



ANNUAL REPORT 2019





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



EXCELLENCE

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



LEADERSHIP

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



Services Offered



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, promisory 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
Sikander Kasim
Muhammad Hafeezuddin Asif
Khurram Jamil
Muhammad Uzair Sipra
Mudassar Aslam

Audit Committee

Sikander Kasim - Chairman
Sohail Sikandar
Khurram Jamil

HR & R Committee

Kamal Uddin Tipu - Chairman
Muhammad Uzair Sipra
Mudassar Aslam

Chief Executive Officer

Abdul Aziz Anis, CFA

Company Secretary

Arsalan Farooq

Chief Financial Officer

Zafar Ahmed Khan

Statutory / NCB Auditors

RSM Avais 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
Dubai Islamic Bank 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

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

ASIAMONEY

- ★ Best Country Research
- ★ Best Bank Brokerage
- ★ Best Domestic Equities House
- ★ Best Strategy Analyst
- ★ Runner-up, Best Analyst

THE ASSET

- ★ Best Domestic Investment Bank
- ★ Best Corporate Finance House

CFA INSTITUTE

- ★ Pakistan's Best Equities House
- ★ Best Research Analyst

EUROMONEY

- ★ Pakistan's Best Equities House

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

ASIAMONEY

- ★ Best Country Research
- ★ Best Bank Brokerage
- ★ Best Energy Coverage
- ★ Best Domestic Equities House
- ★ Best Strategy Analyst
- ★ Best Analyst

CFA INSTITUTE

- ★ Pakistan's Best Equities House
- ★ Best Research Analyst Runner-up, Corp. Finance House of the year, Equity & Advisory, Banks

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

EUROMONEY

- ★ Pakistan's Best Equities House

2008

2007

2009

2010

2011

ASIAMONEY

- ★ Best Bank Brokerage
- ★ Best Energy Coverage
- ★ Best Strategy Analyst
- ★ Best Analyst
- ★ Runner-up, Best Country Research.

CFA INSTITUTE

- ★ Best Corporate Finance House of the Year

ASIAMONEY

- ★ Best Country Research
- ★ Best Energy Coverage
- ★ Best Domestic Equities House
- ★ Best Analyst

THE ASSET

- ★ Best Finance Deal

CFA INSTITUTE

- ★ Runner-up, Best Research Analyst

EUROMONEY

- ★ Pakistan's Best Equities House

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

ASIAMONEY

- ★ Best Country Research
- ★ Best Domestic Equities House
- ★ Best Analyst

CFA INSTITUTE

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

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

2014

2013

2015

2012

11

UTE

Analyst
Finance
Year, Equity
Banks

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

EUROMONEY

- ★ Pakistan's Best Equities House

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, Pakistan

EUROMONEY

- ★ Pakistan's Best Equities House

EUROMONEY

- ★ Pakistan's Best Equities House

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

Company Milestones

DEBT CAPITAL MARKETS

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.



M&A / ADVISORY / RESTRUCTURING



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.

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.

EQUITY CAPITAL MARKETS

2008

USD 926



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.



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.

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

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Mr. Nasim Ahmed

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PSX - Karachi

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Mr. Muariff Hussain

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FAX: (+92-55) 3822505

Sialkot

Mr. Manzoor Elahi

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FAX: (+92-52) 3256038

Faisalabad

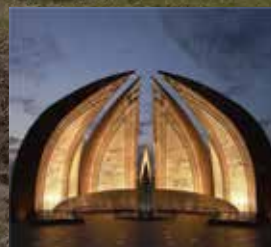
Mr. Sohail Akhtar

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

Peshawar

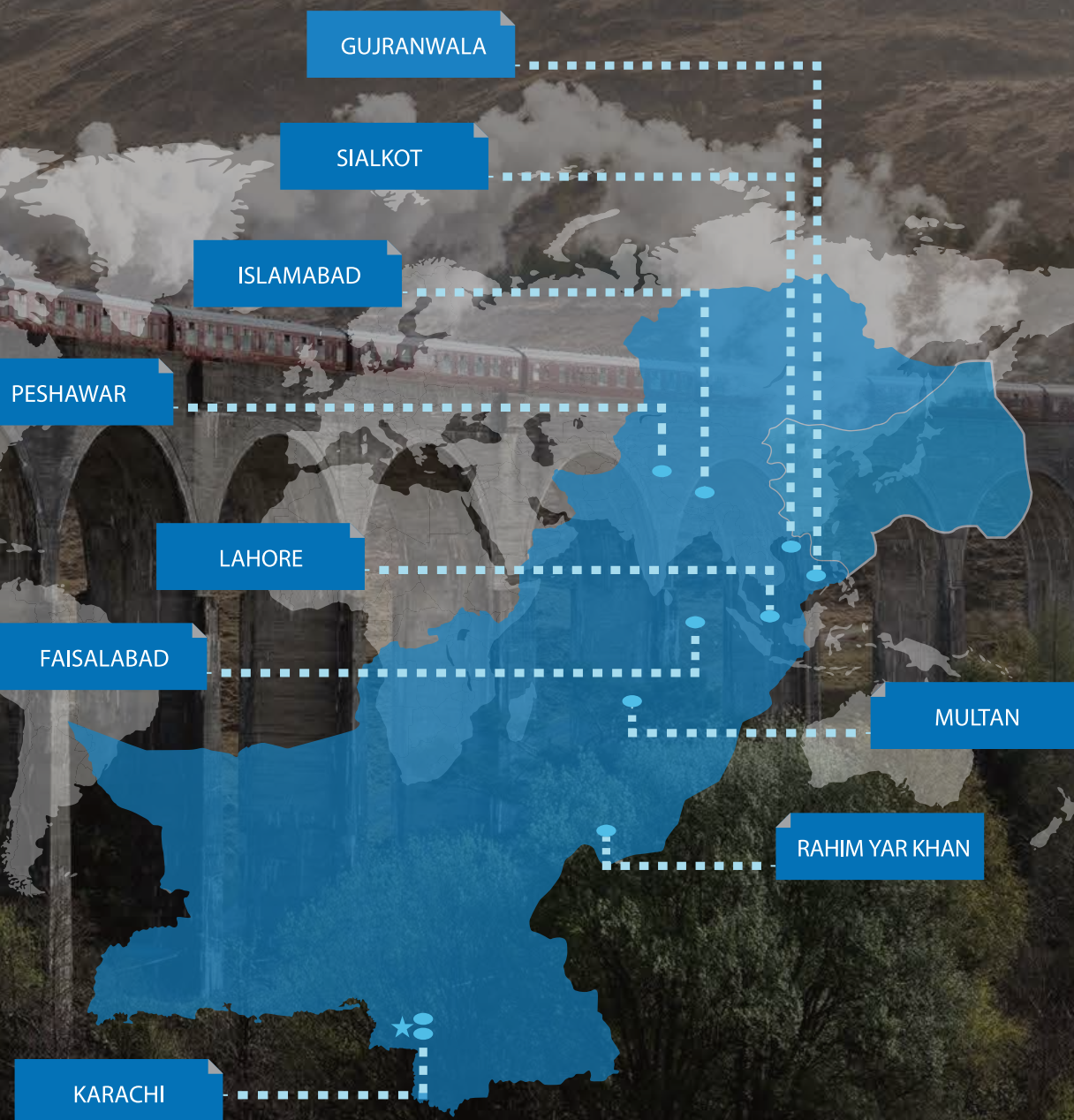
Mr. M.Ilyas Khan

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TEL: +92 91-5276025-27
FAX: (+92-92) 5273683



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Chairman's Review Report



Kamal Uddin Tipu
Chairman

A handwritten signature of Kamal Uddin Tipu in black ink.

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

CEO

2019 started off on a difficult note with continued weak trading volumes and poor sentiments spilling over from the previous year. However, towards the end of the year investor sentiments turned positive and we saw substantial increase in overall market trading volumes. To put things in perspective, the average daily volume in the market was 195mn shares in the first nine months of the year; this increased to 383mn shares in the last three months, a jump of approx. 96%! The increased trading activity led to higher company revenues during that period which in turn helped us end the year on a positive earnings momentum.

During the year we continued our focus on our equity retail branch network by further adding new clients and strengthening our client relationships nationwide. On the interbank brokerage side we have seen double digit growth in commissions led primarily by the FX desk.

For 2020 our aim is to focus on our online equity trading platform where we see opportunities for attractive revenue growth.

Lastly, we are thankful for the active guidance given by all our stakeholders, starting from company directors, employees, shareholders, regulators all the way to our clients etc. We thank them profusely and look forward to their continued support going forward.

Directors' Profile

Kamal Uddin Tipu Chairman

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



Abdul Aziz Anis, CFA Chief Executive Officer

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.



Sohail Sikandar Director

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.



Sikander Kasim Director

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.



Muhammad Hafeezuddin Asif

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.



Khurram Jamil

Director

Mr. Khurram Jamil has got Over 14 years of local and international experience in business & risk advisory and assurance services. He is a Chartered Accountant by qualification and is a certified internal controls auditor from Institute of Internal Controls.

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.



Uzair Sipra

Director

Mr. Uzair Sipra brings over 27 years of experience in the field of Legal Advisory, Corporate Legal Affairs and Litigation. He is currently performing his duties as Head of Legal in BankIslami Pakistan Limited.

His prior experience includes working in KASB Bank, MCB Bank Ltd and Bank of Punjab.

By qualification he holds a Post Graduate Degree in Law (LLB) and is also a Master of Arts. He has also attended trainings in General Banking and Foreign Trade at the Training Institute of Bank of Punjab.



Mudassar Aslam

Director

Ms. Mudassar Aslam has diverse 18 years plus experience spread over Finance and Fraud & Risk Management. She is currently performing her duties as Head of Enterprise Risk Management in BankIslami Pakistan Limited.

Her prior experience includes working in KASB Bank, MCB Bank Ltd, Union Bank Ltd and Emirates Bank Ltd

By qualification she holds an E-MBA degree from LUMS along with courses on Management Communication, Financial Accounting, Quantitative Methods from Harvard University. She also has attended Berkley and Stanford university US through LUMs Boot Camp. She has also completed MSC (Chemistry), LLB, PGD & BSC degrees.



