair value through profit or loss and available-for-sale investments. The management believes that 10% increase or decrease in the value of investments at fair value through profit and loss, with all other factors remaining constant would result in increase or decrease of the group's profit by Rs. nil (2017: Rs. 15.2 million) and 10% of such increase or decrease would result in increase or decrease of other comprehensive income by Rs. 2.17 million (2017: Rs 3.59 million).

### 37.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The group manages liquidity risk by following internal guidelines of the group executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

On the reporting date, the group has cash and bank balance Rs. 546.13 million (2017:Rs. 496.97 million) unutilized credit lines of Rs. 1,050 million (2017: Rs. 1,150 million) and liquid assets in the form of short term securities Rs. Nil (2017: Rs 152.02 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

The table below summaries the maturity profile of the Company's financial liabilities:

	2018				
	On Demand	Upto Three Months	More than Three Months upto one year	More than one year	Total
----- (Rupees in '000) -----					
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	697,444	-	-	-	697,444
Short term loan	100,000	-	-	-	100,000
Accrued mark-up	110	-	-	-	110
	797,554	-	-	150,000	947,554
	2017				
	On Demand	Upto Three Months	More than Three Months upto one year	More than one year	Total
----- (Rupees in '000) -----					
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	836,483	-	-	-	836,483
Accrued mark-up	38	-	-	-	38
	836,521	-	-	150,000	986,521

### 37.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counter parties. The group seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the group's maximum exposure to credit risk:

	Note	2018	2017
		----- (Rupees in '000) -----	
Trade debts	37.3.1	218,606	211,666
Bank balances	37.3.2	547,494	498,369
Long-term loans and advances		1,156	1,742
Long-term deposits and prepayments		23,017	14,843
Advances, deposits, prepayments and other receivables		423,371	444,547
		1,213,643	1,171,167

#### 37.3.1 The aging analysis of trade debts are as follows:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Not past due	70,285	-	64,287	-
Past due 15 day - 30 days	473	-	474	-
Past due 31 days - 180 days	4,260	-	4,371	-
Past due 181 days - 1 year	3,373	-	2,457	-
More than one year	140,215	(96,618)	140,077	(94,395)
	218,606	(96,618)	211,666	(94,395)

#### 37.3.2 The analysis below summarises the credit quality of the group's bank balances with banks / financial institutions:

	2018	2017
	----- (Rupees in '000) -----	
<b>Rating (short-term) of Banks and Financial Institutions*</b>		
A1	218,835	105,001
A1+	318,086	264,487
A-1+	10,573	128,881
	547,494	498,369

\*Rating of banks performed by PACRA and JCR-VIS.

### 37.4 Financial instruments by categories

	As at December 31, 2018				
Financial assets as per balance sheet	Asset at ammortized cost	Asset at fair value through profit and loss	Loans and recievables	Other Financial Assets	Total
	----- (Rupees in '000) -----				
Long term investment	-	-	-	486,939	486,939
Long term deposits	-	-	-	22,963	22,963
Long term loans and advances	-	-	158	-	158
Trade debts	-	-	121,988	-	121,988
Advances, deposits and other receivables	-	-	420,077	-	420,077
Cash and bank balances	-	-	-	547,522	547,522
	-	-	542,223	1,057,424	1,599,647

**Financial liabilities as per balance sheet**

Long-term loan  
Trade and other payables  
Short term loan  
Accrued mark-up

**As at December 31, 2018**

Financial liabilities at  
amortized cost

----- (Rupees in '000) -----

150,000  
697,444  
100,000  
110

**947,554**

**36.4 Financial instruments by categories****As at December 31, 2017****Financial assets as per balance sheet**

	Asset at amortized cost	Asset at fair value through profit and loss	Loans and receivables	Other Financial Assets	Total
----- (Rupees in '000) -----					
Long term investment	-	-	-	510,700	510,700
Long term deposits	-	-	-	14,717	14,717
Long term loans and advances	-	-	481	-	481
Short term investments	-	152,027	-	-	152,027
Trade debts	-	-	117,271	-	117,271
Advances, deposits and other receivables	-	-	441,285	-	441,285
Cash and bank balances	-	-	-	498,382	498,382
	-	152,027	559,037	1,023,799	1,734,863

**As at December 31, 2017****Financial liabilities as per balance sheet**

Long-term financing  
Trade and other payables  
Accrued mark-up

Financial liabilities at  
amortized cost

----- (Rupees in '000) -----

150,000  
836,483  
38

**986,521**

**38. CAPITAL RISK MANAGEMENT**

The Group's objectives when managing capital include:

- Reinforcing group's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;
- Maintaining a strong capital base - resulting in enhancement of group's business operations.

In order to maintain the balance of its capital structure, the group may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The group monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long-term borrowings, if any, as shown in the balance sheet. Equity represents paid-up capital of the group, general reserve and unappropriated profit and loss.

Net capital requirements of the group are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The group manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

**39. FAIR VALUE OF FINANCIAL INSTRUMENT**

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 transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Under the definition of fair value is the presumption that the group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.