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. The company and its employees contributed an amount of PKR 26.424 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, 2019.

Economic Review

The economic outlook of the country was not favorable during CY19 as the economy entered a consolidation phase and growth slowed down significantly. The headline growth clocked in at 3.3% in FY19 and is expected to shrink even further in FY20 owing to a contraction in consumer demand. We apprehend that the slowdown in growth will be broad-based as all three sectors of the economy, namely agriculture, services and industry may miss out their official growth targets.

The inflation continued to climb up throughout CY19 closing at 12.63% as opposed to 5.4% in CY18. Also, interest rates were raised by 325bps during the year reaching at 13.25% towards the close.

On a positive note, measures taken by GoP brought CAD down to manageable levels with the 4QCY19 CAD improving to USD661mn as opposed to 1QCY19 average of USD2.1bn. The improvement in CAD was largely driven by a contraction in imports bill as exports did not pickup. The imports contracted by 19%YoY whereas exports increased by only 5%YoY during 2HCY19. FDI inflow remained steady owing to a renewal of 3G/4G license which contributed an inflow of USD688mn, realized during CY19.

The Fiscal position also remained challenging as fiscal deficit in FY19 rose to 8.9% of GDP on the back of 6.3%YoY decline in revenues and jump in expenditures by 19%YoY. A host of new tax measures were taken by GOP in the budget and aggressive actions were initiated to improve the documentation of the economy. As such a robust jump in tax collection of ~17%YoY was realized in 2HCY19.

Equity Market Review

During CY19, KSE-100 index had a fluctuating performance as the first half return clocked in at -8.5% while the market rebounded strongly during 2HCY20 and posted returns of +19.8%. The cumulative return posted during CY19 was +9.9% as the sentiment improved in the second half of the year on the back of improvements in the external account. Similarly, the Pak Rupee after depreciating to ~164/USD in the first half of CY19 also rebounded in the second half to close the year ~154/USD.

Overall stock market volumes were down for the year compared to last year. Average Daily Market Volume stood at 233mn as opposed to 253mn during CY18 (-7.9%YoY) whereas the Average Daily Trading Value stood at USD59mn vs. USD92mn during CY18 (-35.8%YoY).

Current market multiple of 6.8x is lower than the average multiple that the market has seen under the two IMF programs in the past decade. The average multiple under the IMF programs since CY08 was 7.8x; therefore, if the market were to converge to its average multiple under IMF program, the market will post healthy return taking into account capital gains and dividend income. However, the performance during CY20 is likely to be similar to the one posted in CY19 as we expect a difficult 1HCY20 for market owing to factors like higher inflation and the new taxes. Nevertheless, as the inflation eases in 2H and monetary easing begins, stage might be set for the index to post another strong performance by year end.

Debt and Currency Market Review

Improvement in current account and capital account allowed the country to retire USD1.0bn of its international listed Sukuks. A significant helping hand was lent by inflows of foreign portfolio investment which soared to USD2.9bn since Jul'19. Most of the investments was concentrated in the short-term three-month T-bills reflecting improved confidence in the economy. On the back of these inflows, the SBP's foreign reserves increased to USD11.9bn.

However, recently the Treasury bills yields have turned flattish, as evidenced by the latest auction, whereby the cut-off yield on three month T-bills inched down 4bps to 13.43% while the cut-off yield on six month and twelve month treasury bills remained unchanged at 13.29% and 13.13%, respectively. This is primarily on the back of foreign flows in the debt market, clocking in at USD2.6bn in FYTD.

Operating and Financial Performance

Details of financial performance for the year ended are as follows:

	2019	2018
	----- (Rupees in '000) -----	
Operating revenue	213,466	190,733
Mark-up / profit on bank deposits, investments & other receivables	92,464	56,314
Gain on sale of investments – net	11,432	14,457
Reversal of impairment	5,000	10,000
Dividend income	-	84
Other income	1,786	4,840
Total income	324,148	276,428
Operating and administrative expenses	(311,822)	(299,019)
Provision for doubtful debts-net	(41)	(3,340)

	2019	2018
	----- (Rupees in '000) -----	
Finance cost	(26,521)	(15,426)
Total expenses	(338,384)	(317,785)
Net loss (before impairment and taxation)	(14,236)	(41,357)
Impairment on long term investment- Subsidiary	(640)	(164)
Taxation	2,935	14,562
Net loss after tax	(11,941)	(26,959)
Loss per share	(0.12)	(0.27)

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 in respect of 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 25;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2019 except for those disclosed in the financial statements;
- Related-party transactions have been placed before the Audit Committee and their recommendations placed before the BOD.
- 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, 2019 amounts to approximately PKR 42.030 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 2019 is as follows:

- **Adherence to regulatory requirements:** The Company and its employees contributed an amount of PKR 26.424 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 Human Resource & 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.

Four meetings of the Board of Directors were held during the year 2019. 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 2019	Meetings attended during 2019*
Kamal Uddin Tipu – Chairman	4	4
Sikander Kasim	4	3
Muhammad Hafeezuddin Asif	4	4
Saad Ahmed Madani	2	2
Sohail Sikandar	4	4
Natasha Matin	2	2
Khurram Jamil	4	3
Muhammad Uzair Sipra	2	2
Abdul Aziz Anis-Chief Executive Officer	4	4

Name of Directors	Invited for Meetings held during 2019	Meetings attended during 2019*
Board Members retired/resigned during 2019		
Saad Ahmed Madani	2	2
Natasha Matin	2	2

*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 2019 in the composition of the Board of Directors:

- Mr. Muhammad Uzair Sipra was appointed as Director in place of Mr. Saad Ahmed Madani on May 29, 2019.
- Ms. Mudassar Aslam was appointed as Director in place of Ms. Natasha Matin on July 29, 2019.

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 with Chairman being an Independent Director. The attendance of Directors at the Committee's meetings was as follows:

Name of Committee Members	Meetings held during 2019	Meetings attended during 2019*
Mr. Sikandar Kasim	4	3
Mr. Sohail Sikandar	4	4
Mr. Khurram Jamil	4	3

*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 2019	Meetings attended during 2019*
Kamal Uddin Tipu - Chairman	1	1
Saad Madani	1	1
Natasha Matin	1	1

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 tenure. 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 2020.

Shareholding

The pattern of shareholding as on December 31, 2019 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

We may finally see SBP easing the interest rates during CY20 as the inflation eases off, owing to high base effect. The easing is expected to come during 2HCY20 where we currently expect a cumulative cut of 175bps. Nonetheless, utility price revisions and imposition of new taxes may trigger another wave of inflationary pressures which may result in lower than expected rate cut. From the vantage of equity markets, the time and quantum of interest rate easing will be crucial and will help shape the return profile during CY20. Until the easing cycle begins, the market performance and volumes may remain range bound to weak and will pick up once the easing cycle has begun.

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

Financial Highlights

Year ended December 31,

	2019	2018	2017	2016	2015	2014
Operating Performance (Rupees in '000)						
Revenue	322,362	271,588	372,322	328,845	386,073	609,305
Operating and administrative expenses	(311,822)	(299,019)	(358,080)	(299,309)	(394,783)	(466,292)
Reversal / (provision) / impairment	(681)	(3,340)	23,289	(207)	(538,903)	1,070
Finance costs	(26,521)	(15,426)	(14,181)	(14,771)	(16,266)	(21,040)
Other income	1,786	4,840	59,288	2,846	4,847	6,669
Profit / (loss) before taxation	(14,876)	(41,521)	82,638	17,404	(559,032)	129,712
Profit / (loss) after taxation	(11,941)	(26,959)	38,043	19,115	(580,781)	108,658
Per Ordinary Share (Rupees)						
Earning / (loss) per share	(0.12)	(0.27)	0.38	0.19	(5.81)	1.09
Break-up value per share	7.53	8.74	9.25	10.81	9.37	12.57
Assets and Liabilities (Rupees in '000)						
Total assets	1,895,960	1,825,951	1,915,858	2,377,337	1,628,703	1,986,947
Current assets	1,385,195	1,203,967	1,304,494	1,552,186	933,409	1,014,969
Current liabilities	982,976	801,686	840,873	1,146,579	541,700	579,991
Financial Position (Rupees in '000)						
Shareholders equity	753,395	874,265	924,985	1,080,758	937,003	1,256,956
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserves	(246,605)	(125,735)	(75,015)	80,758	(62,997)	256,956
Share outstanding (Number in '000)	100,000	100,000	100,000	100,000	100,000	100,000
Return on capital employed - (%)	(1.97)	(4.75)	8.93	1.61	(59.66)	10.32
Return on total assets - (%)	0.61	(1.43)	5.05	1.35	(33.33)	7.59
Current ratio-times	1.41	1.50	1.55	1.35	1.72	1.75
Interest cover ratio-times	0.44	(1.69)	6.83	2.18	(33.37)	7.17

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twentieth Annual General Meeting ("AGM") of BIPL Securities Limited (the "Company") which was scheduled on April 21, 2020 and was postponed due to COVID-19 lockdown measures, will now be held on Friday, May 29, 2020 at 12:00 noon through "webinar" arrangement via video link to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on April 18, 2019.
2. To confirm the minutes of the Extraordinary General Meeting held on January 28, 2020.
3. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2019 together with the Directors' Report and Auditors' Report thereon.
4. To appoint Auditors of the Company and fix their remuneration for the year ending December 31, 2020.

SPECIAL BUSINESS

5. The Securities & Exchange Commission of Pakistan and Pakistan Mercantile Exchange has directed BIPL Securities Limited to incorporate a Clause in the Memorandum of Association of the Company to permit it to act as a future's broker and to obtain the requisite license thereof. Members approval is accordingly sought for the said amendment and if deemed appropriate to pass the following resolution (as special resolution) with or without modification:

RESOLVED THAT the Memorandum of Association of the Company be and is hereby approved to be amended by adding the following new sub-clause after sub-clause III(1):

III(1A) "To act as trading rights entitlement certificate holder of Pakistan Mercantile Exchange Limited and to carry on the business as Broker in all Futures Contracts and perform all ancillary functions"

RESOLVED FURTHER THAT the Chief Executive Officer (or any person authorized by him in this behalf) and/or Company secretary be and are hereby authorized jointly and severally to do all such acts and deeds as may be necessary or desirable to give effect to the foregoing resolution including to complete all necessary legal formalities including application for approval of regulatory authorities in connection with the alteration of the memorandum and articles of association of the Company."