### 39.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2018 the Group held the following financial instruments measured at fair value:

2018				
	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
'Available-for-sale' investments	486,939	21,752	-	465,187
Investment 'at fair value through profit and loss'	-	-	-	-
	486,939	21,752	-	465,187

2017				
	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
'Available-for-sale' investments	510,700	35,906	-	474,794
Investment 'at fair value through profit and loss'	152,027	152,027	-	-
	662,727	187,933	-	474,794

39.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2018	2017
	----- (Rupees in '000) -----	
Opening balance	474,794	728,586
Unrealised loss on 'available-for-sale' investments	(9,607)	(152,806)
Investments transferred to Level 1 due to availability of active market	-	(100,986)
Closing balance	465,187	474,794

## 40. OTHER DISCLOSURES UNDER REGULATION 34(2) OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these annual consolidated financial statements are as follows:

### 40.1 Person holding more than 5% of shares

	2018	2017	2018	2017
	% of Holding		No. of Shares	
M/s. BankIslami Pakistan Limited	77.12%	77.12%	77,117,500	77,117,500
Mrs. Noor Jehan Bano	6.54%	6.53%	6,535,500	6,532,500
Mr. Mohammad Aslam Motiwala	7.31%	7.31%	7,314,500	7,314,500

40.2 During the year, Mrs. Noor Jehan Bano acquired 3,000 shares of the holding company.

40.3 As at December 31, 2018, the value of customer shares maintained with the holding company pledged with financial institution is Rs.87.65 million (December 31, 2017: Rs. 71.72 million).

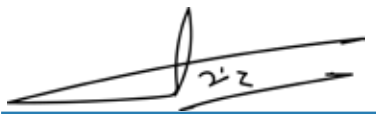
40.4 As at December 31, 2018, the value of customer shares maintained with the holding company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs.12,422 million (December 31, 2017: Rs. 13,169 million).

## 41. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Group on February 19, 2019

## 42 . GENERAL

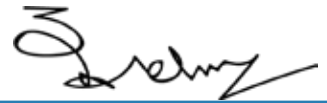
42.1 Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer

## PATTERN OF SHAREHOLDING

As On 31/12/2018

No. Of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
576	1	100	8587	0.0086
3477	101	500	764530	0.7645
241	501	1000	191285	0.1913
178	1001	5000	432255	0.4323
32	5001	10000	242763	0.2428
11	10001	15000	137400	0.1374
6	15001	20000	107900	0.1079
2	20001	25000	50000	0.0500
1	30001	35000	32000	0.0320
2	35001	40000	73500	0.0735
1	40001	45000	40500	0.0405
4	45001	50000	190000	0.1900
1	55001	60000	56500	0.0565
1	60001	65000	62521	0.0625
1	65001	70000	65232	0.0652
2	70001	75000	147000	0.1470
1	75001	80000	75918	0.0759
1	80001	85000	82500	0.0825
1	85001	90000	87609	0.0876
1	105001	110000	110000	0.1100
1	130001	135000	131000	0.1310
1	395001	400000	400000	0.4000
1	495001	500000	500000	0.5000
1	565001	570000	569000	0.5690
1	770001	775000	775000	0.7750
1	810001	815000	814500	0.8145
1	995001	1000000	1000000	1.0000
1	1120001	1125000	1121500	1.1215
1	2730001	2735000	2735000	2.7350
2	6495001	6500000	13000000	13.0000
1	75995001	76000000	75996000	75.9960
4552			100000000	100.0000

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
DIRECTORS, CEO & CHILDREN	6	7500	0.0075
ASSOCIATED COMPANIES	3	435000	0.4350
BANKS, DFI & NBFI	2	77117500	77.1175
GENERAL PUBLIC (LOCAL)	4514	21797173	21.7972
GENERAL PUBLIC (FOREIGN)	17	18926	0.0189
OTHERS	10	623901	0.6239
	4552	100000000	100.0000

# PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION

Description	Number of Shareholders	Number of Shares Held
<b>Associated Companies and Related Parties</b>		
Bankislami Pakistan Limited	2	77,117,500
Bankislami Pakistan Limited-Employee Provident Fund Trust	1	400,000
KASB Funds PS -Employees Provident Fund Trust	1	3,000
KASB Securities Limited -Employees Provident Fund Trust	1	32,000
	5	77,552,500
<b>Directors</b>		
Sikander Kasim	1	5,000
Kamal Uddin Tipu	1	500
Saad Ahmed Madani	1	500
Muhammad Hafeez uddin Asif	1	500
Sohail Sikandar	1	500
Natasha Matin	1	500
	6	7,500
Individuals	4,531	21,816,099
Others	10	623,901

## بیرونی آڈیٹر کا تقرر

بیرونی آڈیٹرز میسرز اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس اپنی مدت کی تکمیل پر ریٹائر ہو گئے۔ آڈٹ کمیٹی کی سفارشات پر بورڈ مالی سال 2019 کیلئے میسرز اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی تائید کرتا ہے۔

## شیئر ہولڈنگ

31 دسمبر 2018 کے مطابق شیئر ہولڈنگ کا پیٹرن درج ذیل ہے

## ڈیوڈنڈ

ادارے کی توسیع و ترقی کیلئے مجموعی لیکو ڈٹی کے سلسلے میں بورڈ نے سال کے دوران کوئی ڈیوڈنڈ نہ دینے کا فیصلہ کیا ہے۔