RESOLVED FURTHER THAT a formal petition be filed with the SECP under Sections 32 to 34 of the Companies Act, 2017, along with all requisite documents, affidavits, statements, etc. for confirmation of alteration of Memorandum of Association for which purpose, the Chief Executive Officer (or any person authorized by him in this behalf) and the Company Secretary be and are hereby jointly and severally authorized to fulfil all legal, corporate and procedural formalities for accomplishing alteration of the Company's Memorandum of Association.

RESOLVED FURTHER THAT The new Memorandum of Association of the Company be printed and replaced for the existing ones after getting the confirmation of alteration by the Securities and Exchange Commission of Pakistan.

A Statement under section 134(3) of the Companies Act, 2017 relating to the aforesaid special business mentioned in Agenda no.5 is annexed with the notice.

As per Securities & Exchange Commission of Pakistan's circular no.10 of 2020 the members are notified that the financial statements of the Company for the year ended December 31, 2019 together with the Directors' Report and Auditors' Report thereon have been placed on the company's website and can be accessed via the following link:
www.biplsec.com/InvestorRelations/AnnualAccounts

DETAILS RELATED TO THE MEETING

The Company had planned to hold its annual general meeting on April 21, 2020, as per its normal practice and history. However, as a result of the global pandemic, this planned AGM had to be postponed as permissible under SECP's Circular 6/2020 dated March 22, 2020.

In the wake of the current situation related to Coronavirus (COVID-19), the Service General Administration and Coordination Department, Government of Sindh, vide notification No. So/(C-IV)/SGA&CD/3-1/2020 dated March 14, 2020 suspended large public gatherings at one place with immediate effect. Furthermore, Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange Limited, vide their Circular no. 5 of 2020 dated March 17, 2020 and Circular no. PSX/N-372 dated March 19, 2020 respectively, advised the companies to modify their usual planning for their general meetings for the well-being of the shareholders and avoid large gatherings by provision of video link facilities. Consequently, it has been decided to hold the AGM electronically through webinar, for which the Company has made video link arrangements for all the members entitled to attend the AGM.

In order to attend the AGM through electronic facility, the shareholders are requested to get themselves registered at the following email address before 05:00 p.m. on May 27, 2020:

Email address: agm@biplsec.com

The members who are willing to attend and participate in the AGM can do so through video-link via smart phones, computers, tablets etc. The shareholders are requested to provide the information as per below format for registration. The details of the electronic facility will be sent to the shareholders on the email address provided in the below table:

S. No.	Name of the shareholder	CNIC Number and Copy*	Folio Number	Cell Number	Email Address

*along with snapshot of CNIC (both side)

Login credentials will be shared on May 29, 2020 at 11:30 a.m. with those shareholders whose emails containing all the required particulars are received at our email address. The Shareholders can also email us their questions and suggestions on the agenda items of AGM on our email address provided above.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its Members.

By order of the Board



Arsalan Farooq
Company Secretary

Karachi: May 08, 2020

Notes:

- The Share Transfer Books of the Company will be closed from May 23, 2020 to May 29, 2020 (both days inclusive). Transfers received 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 at the close of business on May 22, 2020 will be treated in time for the purpose of attending the Annual General Meeting.
- 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.
- 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.
- In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- 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.
- Shareholders are requested to notify any changes in their registered address immediately to the Company's Share Registrar, M/s. THK Associates (Private) Limited.
- 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.

11. Placement of Financial Statements:

The Company has placed the Audited Financial Statements for the year ended December 31, 2019 along with the Auditors and Directors Reports thereon on its website www.biplsec.com, and can be accessed via the following link:

www.biplsec.com/InvestorRelations/AnnualAccounts

12. Electronic Transmission of Financial Statements and Notices:

Pursuant to Notification vide SRO 787 (1)/2014 dated September 08, 2014; SECP has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). The Company is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future. In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company website. Please ensure that your email account has sufficient rights and space available to receive such email. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his (her/its/their) registered email address at the address of Company's Share Registrar mentioned above.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESS

This statement sets out the material facts concerning the Special Business given in agenda item No.5 of the special business in Notice of Annual General Meeting of the Company to be held on May 29, 2020.

Agenda Item no.5 of Special Business

Alteration of the Memorandum of Association of the Company

BIPL Securities Limited (the "Company") is a licensed securities brokerage house. Additionally, the Company is also engaged in the business of brokerage of futures contracts as traded on the Pakistan Mercantile Exchange. Consequently, Securities & Exchange Commission of Pakistan and Pakistan Mercantile Exchange (PMEX) both have directed BIPL Securities Limited to incorporate a Clause in the Memorandum of Association of the Company to permit it to act as a future's broker and to obtain the requisite license thereof. The intended alteration is being undertaken under the provisions of Section 32(1)(c) of the Companies Act, 2017, which permits alteration of the memorandum to adopt any business activity which is subject to license, as is the case here.

Additionally, the proposed text to be inserted as a new clause in the Memorandum was also provided by PMEX, which suggestion is being adopted without any change. The proposed text is hereby reproduced below:

"To act as a broker in all Futures Contracts and commodity contracts as trading on the commodity exchange, and to hold the membership/trading rights entitlement certificate and perform all ancillary functions".

The Board of Directors have recommended to the members to approve and adopt amendment/change, by adding the new sub-clause after sub-clause III (1) of Memorandum of Association of the Company.

Shareholders' approval by way of special majority is being sought to amend the Memorandum of Association of the Company in accordance with the provisions of Section 32(1) of the Companies Act, 2017.

The proposed change will not affect any rights and obligations of the Company and the interest of any shareholder or investor in any manner. The authorization to the Company to carry out such additional activities will add value to the Company.

None of the directors of the Company and the Chief Executive of the Company have any personal, direct or indirect interest in the aforesaid special business except to the extent of their shareholding and their capacity as directors /officers of the company.

Independent Auditor's Review Report

To The Members



RSM Avas 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of BIPL Securities Limited for the year ended December 31, 2019 in accordance with the requirements of regulation 36 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, 2019.

Further, we highlight below instances of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Reference:	Description:
15	The head of internal audit resigned in the month of November 2019, subsequently the Company is taking appropriate steps to appoint the new head of internal audit.


Engagement Partner: Adnan Zaman
Karachi.
Date: February 13, 2020

Statement Of Compliance

With The Code Of Corporate Governance

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended December 31, 2019

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	Mr. Kamal Uddin Tipu Mr. Sikander Kasim Mr. Muhammad Hafeezuddin Asif
Non-Executive Directors	Mr. Sohail Sikandar Mr. Khurram Jamil Mr. Muhammad Uzair Sipra Ms. Mudassar Aslam
Female Director	Ms. Mudassar Aslam
Chief Executive Officer	Abdul Aziz Anis

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. During the year one (1) Director attended the Directors' Training Program and in total the following four (4) directors from the Board has attended the Directors' Training Program:
 - Mr. Kamal Uddin Tipu
 - Mr. Muhammad Hafeezuddin Asif
 - Mr. Sohail Sikandar
 - Mr. Khurram Jamil
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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

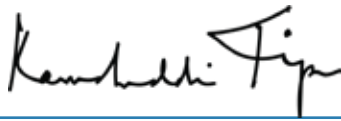
Audit Committee

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

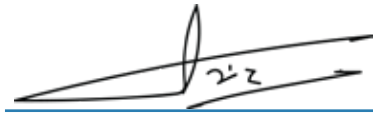
HR and Remuneration Committee

Mr. Kamal Uddin Tipu – Chairman
Mr. Muhammad Uzair Sipra - Member
Ms. Mudassar Aslam – 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. The head of internal audit resigned in the month of November 2019 and subsequently the Company is taking appropriate steps to appoint the new head of internal audit;
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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Chairman



Chief Executive Officer

Karachi: February 13, 2020



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 Avas Hyder Liaquat Nauman
Chartered Accountants

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

W: www.rsm-pakistan.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, 2019, 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, 2019 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>Valuation of Trade Debts</p> <p>As referred to in note 4.1.5 to the financial statements, the Company has adopted IFRS9 with effect from 1 January 2019. The impact of adoption on the classification and carrying amount of the financial assets as at 1 January 2019 is disclosed in note 14.2 to the financial statements.</p> <p>Assessment of allowance for Expected Credit Loss (ECL) against trade debts requires significant judgment, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking macro-economic information.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and provision required;</p> <p>Considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimates;</p> <p>Testing the accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including the subsequent recoveries ;and</p> <p>Assess the reasonableness of provision by recalculating on test basis.</p>

S. No.	Key Audit Matters	How the matter was addressed in our audit
2.	<p>Recognition and realization of deferred tax asset:</p> <p>As disclosed in note 12, the Company has recognized deferred tax asset amounting to Rs 70.16 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>Our audit procedures, amongst others, included the following:</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 a review of the balance sheet 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 other 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 up to the date of our report that could affect the likelihood of realizing the future tax assets.</p>
3.	<p>Valuation of Al Jomaih Power Limited (AJPL).</p> <p>The company's financial statements include a significant portion of investment at fair value through OCI 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 the categorization of the investment is level 3 of the Fair Value hierarchy which uses input other than the observable market date.</p>	<p>Our audit procedures, amongst others, included the following:</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.</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).