## مستقبل کا منظر نامہ

ملک کو 2019 میں بھی چیلنجز کا سامنا ہوگا جبکہ بیرونی اکاؤنٹس کی مد میں حکومت کو مزید مشکلات کا سامنا ہوگا۔ مالی خسارہ بھی مشکل کا سبب رہے گا۔ مجموعی طور پر معاشی نمو میں پچھلے سال کی بہ نسبت کمی رہے گی۔ ایکویٹی مارکیٹ کے کاروبار کا حجم کم رہنے کی امید ہے۔ جبکہ قرضے کی مارکیٹ میں طویل مدتی پیپر میں بتدریج دلچسپی بڑھے گی کیونکہ شرح سود میں اضافہ 2019 کے آخر میں اپنی بلند سطح کو چھو لے گا۔ آپ کی کمپنی نے اخراجات میں کمی اور آمدن میں اضافے کے لیے اقدامات کیے ہیں جن کے ثمرات 2019 میں نظر آئیں گے۔ ہمیں یقین ہے کہ چیلنجز کا یہ دورانیہ مختصر مدت کا ہوگا جبکہ درمیانی مدت سے طویل مدت کے دوران امکانات روشن ہوں گے۔

## اعتراف

بی آئی پی ایل سیکورٹیز شیئر ہولڈرز اور ملازمین کی کاوشوں کا اعتراف کرتا ہے جنہوں نے کمپنی کی فلاح میں اپنا حصہ ڈالا۔

منجانب بورڈ آف ڈائریکٹر

چیف ایگزیکٹو آفیسر:

ڈائریکٹر:

کراچی: 19 فروری 2019

1	3	خولجہ احرار الحسن
--	--	خرم جمیل
2018 کے دوران اجلاس میں شرکت کی تعداد	2018 کے دوران ہونے والی میٹنگز میں مدعو کرنے کی تعداد	کمیٹی ممبران کے نام
1	3	خولجہ احرار الحسن

\* تمام غیر حاضریوں کیلئے کمیٹی کی جانب سے چھٹی منظور کی گئی۔

### افرادى وسائل اور اجرت كمیٹی

افرادى وسائل و اجرت كمیٹی كملى طور پر نان اگزیكٹو ڈائریكٹرز پر مشتمل ہے جس كا چیئرمین ایک خود مختار ڈائریكٹر ہے۔ كمیٹی میں شامل ڈائریكٹرز کی میٹنگز میں حاضری اس طرح تھی

2018 کے دوران ہونے والی میٹنگز میں مدعو کرنے کی تعداد	2018 کے دوران اجلاس میں شرکت کی تعداد	کمیٹی ممبران کے نام
1	1	کمال الدین ٹیپو چیئرمین
1	1	سعد مدنی
1	0	نتاشہ متین

### ڈائریکٹرز کی اجرت

کمپنی اپنے کسی بھی نان اگزیکٹو ڈائریکٹرز کو کوئی اجرت ادا نہیں کرتی۔ خود مختار ڈائریکٹرز بورڈ اور کمیٹی کی میٹنگز میں حاضری پر میٹنگ فیس کے اہل ہیں۔ خود مختار ڈائریکٹرز کو اجلاسوں میں حاضری کے سلسلے میں ہونے والے سفری و قیام و طعام کے اخراجات بھی ادا کئے جاتے ہیں۔

### مالیاتی ذمہ داری

کمیٹی کے مالیاتی بیانہ اور اسکے متعلق نوٹس کی تیاری کے لیے کمپنی انتظامیہ ذمہ دار ہے۔ اس مالیاتی بیانہ کو بورڈ آف ڈائریکٹرز کی منظوری سے پہلے آڈٹ کمیٹی نے جائزہ لیا۔ آڈٹ کمیٹی کاروبار سے متعلق خدشات کی مانیٹرنگ کرنے، ان سے نمٹنے اور اندرونی کنٹرول کے ذریعے ان کے خاتمے کیلئے بورڈ کی مدد کرتی ہے۔ کمیٹی اپنا کام بورڈ اور کوڈ آف کارپوریٹ گورننس کے طے شدہ ضابطوں کے مطابق اپنا کام کرتی ہے۔ کمیٹی تین نان اگزیکٹو ڈائریکٹرز پر مشتمل ہے، جس کا چیئرمین خود مختار ڈائریکٹر ہے اور کمیٹی کے سال کے دوران چار اجلاس ہوئے۔



4	5	سعد احمد مدنی
5	5	سہیل سکندر
3	5	نشاہ متین
3	4	خولجہ احرار الحسن
--	--	خرم جمیل
4	4	عبدالعزیز انیس
4	4	چیف ایگزیکٹو آفیسر
2018 کے دوران ہونے والی	2018 کے دوران ہونے والی	ڈائریکٹرز کے نام
میں شرکت کی تعداد	میں شرکت کی تعداد	
		2018 کے دوران ریٹائر ہونے / استعفیٰ دینے والے بورڈ ممبر
3	4	خولجہ احرار الحسن

\* تمام غیر حاضریوں کیلئے بورڈ آف ڈائریکٹرز کی جانب سے چھٹی منظور کی گئی  
ڈائریکٹرز 2018 کے دوران بورڈ آف ڈائریکٹرز کی تشکیل میں ہونے والی مندرجہ ذیل تبدیلیوں سے آگاہ کرنا  
چاہتے ہیں۔

- ۱۔ جناب عبدالعزیز انیس کو جناب انور احمد شیخ کی جگہ 13 جنوری 2018 سے کمپنی کا نیا چیف ایگزیکٹو آفیسر مقرر کیا گیا۔
  - ۲۔ جناب محمد حفیظ الدین آصف کو جناب منصور الرحمن کی جگہ 9 مارچ 2018 سے نیا ڈائریکٹر مقرر کیا گیا۔
  - ۳۔ جناب خرم جمیل کو جناب خولجہ احرار الحسن کی جگہ 18 اکتوبر 2018 سے نیا ڈائریکٹر مقرر کیا گیا۔
- بورڈ نے نئے آنے والے ممبران کو خوش آمدید کہا اور مستعفی ہونے والے ڈائریکٹرز کی خدمات اور کاوشوں کو سراہا۔

## آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق آڈٹ کمیٹی مکمل طور پر نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے  
اجلاسوں میں ڈائریکٹرز کی حاضری کی تعداد درج ذیل ہے۔

2018 کے دوران ہونے والی	2018 کے دوران ہونے والی	کمیٹی ممبران کے نام
میں شرکت کی تعداد	میں شرکت کی تعداد	
4	4	سکندر قاسم
4	4	سہیل سکندر

☆ افراد/افرادى وسائل: كپنى ملازمين كى پيشه دارانه صلاحيتون كو اجاگر كرنے اور جسمانى، ذہنى اور جذباتى صحت كے ليے پاليسى پر عمل پيرا ہے۔

### دى بورڈ

7	ڈائریکٹرز كى كل تعداد
6	مرد
1	خواتين

### تشكيل

3	خود مختار ڈائریکٹرز
4	نان ایگزیکٹو ڈائریکٹرز

معاملات كو چلانے كے بہترین اصولوں كے مطابق چیئرمین اور چیف ایگزیکٹو آفیسر كے عہدے علیحدہ علیحدہ ركھے گئے ہیں اور چیئرمین كا انتخاب نان ایگزیکٹو ڈائریکٹرز میں سے كیا گیا ہے۔ بورڈ نے ایک علیحدہ آڈٹ کمیٹی قائم كى ہے اور ایچ آر اینڈ ریمونریشن کمیٹی قائم كى ہے جو بورڈ كے كاموں میں اس كى مدد كرتى ہے۔ كار كردگى كے بہترین اصولوں كے مطابق بورڈ كا چیئرمین اور آڈٹ کمیٹی كا چیئرمین خود مختار ڈائریکٹرز ہیں اور ایک ہی فرد نہیں ہے۔ اسكے علاوہ كوئى بھی ڈائریکٹر پانچ سے زیادہ کمپنیوں میں منتخب یا نامزد نہیں ہیں۔

2018 كے دوران بورڈ آف ڈائریکٹرز كى پانچ میٹنگز ہوئیں۔ كوڈ آف كارپوریٹ گورننس كى شرائط كے مطابق میٹنگ سے سات دن قبل تحریری نوٹس جارى كئے گئے سوائے كسى نمایاں مسئلے پر ہنگامی میٹنگ كیلئے جن كى تفصیل كوڈ میں درج ہے۔ بورڈ اور آڈٹ کمیٹی كى اطلاع، اس پر غور اور فیصلہ كیلئے بلائی گئی۔ ان میٹنگ كے منٹس بشمول اختلافی آراء (اگر كوئى ہو) باقاعدہ رپورٹ كئے گئے۔

بورڈ میٹنگز میں ڈائریکٹرز كى حاضری درج ذیل رہی:

ڈائریکٹرز كے نام	2018 كے دوران ہونے والی میٹنگز میں مدعو كرنے كى تعداد	2018* كے دوران اجلاس میں شركت كى تعداد
كمال الدین ٹیپو چیئرمین	5	5
سكندر قاسم	5	5
محمد حفیظ الدین آصف	3	2