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


 Chartered Accountants
 Karachi
 Dated: February 13, 2020

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

Note	2019	2018
	----- (Rupees in '000) -----	
ASSETS		
Non-current assets		
Property and equipment	7 52,409	39,472
Intangible assets	8 4,179	4,775
Long-term investments	9 361,377	488,286
Long-term loans and advances	10 568	158
Long-term deposits and prepayments	11 22,073	23,017
Deferred tax asset - net	12 70,159	66,276
	510,765	621,984
Current assets		
Short-term investments	13 -	-
Trade debts	14 150,756	121,988
Advances, deposits, prepayments and other receivables	15 872,120	424,365
Taxation - net	123,494	111,476
Cash and bank balances	16 238,825	546,138
	1,385,195	1,203,967
TOTAL ASSETS	1,895,960	1,825,951
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised Capital :		
200,000,000 (2018:200,000,000) Ordinary shares of Rs. 10 each	2,000,000	2,000,000
Issued, subscribed and paid-up capital	17 1,000,000	1,000,000
General reserve	18,752	18,752
Unrealised gain / (impairment loss) on re-measurement of 'investment at fair value through other comprehensive income	4.1.5 143,406	301,304
Accumulated loss	(408,763)	(445,791)
	753,395	874,265
Non-current liabilities		
Long-term financing - secured	18 150,000	150,000
Liability against asset subject to finance lease	19 9,889	-
	159,889	150,000
Current liabilities		
Trade and other payables	20 974,789	700,174
Short term financing-secured	21 -	100,000
Current portion of liability against asset subject to finance lease	19 6,416	-
Unclaimed dividend	1,402	1,402
Accrued mark-up	22 69	110
	982,676	801,686
TOTAL EQUITY AND LIABILITIES	1,895,960	1,825,951
CONTINGENCIES AND COMMITMENTS	23	

The annexed notes from 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director

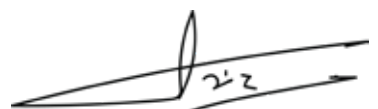


Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019	2018
		----- (Rupees in '000) -----	
Operating revenue	24	213,466	190,733
Net gain on investments			
Gain on sale of investments 'at fair value through profit or loss'- net	25	11,432	14,457
Reversal of impairment on 'held for trading' investments	13.2	5,000	10,000
		<u>16,432</u>	<u>24,457</u>
Dividend income		-	84
Mark-up / profit on bank deposits and other receivables	26	<u>92,464</u>	<u>56,314</u>
		322,362	271,588
Operating and administrative expenses	27	<u>(311,822)</u>	<u>(299,019)</u>
Impairment on long-term investment - subsidiary	9.1	(640)	(164)
Provision against doubtful debts-net	14.2	(41)	(3,340)
		<u>(312,503)</u>	<u>(302,523)</u>
Operating profit / (loss)		9,859	(30,935)
Finance cost	28	<u>(26,521)</u>	<u>(15,426)</u>
		<u>(16,662)</u>	<u>(46,361)</u>
Other income	29	<u>1,786</u>	<u>4,840</u>
Loss before taxation		<u>(14,876)</u>	<u>(41,521)</u>
Taxation	30	<u>2,935</u>	<u>14,562</u>
Loss after taxation		<u>(11,941)</u>	<u>(26,959)</u>
Other comprehensive loss for the year			
Unrealised loss arising on re-measurement of investment at fair value through other comprehensive income	9.2.6	(126,269)	(23,761)
Total comprehensive loss for the year		<u>(138,210)</u>	<u>(50,720)</u>
		----- (Rupees) -----	
Loss per share - basic and diluted	31	<u>(0.12)</u>	<u>(0.27)</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

Note

2019

2018

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

CASH FLOW FROM OPERATING ACTIVITIES

Loss before taxation

(14,876)

(41,521)

Non-cash adjustments to reconcile loss before tax to net cash flows:

Depreciation

14,735

8,367

Amortization

1,080

987

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

(11,432)

(14,457)

Gain on sale of property and equipment

(1,603)

(1,362)

Reversal of impairment on 'held for trading' investments

(5,000)

(10,000)

Impairment on long-term investment - subsidiary

640

164

Provision against doubtful debts-net

41

3,340

Provision for long term deposits

136

-

Finance cost

26,521

15,426

Dividend income

-

(84)

25,118

2,379

10,242

(39,142)

Working capital adjustments:

(Increase) / decrease in current assets

Trade debts

(1,269)

(8,057)

Advances, deposits, prepayments and other receivables

(451,171)

21,440

(452,439)

13,383

Increase / (decrease) in current liabilities

Trade and other payables

273,799

(139,259)

(168,397)

(165,018)

Finance cost paid

(25,746)

(15,354)

Income tax paid

(19,710)

(35,042)

(213,853)

(215,414)

Net cash flows used in operating activities

CASH FLOW FROM INVESTING ACTIVITIES

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

16,432

176,484

Purchase of property and equipment

(7,731)

(5,841)

Purchase of intangible assets

(484)

(200)

Proceeds from disposal of property and equipment

6,630

1,910

Dividend received

-

84

14,847

172,437

Net cash flows generated from investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Long-term loans and advances

(410)

323

Liability against asset subject to finance lease

(8,663)

-

Long-term deposits and prepayments

766

(8,174)

(8,307)

(7,851)

Net cash flows used in financing activities

Net decrease in cash and cash equivalents

(207,313)

(50,828)

Cash and cash equivalents at the beginning of the year

446,138

496,966

Cash and cash equivalents at the end of the year

238,825

446,138

Cash and cash equivalents comprises of:

Cash and bank balances

16

238,825

546,138

Short term financing-secured

21

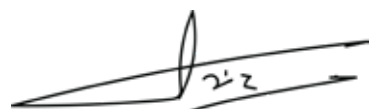
-

(100,000)

238,825

446,138

The annexed notes from 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Director

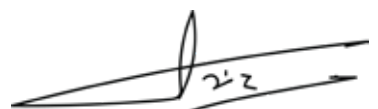


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

	Share Capital	General Reserve	Accumulated Loss	Unrealised gain / (impairment loss) on re-measurement of 'investment at fair value through other comprehensive income	Total
	----- (Rupees in '000) -----				
Balance as at January 01, 2017	1,000,000	18,752	(418,832)	325,065	924,985
Total comprehensive loss for the year	-	-	(26,959)	(23,761)	(50,720)
Balance as at December 31, 2018 (As previously reported)	1,000,000	18,752	(445,791)	301,304	874,265
Reclassification of impairment loss due to initial application of IFRS-9 (Note 4.1.5)	-	-	31,629	(31,629)	-
Adjustment of initial application of IFRS-9 (net of tax) (Note 4.1.5)	-	-	17,340	-	17,340
Adjusted Balance as at January 01, 2019	1,000,000	18,752	(396,822)	269,675	891,605
Total comprehensive loss for the year	-	-	(11,941)	(126,269)	(138,210)
Balance as at December 31, 2019	1,000,000	18,752	(408,763)	143,406	753,395

The annexed notes from 1 to 43 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, 2019

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 Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.
 - Office # 313, ISE Tower, 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. 13D, KDA Scheme 24, Main University Road, Karachi.
 - Room No 93-95, 2nd floor, 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, Shahab Pura Road, Sialkot.
 - Ground Floor, State Life Building, Abdali Road, Multan.
 - Plot # 24, City Park Chowk, Model Town, Rahim Yar Khan.
- 1.2 The Company is a subsidiary of BankIslami Pakistan Limited (BIPL) - (the Parent Company), which holds 77.12% shares of the Company.
- The parent company has released public information on April 24, 2019 pertaining to BIPL Securities Limited, (in which board of parent had authorized the bank to explore and evaluate the strategic option including divestment of shares held in BIPL Securities Limited).
- 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. BASIS OF PREPARATION

- 2.1 These financial statements of the Company for the year ended December 31, 2019 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.
- 2.2 **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 5.4 below.
- 2.3 **Functional and presentation currency.**
- These financial statements are presented in Pakistani Rupees, which is Company's functional and presentation currency.

3. NEW ACCOUNTING PRONOUNCEMENTS

- 3.1 **Amendments to approved accounting standards effective during the year ended December 31, 2019;**
- During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except for those disclosed in note 4 to these financial statements) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.
- 3.2 **New / revised accounting standards, amendments to published accounting standards, and 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:
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2020) 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 management is in process of analyzing the potential impacts on the adoption of this interpretation.

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2020). 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.

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 2020). 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 2020). 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.

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of amendment is not likely to have an impact on Company's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

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 2020 and are not likely to have an impact on Company's financial statements.

4. INITIAL APPLICATION OF IFRS 9 AND IFRS 16

4.1 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The said standard has been adopted by SECP and effective for companies with reporting periods ending on or after 30 June 2019.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

4.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost; Fair Value through Other Comprehensive Income (FVOCI); or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is both, to hold assets to collect contractual cash flows and selling the financial asset; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI i.e. FVOCI. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method. Foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Business model assessment:

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Company's existing financial assets at the date of the initial application of IFRS 9 on 1 January 2019 have been reviewed and assessed, and as a result:

- the Company's trade receivables and other receivables portfolio meeting the required criteria have been classified as financial assets at amortised cost;
- the Company's investment in equity instruments that are held for trading meeting the required criteria have been designated as fair value through profit and loss (FVTPL);
- the Company has made an irrevocable election for investments in equity instruments that are not held for trading to be designated as fair value through other comprehensive income (FVOCI);

4.1.2 Classification and measurement of financial liabilities:

Financial liabilities previously measured at amortised cost under IAS 39 have been classified and measured under IFRS 9 at amortised cost. There have been no changes in the classification and measurement of financial liabilities on the adoption of IFRS 9.

4.1.3 Impairment of financial assets

The standard introduces a new single model for the measurement of impairment losses on all financial assets including financing and investments measured at amortized cost or at fair value through OCI. The IFRS 9 expected credit loss (ECL) model replaces the current "incurred loss" model of IAS 39.

The ECL model applies to trade receivables, debt instruments accounted for at amortised cost or at FVTOCI, most loan commitments, financial guarantee contracts, and lease receivables under IFRS 16 Leases.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECL is based on the 12-month ECL. The ECL model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

4.1.4 Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable.

The time value of an option, any forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument designation and can be accounted for as costs of hedging. More designations of Company's of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 has had no impact on the hedge accounting as the Company does not have any hedge instruments.

4.1.5 Transition impact

In line with IFRS 9 transition provisions, the Company has elected to record any adjustment to its opening 1 January 2019 retained earnings to reflect the application of the new requirements of classification and measurement, and impairment at the date of adoption without restating comparative information.

For classification and measurement, the combined application of the contractual cash flow characteristics and business model tests as at 1 January 2019 is expected to result in certain differences in the classification of financial assets when compared to our current classification under IAS 39.

For impairment, the application of ECL model is expected to result in loss allowance as at 1 January 2019 which is lower than provision for doubtful debt as at 31 December 2018.

The impact of the adoption on the opening retained earnings, that relates solely to the new impairment requirements, at the beginning of the current year (1 January 2019) is as follows:

	Carrying Amount - Rs in 000s		Provision - Rs in 000s		
	IAS 39	IFRS 9	IAS 39	IFRS 9	Impact on Retained Earning
Long-term deposits	22,963	22,963	-	(42)	(42)
Trade debts	218,606	218,606	(96,618)	(69,078)	27,540
Short term deposits	327,230	327,230	-	(2,100)	(2,100)
Short term other recievables	86,389	86,389	-	(1,315)	(1,315)
					24,083
Tax adjustment (28%) Net impact					6,743
					17,340
Reclassification of impairment loss due to initial application of IFRS-9 of New Horizon Exploration and Production Limited					
Accumulated loss					Rs in '000 31,629
Unrealized gain/ impairment					(31,629)
Net Impact on Equity					-

The following table reconciles and explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the class of the Company's financial assets as at 1 January 2019.

	Classification		Carrying Amount- Rs in 000s	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Structured Venture (Pvt) Ltd	Cost less impairment		1,347	1,347
Pakistan Stock Exchange Ltd	AFS	FVOCI	21,752	21,752
Al Jomaih Power Ltd	AFS	FVOCI	465,187	465,187
New Horizon Exploration and Production Limited	AFS	FVOCI	-	-
Long term loan to employees	Loan and receivables	Ammortized cost	158	158
Current portion of loan to employees	Loan and receivables	Ammortized cost	998	998
Long-term deposits	Loan and receivables	Ammortized cost	22,963	22,963
Short term investments-listed shares	HFT	FVTPL	-	-
Trade debts	Loan and receivables	Ammortized cost	218,606	218,606
Short term deposits	Loan and receivables	Ammortized cost	327,230	327,230
Short term other receivables	Loan and receivables	Ammortized cost	86,389	86,389

4.1.6 Financial assets

Non-Derivative Financial Assets

From 1 January 2019, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company initially recognises financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

The Company has the following non-derivative financial assets.

Financial Assets at Amortized Cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the profit and loss account when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial Assets at fair value through other comprehensive income (FVOCI)

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the profit and loss account. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. When the financial asset, other than equity instrument, is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / expense.

Financial assets at fair value through profit or loss (FVTPL)

Equity investments that are held for trading are classified as investments at FVTPL are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

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.

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 period reported on the primary exchange of the future 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 Financial Reporting Standard (IFRS) '9: Financial Instruments'. Consequently hedge accounting is not being applied by the company.

Impairment

Non-Derivative Financial Assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI. For accounts receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, receivables have been compared based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. Other financial assets such as employees' receivables and bank balances have low credit risk and the impact of applying ECL is immaterial.

Non-Financial Assets

The carrying amount of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a company 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.

Trade and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost and are recognized at fair value and subsequently measured at amortised cost. A provision for impairment based on forward-looking expected credit losses in trade and other receivables is made.

4.2 IFRS 16 Leases

During the current year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes 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". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has lease contracts for its head office and various branches. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'Short term deposits and prepayments' and 'Creditors, accrued expenses and other liabilities', respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The Company has adopted modified retrospective approach for transition to IFRS 16, accordingly the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit.

The Company also applied the available practical expedients wherein it:

Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

Relied on its assessment of whether leases are onerous immediately before the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Summary of new accounting policies in respect of adoption of IFRS 16

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options:

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of one to three years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of Company's branches due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on operations if a replacement is not readily available.

The overall impact of the initial application of IFRS 16 on these financial statements is summarised below:

Right of Use (RoU) assets recognised as Fixed assets - increased by Rs. 5.5 million as at Jan 01, 2019.

Lease liabilities recognised as Liabilities subject to finance lease - increased by Rs. 4.6 million as at Jan 01, 2019.

Profit after tax for the year ended December 31, 2019 decreased by Rs. 0.65 million.

Had this standard not been applied, assets and liabilities would have been lower by Rs. 18.2 million and Rs. 16.3 million respectively. Rent expense would have been higher by Rs. 7.3 million and depreciation charge and finance cost on lease liability would have been lower by Rs. 6.8 million and Rs. 1.42 million respectively.

The company has obtained ijarah financing of vehicles as a lessee under IFAS-2, therefore company has not adopted IFRS-16 on such financing.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 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.

5.2 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.

5.3 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.

5.4 Financial assets

5.4.1 Investments

Investments are carried out as per IFRS-9 Financial Instruments as disclosed in note no. 4.1.

5.4.2 Derivatives

Derivatives are carried out as per IFRS-9 Financial Instruments as disclosed in note no. 4.1.

5.4.3 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.

5.5 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.

5.6 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.

5.7 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.

5.8 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.

5.9 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.

5.10 Dividend distributions and appropriations

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

5.11 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 5% from May 01, 2019 (2018:8.33%) 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 accumulated but not encashable.

5.12 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.

5.13 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.

5.14 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.

5.15 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.

5.16 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.

5.17 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.

6. 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	5.1 to 5.3, 7 & 8
Classification of investments	5.4.1, 9 & 13
Provision for doubtful debts	5.14 & 14.2
Deferred taxation and taxation	5.9, 12 & 30

7. PROPERTY AND EQUIPMENT

Operating fixed assets	7.1	34,247	39,472
Right-of-use assets	7.2	18,162	-
		52,409	39,472

7.1 Operating fixed assets

As at December 31, 2019

	Office premises lease hold (Note 19)	Furniture and Fixtures	Computers and Office Equipment	Motor vehicles	Total
----- (Rupees in '000) -----					
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
Net book value at the beginning of the year	16,344	3,245	19,336	547	39,472
Changes during the year					
Additions during the year	-	418	1,992	5,321	7,731
Disposals during the year					
- Cost	-	-	(1,265)	(5,321)	(6,586)
- Depreciation	-	-	1,265	294	1,559
	-	-	-	(5,027)	(5,027)
Depreciation charge for the year	(1,883)	(733)	(5,019)	(294)	(7,929)
	(1,883)	(315)	(3,027)	-	(5,225)
Net book value at the end of the year	14,461	2,930	16,309	547	34,247
Analysis of net book value					
Cost	46,095	25,854	106,023	2,736	180,708
Accumulated depreciation	(31,634)	(22,924)	(89,714)	(2,189)	(146,461)
Net book value as at December 31, 2019	14,461	2,930	16,309	547	34,247
Depreciation rate (% per annum)	5	10	20-45	20	

As at December 31, 2018

	Office premises lease hold (Note 19)	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)
Net book value at the beginning of the year	13,161	3,120	19,822	1,377	37,480
Changes during the year					
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
	-	-	(46)	(502)	(548)
Transfer from investment properties during the year					
- Cost	5,804	-	-	-	5,804
- Depreciation	(810)	-	-	-	(810)
	4,994	-	-	-	4,994
Depreciation charge for the year	(1,811)	(686)	(5,470)	(328)	(8,295)
	3,183	125	(486)	(830)	1,992
Net book value at the end of the year	16,344	3,245	19,336	547	39,472
Analysis of net book value					
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
Net book value as at December 31, 2018	16,344	3,245	19,336	547	39,472
Depreciation rate (% per annum)	5	10	20-45	20	

7.1.1 Disposal of property and equipment

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

As at December 31, 2019

	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (Loss)	Particular of Buyers	Mode of Disposal
----- (Rupees in '000) -----							
Book value more than Rs. 500,000/-							
Vehicles							
Audi A3	3,262	123	3,139	4,280	1,141	Auto Mall	Sale
Honda City	2,059	171	1,888	2,300	412	Zeeshan Hassan	Sale
	5,321	294	5,027	6,580	1,553		
Book value less than Rs. 500,000/-							
Computer and office equipment	1,265	1,265	-	50	50	Shahid Ahmed	Sale
Total	6,586	1,559	5,027	6,630	1,603		

As at December 31, 2018

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

Note

2019

2018

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

7.2. RIGHT-OF-USE ASSETS

Opening balance		-	-
Additions during the year-net		24,968	-
Depreciation for the year		(6,806)	-
Closing balance	4.2	18,162	-

8 INTANGIBLE ASSETS

As at December 31, 2019

	Computer software	Membership of PMEX	Booths at PSX	License and Trademark	TREC - PSX (Note 8.1 and 8.2)	Total
----- (Rupees in '000) -----						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
Net book value at the beginning of the year	853	750	950	872	1,350	4,775
Addition during the year	133	-	-	351	-	484
Amortization for the year	(557)	-	-	(523)	-	(1,080)
Net book value at the end of the year	429	750	950	700	1,350	4,179
Analysis of Net Book Value						
Cost	12,650	750	950	1,223	1,350	16,923
Accumulated amortization	(12,221)	-	-	(523)	-	(12,744)
Net book value as at December 31, 2019	429	750	950	700	1,350	4,179
Amortization rate (% per annum)	33.33	-	-	0-33.33	-	

As at December 31, 2018

	Computer software	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)
Net book value at the beginning of the year	1,640	750	950	872	1,350	5,562
Addition during the year	200	-	-	-	-	200
Amortization for the year	(987)	-	-	-	-	(987)
Net book value at the end of the year	853	750	950	872	1,350	4,775
Analysis of Net Book Value						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
Net book value as at December 31, 2018	853	750	950	872	1,350	4,775
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 are kept in the blocked account and the divestment of the same had to be 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 9.2.2 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. LONG TERM INVESTMENTS

	Note	2019	2018
----- (Rupees in '000) -----			
Subsidiary company - Structured Venture (Private) Limited (SVPL)	9.1	707	1,347
Investments held at fair value through Other Comprehensive Income	9.2	360,670	486,939
		361,377	488,286

- 9.1 Structured Venture (Private) Limited (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	(487,874)	(487,234)
	707	1,347

"The net assets of the subsidiary company 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.