- ☆ بورڈ آف ڈائریکٹرز نے اس بات کو یقینی بنایا ہے کہ اپنی تمام ذمہ داریوں، اختیارات اور عملداری کے دائرہ کار سے متعلق قانون پر مکمل طور پر اور باقاعدگی سے عملدرآمد کیا جائے۔ مزید برآں کمپنی سیکریٹری، سی ایف او اور ہیڈ آف انٹرنل آڈٹ کا تقرر کوڈ کی شرائط کے مطابق کیا گیا ہے۔
- ☆ گذشتہ سال بنیادی عملی اور مالیات معلومات صفحہ 27۔۔ پر درج ہیں۔
- ☆ 31 دسمبر 2018 پر آپ کی کمپنی کے ذمہ قانونی ادائیگیوں، ٹیکسز، ڈیوٹیز، محصولات اور چارجز کی مد میں کوئی واجبات نہیں سوائے ان کے جو مالیاتی بیانیے میں ظاہر کیے گئے ہیں۔
- ☆ متعلقہ پارٹی کے لین دین کی تفصیلات آڈٹ کمیٹی کو پیش کی گئیں اور ان کی سفارشات درج کی گئی ہیں۔
- ☆ کمپنی اپنے اہل ملازمین کے لیے منظور شدہ کنٹریبیوٹری پروویڈنٹ فنڈ کا انتظام چلاتی ہے۔ غیر آڈٹ شدہ مالیاتی بیانیے برائے 31 دسمبر 2018 کے مطابق انویسٹمنٹ کی قدر تقریباً 51.157 ملین پاکستانی روپے ہے۔
- ☆ بیلنس شیٹ کی تاریخ اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کوئی حقیقی تبدیلی نہیں ہوئی اور کوئی وعدے نہیں کیے گئے جو آپ کی کمپنی کی مالیاتی حیثیت پر اثر انداز ہو۔

### کارپوریٹ سماجی ذمہ داریاں

برادرانہ ذمہ داریاں: بی آئی پی ایل ایس ایک اچھے کاروباری شہری ہونے کے ناطے ان برادریوں کا خیال رکھتی ہے، جن سے ان کا کاروبار وابستہ ہے اور ایسی تمام کمیونٹیز کے ساتھ تعاون کرتی ہے۔ بی آئی پی ایل ایس پورے ادارے میں کمیونٹی کے اقدامات کیلئے تعاون جاری رکھے گی جو ہر کمیونٹی کے لیے مناسب ترین ہو۔

### ماحولیات کے بارے میں ذمہ داریاں

بی آئی پی ایل ایس وسیع ماحولیاتی تحفظ کیلئے بھی فکر مند ہے اور اس ضمن میں اپنی ذمہ داریوں کا ادراک کرتے ہوئے عمارت اور زمین سے متعلق محدود وسائل اور خاص طور پر انرجی کے استعمال میں احتیاط کو مد نظر رکھتی ہے۔

- ☆ بی آئی پی ایل ایس، فلاحی اور کاروباری معاملات میں مربوط کارپوریٹ سماجی ذمہ داری ادا کر رہا ہے۔ اس حوالے سے برادریوں اور شراکت داروں کی ضروریات کو پرکھا جاتا ہے اور مدد فراہم کی جاتی ہے۔
- ☆ 2018 میں مربوط کارپوریٹ سماجی ذمہ داری (CSR) کی سرگرمیوں کا احوال درج ذیل ہے۔

☆ ضابطوں کی پاسداری: کمپنی اور اسکے ملازمین نے ٹیکسوں کی صورت میں قومی خزانے میں ٹیکس کی مد میں 43.84 ملین پاکستانی روپے جمع کرائے۔

(14,181)	(15,426)	مالیاتی لاگت
<b>(348,630)</b>	<b>(317,785)</b>	کل اخراجات
<b>82,980</b>	<b>(41,357)</b>	خالص (نقصان) / منافع (قبل از امپیرمنٹ اور ٹیکس)
(342)	(164)	طویل المدت سرمایہ پراپیئرمنٹ - سبسیڈی
(44,595)	(14,562)	ٹیکس
<b>38,043</b>	<b>(26,959)</b>	خالص (نقصان) / منافع ٹیکس کے بعد
<b>0.38</b>	<b>(0.27)</b>	(نقصان) / منافع فی شیئر

### کارپوریٹ گورننس

- ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک میں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے درج ذیل کوڈ آف کارپوریٹ گورننس کی پیروی کی گئی ہے۔
- ☆ کمپنی کے حساب کتاب اور کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
  - ☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی ”بیانیوں“ میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
  - ☆ مالیاتی بیانیوں اور حسابات کی تخمینہ کاری کی تیاری میں ہر جگہ موزوں اکاؤنٹنگ پالیسی کا ہمہ وقت استعمال کیا گیا اور حسابات کے تخمینوں میں معقولیت اور دانائی پر مبنی فیصلے کیے گئے۔
  - ☆ مالیاتی بیانیے پاکستان میں کمپنیز ایکٹ 2017 کے تحت لاگو اور منظور شدہ حسابات کے معیار اور کمیشن کے جاری کردہ ہدایات کے مطابق تیار کئے گئے ہیں۔
  - ☆ اندرونی نظم و نسق کے نظام پر مؤثر عملدرآمد پر مستقل بنیادوں پر نگاہ رکھی جاتی ہے۔
  - ☆ کمپنی مالیاتی اعتبار سے مستحکم ہے اور سرگرم عمل ہے اور یہ کہ اسکے سرگرم عمل رہنے کی صلاحیت میں کسی قسم کا کوئی شبہ نہیں ہے۔
  - ☆ لسٹنگ ریکولیشنز میں تفصیلاً درج کارپوریٹ گورننس کے بہترین اصولوں پر عملداری سے کوئی انحراف نہیں کیا گیا۔
  - ☆ بورڈ آف ڈائریکٹرز کی تشکیل کوڈ آف کارپوریٹ گورننس کی بہترین عملداری کے تحت کی گئی ہے۔
  - ☆ ایگزیکٹو ڈائریکٹرز کی تعداد منتخب ڈائریکٹرز کی تعداد کے ایک تہائی سے زیادہ نہیں ہے۔ بورڈ آف ڈائریکٹرز کی تشکیل کی تفصیلات ذیل میں درج کی گئی ہیں۔