Structured Venture (Private) Limited (SVPL) had given advance against purchase of property 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.

9.2 Description of Investments held at fair value through Other Comprehensive Income

2019	2018	Name of the Investee Company	Note	2019		2018	
Number of Shares				Cost	Carrying Value	Cost	Carrying Value
----- (Rupees in '000) -----							
Quoted shares							
1,602,953	1,602,953	Pakistan Stock Exchange Limited	9.2.1-9.2.3 & 9.2.6	1,438	20,005	1,438	21,752
Unquoted shares							
3,370	3,370	Al Jomaih Power Limited	9.2.4 & 9.2.6	184,197	340,665	184,197	465,187
		New Horizon Exploration and Production Limited					
14,760,000	14,760,000	Class 'A' ordinary shares		31,629	-	31,629	-
		Less: impairment		(31,629)	-	(31,629)	-
			9.2.5	-	-	-	-
				185,635	360,670	185,635	486,939

- 9.2.1 This represents 1,602,953 shares having a market value of Rs 12.48 per share as at December 31, 2019 (December 31, 2018: 13.57 per share).
- 9.2.2 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.
- 9.2.3 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.
- Further, the company has pledged 1,602,500 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.
- 9.2.4 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, 2019. 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 cost of investment is Rs 184.19mn (2018: 184.19mn).
- 9.2.5 In year 2015, the management recorded impairment of its investment in New Horizon Exploration and Production Limited (NHEPL) in accordance with IAS-36 which was again tested for impairment as required by IFRS 9 adopted by the company on January 01, 2019. 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 it's 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.
- 9.2.6 [Unrealized loss on re-measurement of investments at fair value through Other Comprehensive Income](#)

	Note	2019	2018
		----- (Rupees in '000) -----	
Pakistan Stock Exchange Limited	9.2.1- 9.2.3	(1,747)	(14,154)
Al Jomaih Power Limited	9.2.4	(124,522)	(9,607)
		(126,269)	(23,761)

10. LONG-TERM LOANS AND ADVANCES - Considered Good

Loans and advances to:

Employees		2,063	1,156
Executives		-	-
	10.1	2,063	1,156
	15	(1,495)	(998)
Current maturity shown in current assets		568	158

- 10.1 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% (2018: 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.

11. LONG-TERM DEPOSITS AND PREPAYMENTS

Note

2019

2018

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

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

11.1

15,312	15,512
550	1,650
2,500	2,500
200	200
2,103	1,533
1,462	1,462
106	106

22,233 22,963

18 54

22,251 23,017

(178) -

22,073 23,017

Prepayments

- Impact of expected credit loss

11.2

11.1 This includes amount of Rs 15.3 million (2018: 15.5 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.

11.2 Impact of expected credit loss

- Rent deposits

178

-

12. DEFERRED TAX ASSET - NET

Deductible temporary differences arising from:

Deferred tax asset at the beginning of the year
Addition for the year

66,276

35,721

3,883

30,555

70,159

66,276

Taxable temporary differences arising due to:

- accelerated tax depreciation
- liability against asset subject to finance lease

(13)

-

(538)

-

(551)

-

Deductible temporary differences arising due to:

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

44,376

35,653

-

389

5,248

3,181

21,086

27,053

70,710

66,276

70,159

66,276

13. SHORT-TERM INVESTMENTS

'At fair value through profit or loss'

- Listed shares
- Term finance certificates

13.1

-

-

-

-

-

-

13.1 Term Finance Certificates

2019 2018

Number of Certificates Name of the Investee Company
Pace Pakistan Ltd.
(Face value Rs. 5,000/- each)

6,000
2,00010,000
4,000Opening
Less: sold during the yearClosing
Less: Impairment27,221
(9,074)45,369
(18,148)

18,147

27,221

(18,147)

(27,221)

13.2

4,000

6,000

-

-

	Note	2019	2018
		------(Rupees in '000)-----	
13.2 Impairment			
Opening balance		27,221	45,369
Less: reversal of impairment due to sale		(5,000)	(10,000)
Impairment written off		(4,074)	(8,148)
		18,147	27,221
14. TRADE DEBTS			
Receivable against purchase of marketable securities - net of provisions	14.1	90,454	78,155
Receivable from National Clearing Company of Pakistan Ltd.		54,060	40,638
Inter-bank brokerage		6,242	3,195
		150,756	121,988
14.1 Considered good			
Secured		90,454	70,966
Unsecured		-	7,189
		90,454	78,155
Considered doubtful		69,119	96,618
Less: Provision for doubtful debts	14.2	(69,119)	(96,618)
		90,454	78,155
14.2 Reconciliation of provisions against trade debts			
Opening balance		96,618	94,395
Provision for the year		1,106	3,390
Write off during the year		-	(1,117)
Impact of IFRS 9 (Note 4.1.5)		(27,540)	-
Reversal during the year		(1,065)	(50)
		(27,499)	2,223
		69,119	96,618
15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to:			
Suppliers		-	5,456
Current portion of long-term loans and advances to employees and executives	10	1,495	998
		1,495	6,454
Deposits:			
Exposure deposit with -NCCPL		771,751	322,046
Exposure deposit with -PMEX		3,128	3,084
Others	15.1	2,100	2,100
-Impact of expected credit loss	15.3	(2,100)	-
		774,879	327,230
Prepayments:			
Rent		-	1,967
Insurance		1,581	231
Software development and maintenance		376	461
Others		2,222	1,633
		4,179	4,292
Other receivables:			
Profit on bank deposits		4,843	4,314
Profit on exposure deposit with -NCCPL		5,797	778
Receivable against margin finance		76,221	75,286
Others	15.2	6,021	6,011
-Impact of expected credit loss	15.3	(1,315)	-
		91,567	86,389
		872,120	424,365
15.1 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, 2018: 7.34%).			
15.2 This includes an amount of Rs 1.3mn paid against an award made by PSX.			
15.3 Impact of expected credit loss			
Deposits		2,100	-
Other receivables		1,315	-
		3,415	-

16. CASH AND BANK BALANCES

Company accounts

Current accounts
Saving accounts

Client accounts

Current accounts
Saving accounts

Cash in hand
Stamps in hand

Note	2019	2018
----- (Rupees in '000) -----		
16.1	1,339	6,064
	130,838	120,239
	132,177	126,303
16.1	1	10
	106,641	419,820
	106,642	419,830
16.2	238,819	546,133
	-	-
	6	5
	238,825	546,138

16.1 These carry profit at rates ranging from 3% to 12.75% (2018: 2.6% to 9%) per annum.

16.2 This includes Rs 213.14 million (December 31, 2018: Rs 217.47 million) with BankIslami Pakistan Limited (the Parent Company).

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		
Number of Shares			
89,867,900	89,867,900	Ordinary shares of Rs. 10 each fully paid-up in cash	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
100,000,000	100,000,000		1,000,000

18. LONG-TERM FINANCING - SECURED

Loan from financial institution

150,000	150,000
---------	---------

18.1 This represents long-term financing obtained from the Parent Company (BIPL) on December 31, 2015. The financing 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 was 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 till the date of bullet payment. The said financing has been rescheduled according to which company will pay off the financing as a bullet payment in December 2023, keeping other terms and conditions same.

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening
Additions during the year
Payments made during the year

Transferred to current maturity
Closing balance

-	-
24,968	-
(8,663)	-
16,305	-
(6,416)	-
9,889	-

19.1 The future minimum lease payments to which the company is committed to is as follows:

	Not later than one year	Later than one year not later than five years
As at December 31, 2019		
Principal	6,416	9,889
Finance charges allocated to future years	2,010	1,020
	8,426	10,909

20. TRADE AND OTHER PAYABLES

	2019	2018
	----- (Rupees in '000) -----	
Trade creditors	929,209	625,426
Payable to National Clearing Company of Pakistan Ltd.	168	43,269
Accrued expenses	39,012	26,223
Withholding tax	2,754	2,985
Under Finance lease	816	-
Others	2,830	2,271
	974,789	700,174

21. SHORT TERM FINANCING- SECURED

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

This represents running musharkah 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:

Mark-up accrued on:		
- BankIslami Pakistan Limited -the Parent Company	69	110

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies:

23.1.1 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 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 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 company. Accordingly, no provisions has been made in these financial statements.

23.1.2 For tax year 2013, an amended assessment order has been passed under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue, raising a demand of Rs 17.39 million dated June 28, 2019. In pursuance of such order, company has filed an appeal before Commissioner Appeals which is pending for hearing.

23.2 Commitments:

The Company has entered into Ijarah arrangements for vehicles with BankIslami Pakistan Limited amounting to Rs 15 million. The aggregate amount of commitments against these arrangements are as follows:

Not later than one year	2,587	2,587
Later than one year but not later than 5 years	2,114	4,701
	4,701	7,288

24. OPERATING REVENUE

Gross revenue		
Brokerage	236,994	207,823
Subscription research income	467	3,999
Custody services	3,756	3,706
Less: sales tax on services	(27,751)	(24,795)
	213,466	190,733

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

Listed shares	11,149	13,519
Debt securities	283	938
	11,432	14,457

Note	2019	2018
	----- (Rupees in '000) -----	

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

Profit on bank deposits	79,316	42,456
Margin finance income	12,966	13,668
Others	182	190
	92,464	56,314

27. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	27.1	192,850	185,462
Training and development		40	211
Rent, rates and taxes		6,059	11,785
Insurance charges		934	1,148
Depreciation	27.2	14,735	8,367
Amortization of intangible assets		1,080	987
Repairs and maintenance		7,104	6,223
Power and utilities		13,069	12,588
Communication		14,402	14,702
Trading costs		13,215	12,882
Information technology related cost		8,859	10,222
Fees and subscription		7,218	7,326
Director fee		960	1,140
Printing and stationery		1,961	1,763
Papers and periodicals		122	90
Advertisement and business promotion		302	354
Sales and marketing		371	1,555
Travelling and conveyance		1,366	3,150
Entertainment		399	810
Brokerage expense		-	172
Legal and professional charges		6,044	3,511
Consultancy charges		-	525
Auditor's remuneration	27.3	1,055	1,370
Stamp charges		13	3
Kitchen expenses		1,950	2,016
Profit-paid to clients	27.4	14,761	6,845
Ijara rental		2,587	3,577
Debts written off		-	234
Long term deposits impairment		136	-
Others		230	-
		311,822	299,019

27.1 Salaries, allowances and benefits include company's contribution to provident fund amount to Rs 4.9 million (2018: Rs 6.4 million).