۱۔ بگڑتی ہوئی میکرو اکنامکس صورتحال، غیر یقینی کی صورتحال، دو بڑے خسارے (ii) الیکشن سے پہلے سیاسی ابتری (iii) گرتی ہوئی آمدن (iv) غیر ملکی فنڈز کا مسلسل نیچے کا رجحان۔ اس وجہ سے مارکیٹ کا حجم کم ہوا اور اسکے علاوہ ADT کے حصص باقاعدگی سے مارکیٹ میں 22 فیصد yoy سے 185 ملین تک کمی واقع ہوئی۔

### قرضہ اور کرنسی مارکیٹ کا دائرہ

اسٹیٹ بینک نے مجموعی طور پر ان 12 مہینوں میں ڈسکاؤنٹ ریٹ میں 425bps کا اضافہ کیا۔ اضافے کے اس رجحان کو دیکھتے اور محسوس کرتے ہوئے مالیاتی اداروں کی جانب سے صرف قلیل مدتی انویسٹمنٹ میں شراکت دیکھی گئی جبکہ طویل مدتی پی آئی بی اور T-Bill میں شراکت نظر نہیں آئی، نتیجتاً فکسڈ انکم مارکیٹ میں کاروبار کا رجحان مندا رہا اور بینکوں کے پاس مائع سرمایہ وافر مقدار میں موجود رہا جسے صحیح طریقے سے استعمال کیلئے اسٹیٹ بینک وقتاً فوقتاً اپنا اثر و رسوخ استعمال کرتا رہا۔

### کاروباری عمل اور مالیاتی کارکردگی

مالی سال 31 دسمبر 2018 کے دوران کمپنی کی کارکردگی مالیاتی کارکردگی برائے 2018 کی تفصیل درج ذیل ہے۔

#### مالی سال 31 دسمبر

2017	2018	
----- (000 روپے) -----		
237,885	190,733	کاروباری عمل کی آمدنی
55,420	56,314	بینک ڈپازٹس، سرمایہ کاری اور دیگر قابل وصول رقم پر مارک اپ/منافع
77,585	14,457	سرمایہ کاری کی فروخت پر منافع۔ خالص
---	10,000	مشکوٰۃ قرضہ جات کی وصولی
659	84	ڈیوڈنڈ انکم
773	--	سرمایہ کاری پر غیر تعین شدہ منافع۔ خالص
59,288	4,840	دیگر آمدنی
<b>431,610</b>	<b>276,428</b>	<b>کل آمدنی</b>
(358,080)	(299,019)	کاروباری عمل اور انتظامی اخراجات
23,631	(3,340)	مشکوٰۃ قرضہ جات کی وصولی/(پرویزن)



## ڈائریکٹرز جائزہ رپورٹ برائے ممبران

بی آئی پی ایل سکیورٹیز (بی آئی پی ایل ایس) کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے مالیاتی گوشواراجات برائے 2018ء پیش کرتے ہوئے انتہائی مسرت محسوس کر رہا ہوں۔

### معاشی جائزہ

2018ء میں پاکستان کی معاشی صورتحال مجموعی طور پر دباؤ کا شکار رہی، جہاں زرمبادلہ کے ذخائر بتدریج کم ہوتے رہے۔ تجارتی خسارہ میں تیزی سے اضافہ ہوا، گردش قرضوں میں اضافہ ہوا اور غیر ملکی قرضوں نے معاشی صورتحال کو خاصہ خراب کیا۔

مالی سال 2018ء کے دوران خسارہ 37.7 ارب ڈالر ریکارڈ کیا گیا جو کہ 2017 کے مالی سال کے خسارہ 32.5 ارب ڈالر کی بہ نسبت 16% YoY زیادہ تھا۔ اس تجارتی خسارہ کے بڑھنے کی بنیادی وجہ ہماری درآمدات میں اضافہ تھا جو 2018 میں 15% YoY اضافے کے ساتھ 60.908 ارب ڈالر ریکارڈ کیا گیا۔ دریں اثناء برآمدات 14% YoY کے اضافے کے ساتھ 23.2 ارب ڈالر ریکارڈ کی گئیں۔ برآمدات میں اضافہ، ٹیکسٹائل، فوڈ اور پیٹرولیم مصنوعات کی وجہ سے نظر آئیں۔

بہر حال حکومتی اقدامات کے باعث تجارتی خسارہ رواں مالی سال کے پہلے حصے میں 5% YoY سے کم ہو کر 16.8 ارب ڈالر ہو گئی۔ اس بہتری کا سبب ہماری برآمدات میں اضافہ تھا، جس میں اس عرصے میں 2% کا اضافہ ہوا جبکہ درآمدات میں 2% کمی کے ساتھ 28.4 ارب ڈالر ریکارڈ کی گئیں۔