27.2 Depreciation

Property and equipment	7.1	7,929	8,295
Right-of-use assets	7.2	6,806	-
Investment properties		-	72
		14,735	8,367

27.3 Auditor's Remuneration

Statutory audit fee	613	548
Half-yearly review fee and other certifications	364	743
Out of pocket expenses	78	79
	1,055	1,370

27.4 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

2019

2018

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

28. FINANCE COST

Mark-up on:		
Long-term loan (the Parent Company)	22,675	14,980
Short-term loan (the Parent Company)	2,110	119
Asset subject to lease as per IFRS 16	1,423	-
Bank charges	313	327
	26,521	15,426

29. OTHER INCOME

Gain on disposal of property and equipment	7.1.1	1,603	1,362
Staff loan		183	127
Other		-	3,263
UIN fee rebate -PMEX		-	88
		1,786	4,840

30. TAXATION

Current			
for the year		6,669	17,165
for prior year		1,022	(1,172)
Deferred	12	(10,626)	(30,555)
		(2,935)	(14,562)

30.1 Income tax assessments of the Company have been finalized up to and including the tax year 2019 (income year ended December 31, 2018). Tax returns filed with the revenue authority are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 unless a return is selected for re-assessment by the revenue authority. The Commissioner of Inland Revenue may, at any time during a period of five years from the date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.

30.2 The numerical reconciliation between tax expense and accounting loss/ profit has not been presented for the current year and comparative year in these financial statements as the total income of the Company for the current and previous year attracted the provisions of minimum tax under section 113 of the Income tax Ordinance, 2001.

31. LOSS PER SHARE-BASIC AND DILUTED

31.1 Basic loss per share

Loss after taxation attributable to ordinary shareholders(Rs in '000')	(11,941)	(26,959)
Weighted average number of ordinary shares('000')	100,000	100,000
Loss per share	(0.12)	(0.27)

31.2 Diluted loss per share

Diluted loss per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2019 and December 31, 2018 which could have any effect on the basic loss 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:

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Managerial remuneration	12,815	-	53,118	9,621	-	33,696
Fee (note 32.2)	-	960	-	-	1,140	-
Travelling and boarding	-	-	-	-	-	-
Contribution to provident fund	408	-	1,189	377	-	1,347
	13,223	960	54,307	9,998	1,140	35,043
Number of persons	1	3	13	2	3	8

- 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;

	2019	2018
	----- (Rupees in '000) -----	
Managerial remuneration	12,101	9,426

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 and its key management personnel. The balances with related parties as at December 31, 2019 and December 31, 2018 and transactions with related parties during the year ended December 31, 2019 and December 31, 2018 are as follows

	2019					
	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
BALANCES						
Accrued mark-up	69	-	-	-	-	69
Bank balances	213,148	-	-	-	-	213,148
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	595	-	-	-	-	595
Long-term loan - secured	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	1,976	-	-	-	-	1,976
Liability against asset subject to lease	2,780	-	-	-	-	2,780
Trade debts	253	-	29	-	-	282
Trade payables	-	-	-	1,015	-	1,015

	2018					
	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
BALANCES						
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 - secured	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 - secured	100,000	-	-	-	-	100,000
Trade debts	66	-	1	-	-	67
Trade payables	-	1	117	24	-	142

	2019					
	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
TRANSACTIONS						
Income						
Brokerage income earned	898	-	-	17	2	917
Custody services	5	-	-	-	-	5
Profit on bank deposits	22,708	-	-	-	-	22,708
Expenses						
Bank charges	34	-	-	-	-	34
Charge in respect of contributory plan	-	-	-	508	4,420	4,928
Mark-up expense	24,785	-	-	-	-	24,785
Remuneration paid	-	-	-	16,399	-	16,399
Ijarah expense	2,587	-	-	-	-	2,587
Meeting fees	-	-	960	-	-	960
Other transactions						
Short term loan obtained	512,000	-	-	-	-	512,000
Short term loan repaid	612,000	-	-	-	-	612,000
Purchase of fixed assets	3,262	-	-	-	-	3,262
Rent paid	1,350	-	-	-	-	1,350

	2018					
	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	8,630	-	-	-	-	8,630
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
Reimbursement of expenses	-	2	-	-	-	2
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

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 32.

Note

2019

2018

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

34. PROVIDENT FUND RELATED DISCLOSURE

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

Size of the fund -Net assets	44,898	46,705
Cost of investments made	42,030	51,157
Percentage of investments made	95.67%	105.30%
Fair value of investments	42,956	49,183

34.1

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

	2019		2018	
	(Rs. in '000)	(%)	(Rs. in '000)	(%)
Government securities	38,448	89.51%	-	0.00%
Term deposits/saving accounts	4,508	10.49%	48,997	99.62%
Listed shares	-	0.00%	186	0.38%
	42,956	100.00%	49,183	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, 2019 and December 31, 2018 respectively are as follows:

Average number of employees during the year	145	151
Total number of employees as at year end	145	146

36. FINANCIAL INSTRUMENTS

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (interest/mark-up rate risk, 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 Factors

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. 0.87 million (2018: Rs. 2.91 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.340.6 million (2018: Rs. 465.2 million) [US dollars 2.2 million (2018: US dollars 3.35 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. 34.06 million (2018: Rs. 46.52 million) and 10% decrease in the exchange rate would result in decrease in comprehensive income of the Company by the same amount. 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 fair value through other comprehensive income. 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 (2018: Rs. NIL) and 10% of such increase or decrease would result in increase or decrease of unrealized gain on revaluation of investment at fair value through other comprehensive income by Rs. 2.01 million (2018: Rs 2.17) million.

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. 238.82 million (2018:Rs. 546.13 million) unutilized credit lines Rs. 445.3 million (2018: Rs. 1,050 million) and liquid assets in the form of short term securities Rs. Nil (2018: NIL).

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:

	2019				
	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	972,017	-	-	-	972,017
Short term loan	-	-	-	-	-
Accrued mark-up	69	-	-	-	69
	972,086	-	-	150,000	1,122,086
	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	697,188	-	-	-	697,188
Short term loan	100,000	-	-	-	100,000
Accrued mark-up	110	-	-	-	110
	797,088	-	-	150,000	947,298

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	2019	2018
----- (Rupees in '000) -----			
Trade debts	36.3.1	219,875	218,606
Bank balances	36.3.2	238,819	546,133
Long-term loans and advances		568	158
Long-term deposits and prepayments		22,233	22,963
Advances, deposits, prepayments and other receivables		867,941	420,073
		1,349,436	1,207,930

36.3.1 The aging analysis of trade debts are as follows:

Not past due
 Past due 15 day - 30 days
 Past due 31 days - 180 days
 Past due 181 days - 1 year
 More than one year

2019		2018	
Gross	Impairment	Gross	Impairment
----- (Rupees in '000) -----		----- (Rupees in '000) -----	
70,453	-	70,285	-
1,790	(1)	473	-
4,961	(101)	4,260	-
1,462	(107)	3,373	-
141,209	(68,910)	140,215	(96,618)
219,875	(69,119)	218,606	(96,618)

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

Rating (short-term) of Banks and Financial Institutions*

A-1
 A-1+

2019	2018
----- (Rupees in '000) -----	
213,147	217,474
25,672	328,659
238,819	546,133

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

36.4 Financial instruments by categories

Financial assets as per balance sheet	As at December 31, 2019				
	Asset at amortized cost	Asset at fair value through profit and loss	Loans and receivables	Asset at fair value through OCI	Other Financial Assets
----- (Rupees in '000) -----					
Long term investment	-	707	-	360,670	-
Long term deposits	-	-	-	-	22,233
Long term loans and advances	-	-	568	-	-
Short term investments	-	-	-	-	-
Trade debts	-	-	150,756	-	-
Advances, deposits and other receivables	-	-	867,941	-	-
Cash and bank balances	-	-	-	-	238,825
	-	707	1,019,265	360,670	261,057
					1,641,699

Financial liabilities as per balance sheet

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

As at December 31, 2019
Financial liabilities at amortized cost
----- (Rupees in '000) -----
150,000
972,017
69
1,122,086

Financial assets as per balance sheet	As at December 31, 2018					Total
	Asset at amortized cost	Asset at fair value through profit and loss	Loans and receivables	Asset at fair value through OCI	Other Financial Assets	
	----- (Rupees in '000) -----					
Long term investment	-	1,347	-	486,939	-	488,287
Long term deposits	-	-	-	-	22,963	22,963
Long term loans and advances	-	-	158	-	-	158
Short term investments	-	-	-	-	-	-
Trade debts	-	-	121,988	-	-	121,988
Advances, deposits and other receivables	-	-	420,073	-	-	420,073
Cash and bank balances	-	-	-	-	546,138	546,138
	-	1,347	542,219	486,939	569,100	1,599,606

Financial liabilities as per balance sheet	As at December 31, 2018	
	Financial liabilities at amortized cost	
	----- (Rupees in '000) -----	
Long-term loan		150,000
Trade and other payables		697,188
Short term loan		100,000
Accrued mark-up		110
		947,298

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, 2019 the Company held the following financial instruments measured at fair value:

	2019			
	Total	Level 1	Level 2	Level 3
----- (Rupees in '000) -----				
Investment 'at fair value through other comprehensive income	360,670	20,005	-	340,665

	2018			
	Total	Level 1	Level 2	Level 3
----- (Rupees in '000) -----				
Investment 'at fair value through other comprehensive income	486,939	21,752	-	465,187

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:

	2019	2018
----- (Rupees in '000) -----		
Opening balance	465,187	474,794
Unrealised loss on Investment 'at fair value through OCI	(124,522)	(9,607)
Provision for impairment	-	-
Closing balance	340,665	465,187

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

	2019	2018	2019	2018
	% 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%	6.54%	6,535,500	6,535,500
Mr. Mohammad Aslam Motiwala	7.45%	7.31%	7,452,500	7,314,500

39.2 During the year, Mr. Mohammed Aslam Motiwala acquired 138,000/- shares of the company.

39.3 As at December 31, 2019, the value of customer shares maintained with the company pledged with financial institution is Rs.206.56 million (December 31, 2018: Rs. 87.65 million).