مالی سال 2018ء کے دوران مالیاتی خسارہ 6.6% کی بلند سطح پر ریکارڈ کیا گیا جو کہ حکومتی هدف 4.1% کے مقابلے میں زیادہ تھا۔ جس کی بنیادی وجہ 2018ء کے عام انتخابات سے قبل مرکز اور صوبوں کے اخراجات میں اضافہ اور آمدن میں کمی تھی۔

معاشی ترقی کی رفتار 5.86 فیصد ریکارڈ کی گئی جو کہ گذشتہ 13 سالوں کے درمیان سب سے تیز رہی جس کی بنیادی وجہ افراط زر کا کنٹرول تھا جو کہ 3.96 فیصد ریکارڈ کی گئی۔ معاشی ترقی کی اس رفتار کی بنیادی وجہ آسان سرمائے کی دستیابی، انرجی کی بہترین ترسیل، بزنس کیلئے حوصلہ افزاء جذبات، مالیاتی ترغیبات وغیرہ شامل ہیں۔

### ایکیوٹی مارکیٹ جائزہ

سال 2018 اشاک مارکیٹ کے لیے اچھا ثابت نہیں ہوا کیونکہ KSE-100 انڈیکس نے منفی 8.4% ریٹرن دیا اور مارکیٹ کی اس سست کارکردگی کی وجہ درج ذیل ہیں



## ڈائریکٹرز کی Consolidated مالیاتی دستاویز پر رپورٹ

بورڈ آف ڈائریکٹرز BIPL سکیورٹیز لمیٹڈ اور اس کی کل ملکیتی ذیلی کمپنی اسٹرکچر ڈوٹچر (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی اسٹیٹمنٹس کے 31 دسمبر 2018 کو اختتام پذیر کی consolidated رپورٹ پیش کرتا ہے۔

گروپ کے زیر جائزہ مجموعی مالیاتی اسٹیٹمنٹس کے 31 دسمبر 2018 کو اختتام پذیر کی Consolidated رپورٹ کا خلاصہ درج ذیل ہے:

2017	2018	
----- (000 روپے) -----		
82,638	(41,521)	قبل از ٹیکس منافع
(44,595)	14,562	ٹیکس
38,043	(26,959)	بعد از ٹیکس منافع
--	--	سال کے دوران میں ادا شدہ ڈیویڈنڈ
(456,875)	(418,832)	عمر مرتب شدہ نقصان گذشتہ سے پیوستہ
(418,832)	(445,791)	مجموعی نقصان
----- (000 روپے) -----		
0.38	(0.27)	(نقصان) / فی شیئر آمدنی

### ایکویٹی میں تبدیلی کا خلاصہ

کلینڈر سال 2018 میں گروپ کا بعد از ٹیکس (نقصان) / منافع (26.959) ملین پاکستانی روپے، نقصان فی شیئر (0.27) رہا جبکہ کلینڈر سال 17 میں بعد از ٹیکس منافع 38.043 ملین، فی شیئر آمدنی 0.38 تھا۔

### گروپ بزنس کے مفادات کی نوعیت میں تبدیلی کا خلاصہ

BIPL سکیورٹیز لمیٹڈ اور اسٹرکچر ڈوٹچر (پرائیویٹ) لمیٹڈ اپنی بنیادی نوعیت کی کاروباری سرگرمیوں میں مصروف عمل ہے اور ان کے کاروباری مفادات کی نوعیت میں کوئی تبدیلی نہیں ہوئی اور نہ ہی کاروبار کے درجہ میں۔

### شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ کے برعکس 31 دسمبر 2018 مع کوڈ آف کارپوریٹ گورننس بمعہ مطلوبہ ڈسکلوزر رپورٹ کے ساتھ منسلک ہے۔

منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر:

ڈائریکٹر:

کراچی: 19 فروری 2019

## چیئرمین کے تاثرات رپورٹ

میں بی آئی پی ایل سیکورٹیز کے بورڈ کی مجموعی کارکردگی اور کمپنی کے تنظیمی مقاصد کے حصول کیلئے بورڈ کی مجموعی کارکردگی کی رپورٹ اپنے کھاتے داروں کو پیش کرتے ہوئے انتہائی خوش محسوس کر رہا ہوں۔

بورڈ آف ڈائریکٹرز کی نمائندگی انتہائی تجربہ کار لوگوں کی عکاس ہے جن کا تجربہ، مالیاتی، آڈٹ، کاروبار اور بینکنگ کے شعبے سے ہے۔ کوڈ آف کارپوریٹ گورننس کے اصولوں کے مدنظر بورڈ کے اندر اپنی کارکردگی کا جائزہ لینے کا ایک خود کار نظام موجود ہے۔ یہ بورڈ کمپنی کی ترقی اور مینجمنٹ کی رہنمائی میں اپنا مؤثر کردار ادا کر رہا ہے اور اعلیٰ قدروں کے لئے اپنا کردار ادا کرتا رہے گا۔

بورڈ کو مینجنگ ایجنڈا کے متعلق تمام دستاویز وقت سے پہلے موصول ہو گئے تھے۔ بورڈ نے اپنی کمیٹیوں کی مدد سے تمام ذمہ داریوں کو احسن طریقے سے ادا کیا۔ تمام ڈائریکٹرز نے کمپنی کے تمام فیصلوں میں بھرپور اور مساویانہ حصہ لیا۔

یہاں میں کمپنی کے مقاصد کے حصول کے لیے کمپنی کے تمام بورڈ ممبرز، اس کے ملازمین کی لگن اور انتھک محنت کا تہہ دل سے اعتراف کرتا ہوں۔

*Kamaluddin Fiq*

کمال الدین فیق

چیئرمین

کراچی: 19 فروری 2019

**FORM OF PROXY**  
**NINETEENTH ANNUAL GENERAL MEETING**



The Company Secretary  
BIPL Securities Limited  
5th Floor, Trade Centre,  
I.I. Chundrigar Road, Karachi,  
Pakistan.

I / We \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_ Holding CNIC #

Resident of \_\_\_\_\_

being member(s) of BIPL Securities Limited holding \_\_\_\_\_

ordinary shares hereby appoint Name \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_

Holding CNIC #  or failing him/her Name \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_

who is/are also member(s) of BIPL Securities Limited as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Taba Foundation Building, First Floor, Clifton Block 9, Gizri Road, Karachi on Thursday, April 18, 2019 at 10:00 a.m and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

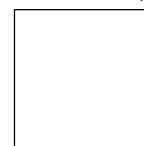
Witnesses

1. \_\_\_\_\_

2. \_\_\_\_\_

Shareholder Folio No.   
or  
CDC Participant I.D.No.   
&  
Sub Account No.

Signature on  
Ten Rupees  
Revenue Stamp



The Signature should agree with the  
specimen registered with the  
Company's Registrar

**NOTES**

- The Member is requested:
  - to affix Revenue Stamp of Rs.10 at the place indicated above;
  - to sign across the Revenue Stamp in the same Style of Signature as is registered with the Company's Registrar; and
  - to write down his folio number.
- This proxy form, duly complete and signed, must be received at the office of our Registrar not later than 48 hours before time of the meeting
- No person shall act as a proxy unless he/she himself/herself is a member of the Company, except that a Corporate body may appoint a person who is not a member.
- CDC shareholders or their proxies should bring their original Computerised National Identity Card or Passport along with the Participant's ID Number and their Account number to facilitate their identification.

## انیسواں سالانہ اجلاس عام

کمپنی سیکریٹری

بی آئی پی ایل سیکورٹیز لمیٹڈ، 5th فلور، ٹریڈ سینٹر

آئی آئی چندریگر روڈ، کراچی

میں مسی/مسماة..... ولد/زوجہ..... شناختی کارڈ نمبر.....

----- سکھہ ----- بحیثیت ممبر بی آئی بی ایل سیکورٹیز لمیٹڈ شیئر ملکیت ----- نام -----

ول / زوجہ ----- شناختی کارڈ نمبر ----- مقرر کرتے ہیں یا نام -----

ولد/زوجہ

جو خود بھی بی آئی پی ایل سیکورٹیز لمیٹڈ کا ممبر ہے، کو بطور مختار پر کسی مقرر کرتا/کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے انیسویں سالانہ اجلاس عام جو مورخہ 18 اپریل 2019 بروز جمعرات صبح 10:00 بجے بمقام تبا فائونڈیشن بلڈنگ، فرسٹ فلور، کلفٹن بلاک 9، گزری روڈ، کراچی، میں منعقد ہوگا، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

مورخہ-----2019 کو میرے/ہمارے دستخط سے جاری ہوا۔

گواہان شیر ہولڈر فولیو نمبر

1----- سی ڈی سی شراکت دار شناخت نمبر

سب اکاؤنٹ نمبر \_\_\_\_\_

2-\_\_\_\_\_

10 روپے کے ریونیو اسٹمپ پر دستخط

--

ایسے دستخط کریں جیسے کمپنی کے رجسٹرار کے پاس درج ہے

**نوٹ:**








- 1- ممبرز سے درخواست ہے کہ
  - (a) اوپر دی گئی جگہ پر 10 روپے والا ریونیو اسٹمپ چسپاں کریں۔
  - (b) ریونیو اسٹمپ پر ایسے دستخط کرے جیسے کمپنی کے رجسٹرار کے پاس درج ہے۔
  - (c) نیچے اپنا فوٹیو نمبر درج کرے۔
- 2- اس پر کسی فارم کو مکمل پُر کر کے اپنے دستخط کریں اور رجسٹرار کے دفتر اجلاس سے 48 گھنٹے قبل لازمی پہنچ جانا چاہیے۔
- 3- کوئی بھی شخص پر کسی مقرر نہیں ہو سکتا جب تک کہ وہ خود کمپنی کا ممبر نہ ہو۔ علاوہ کسی ادارے کے جس نے کسی شخص کو مقرر کیا ہو۔
- 4- سی ڈی سی شیئر ہولڈر یا ان کے پراکسی کو کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ مع آئی ڈی نمبر اور اس کا اکاؤنٹ نمبر شناخت کیلئے ساتھ لانا لازمی ہے۔



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