39.4 As at December 31, 2019, the value of customer shares maintained with the company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs.14,269 million (December 31, 2018: Rs. 12,422 million).

Note	2019	2018
	----- (Rupees in '000) -----	

40. CAPITAL ADEQUACY LEVEL

Following is the Level of Capital Adequacy as required under clause 6.8.3 of CDC Regulations:

Total Assets	40.1	1,897,110	1,827,101
Less: Total Liabilities		(1,142,565)	(951,686)
Less: Revaluation Reserves (created upon Revaluation of fixed assets)		-	-
		754,545	875,415

40.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the company as at year ended December 31, 2019 as determined by Pakistan Stock Exchange has been considered.

41. NET CAPITAL BALANCE

Following is the net capital balance of the company:
Balance

214,038	261,925
---------	---------

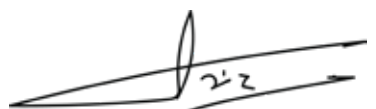
42. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Company on February 13 2020.

43. GENERAL

43.1 Corresponding figures have been rearranged and reclassified, wherever necessary.

43.2 Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer



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

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, 2019.

The consolidated financial results of the group for the year ended December 31, 2019, under review, are summarized as follows:

	2019	2018
	----- (Rupees in '000) -----	
Loss before taxation	(14,876)	(41,521)
Taxation	2,935	14,562
Loss after taxation	(11,941)	(26,959)
Dividend paid during the year	-	-
Un-appropriated loss brought forward	(445,791)	(418,832)
Transfer of reserve to accumulated loss	48,969	-
Un-appropriated loss carried forward	(408,763)	(445,791)
	----- (Rupees) -----	
Loss per share	(0.12)	(0.27)

Summary of changes in equity

The Group's loss after tax was PKR 11.941 Million, LPS 0.12 in CY19 as compare to loss after tax PKR 26.959 million, LPS 0.27 in CY18.

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.

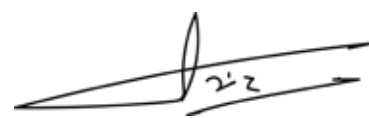
Pattern of Shareholding

The pattern of shareholding as at December 31, 2019 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 13, 2020

Independent Auditor's Report

To The Members



RSM Avas Hyder Liaquat Nauman
Chartered Accountants

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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, 2019 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows 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, 2019 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>Valuation of Trade Debts</p> <p>As referred to in note 4.1.5 to the financial statements, the Group has adopted IFRS9 with effect from 1 January 2019. The impact of adoption on the classification and carrying amount of the financial assets as at 1 January 2019 is disclosed in note 14.2 to the financial statements.</p> <p>Assessment of allowance for Expected Credit Loss (ECL) against trade debts requires significant judgment, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking macro-economic information.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and provision required;</p> <p>Considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimates;</p> <p>Testing the accuracy of the data on a sample basis extracted from the Group's accounting system which has been used to calculate the provision required including the subsequent recoveries ;and</p> <p>Assess the reasonableness of provision by recalculating on test basis.</p>

S. No.	Key Audit Matters	How the matter was addressed in our audit
2.	<p>Recognition and realization of deferred tax asset:</p> <p>As disclosed in note 12, the Group has recognized deferred tax asset amounting to Rs. 70.16 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>Our audit procedures, amongst others, included the following:</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 up to the date of our report that could affect the likelihood of realizing the future tax assets.</p>
3.	<p>Valuation of Al Jomaih Power Limited (AJPL).</p> <p>The Group's financial statements include a significant portion of fair value through OCI 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>Our audit procedures, amongst others, included the following:</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.</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.
- 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.

Chartered Accountants
Karachi

Dated: February 13, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

Note	2019	2018
	----- (Rupees in '000) -----	
ASSETS		
Non-current assets		
Property and equipment	7 52,409	39,472
Intangible assets	8 4,179	4,775
Long-term investments	9 360,670	486,939
Long-term loans and advances	10 568	158
Long-term deposits and prepayments	11 22,073	23,017
Deferred tax asset - net	12 70,159	66,276
	510,057	620,637
Current assets		
Short-term investments	13 -	-
Trade debts	14 150,756	121,988
Advances, deposits, prepayments and other receivables	15 872,173	424,369
Taxation - net	123,716	111,693
Cash and bank balances	16 239,702	547,522
	1,386,347	1,205,572
TOTAL ASSETS	1,896,404	1,826,209
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised Capital :		
200,000,000 (2018:200,000,000) Ordinary shares of Rs. 10 each	2,000,000	2,000,000
Issued, subscribed and paid-up capital	17 1,000,000	1,000,000
General reserve	18,752	18,752
Unrealised gain / (impairment loss) on re-measurement of 'investment at fair value through other comprehensive income	4.1.5 100,035	301,304
Accumulated loss	(365,392)	(445,791)
	753,395	874,265
Non-current liabilities		
Long-term financing - secured	18 150,000	150,000
Liability against asset subject to finance lease	19 9,889	-
Long-term financing - secured	159,889	150,000
Current liabilities		
Trade and other payables	20 975,233	700,432
Short term financing-secured	21 -	100,000
Current portion of liability against asset subject to finance lease	19 6,416	-
Unclaimed dividend	1,402	1,402
Accrued mark-up	22 69	110
	983,120	801,944
TOTAL EQUITY AND LIABILITIES	1,896,404	1,826,209
CONTINGENCIES AND COMMITMENTS	23	

The annexed notes from 1 to 43 form an integral part of these consolidated 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, 2019**

	Note	2019	2018
		----- (Rupees in '000) -----	
Operating revenue	24	213,466	190,733
Net gain on investments			
Gain on sale of investments 'at fair value through profit or loss'- net	25	11,432	14,457
Reversal of impairment on 'held for trading' investments	13.2	5,000	10,000
		16,432	24,457
Dividend income		-	84
Mark-up / profit on bank deposits and other receivables	26	92,497	56,351
		322,395	271,625
Operating and administrative expenses	27	(312,495)	(299,220)
Provision against doubtful debts-net	14.2	(41)	(3,340)
		(312,536)	(302,560)
Operating profit / (loss)		9,859	(30,935)
Finance cost	28	(26,521)	(15,426)
		(16,662)	(46,361)
Other income	29	1,786	4,840
Loss before taxation		(14,876)	(41,521)
Taxation	30	2,935	14,562
Loss after taxation		(11,941)	(26,959)
Other comprehensive loss for the year			
Unrealised loss arising on re-measurement of investment at fair value through other comprehensive income	9.1.6	(126,269)	(23,761)
Total comprehensive loss for the year		(138,210)	(50,720)
		----- (Rupees) -----	
Loss per share - basic and diluted	31	(0.12)	(0.27)

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

Note

2019

2018

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

CASH FLOW FROM OPERATING ACTIVITIES

Loss before taxation

(14,876)

(41,521)

Non-cash adjustments to reconcile loss before tax to net cash flows:

Depreciation

14,735

8,367

Amortization

1,080

987

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

(11,432)

(14,457)

Gain on sale of property and equipment

(1,603)

(1,362)

Reversal of impairment on 'held for trading' investments

(5,000)

(10,000)

Provision against doubtful debts-net

41

3,340

Provision for long term deposits

136

-

Finance cost

26,521

15,426

Dividend income

-

(84)

24,478

2,215

9,602

(39,306)

Working capital adjustments:

(Increase) / decrease in current assets

Trade debts

(1,269)

(8,057)

Advances, deposits, prepayments and other receivables

(451,219)

21,439

(452,488)

13,382

Increase / (Decrease) in current liabilities

Trade and other payables

273,985

(139,123)

(168,901)

(165,044)

Finance cost paid

(25,746)

(15,354)

Income tax paid

(19,713)

(35,045)

(214,360)

(215,445)

Net cash flows used in operating activities

CASH FLOW FROM INVESTING ACTIVITIES

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

16,432

176,484

Purchase of property and equipment

(7,731)

(5,841)

Purchase of intangible assets

(484)

(200)

Proceeds from disposal of property and equipment

6,630

1,910

Dividend received

-

84

14,847

172,437

Net cash flows generated from investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Long-term loans and advances

(410)

323

Liability against asset subject to lease

(8,663)

-

Long-term deposits and prepayments

766

(8,174)

(8,307)

(7,851)

Net cash flows used in financing activities

Net decrease in cash and cash equivalents

(207,820)

(50,860)

Cash and cash equivalents at the beginning of the year

447,522

498,382

Cash and cash equivalents at the end of the year

239,702

447,522

Cash and cash equivalents comprises of:

Cash and bank balances

239,702

547,522

Short term financing-secured

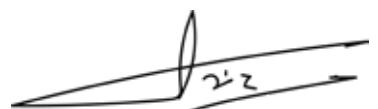
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(100,000)

239,702

447,522

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

	Share Capital	General Reserve	Accumulated Loss	Unrealised gain / (impairment loss) on re-measurement of 'investment at fair value through other comprehensive income	Total
	----- (Rupees in '000) -----				
Balance as at January 01, 2017	1,000,000	18,752	(418,832)	325,065	924,985
Total comprehensive loss for the year	-	-	(26,959)	(23,761)	(50,720)
Balance as at December 31, 2018 (As previously reported)	1,000,000	18,752	(445,791)	301,304	874,265
Reclassification of impairment loss due to initial application of IFRS-9 (Note 4.1.5)	-	-	75,000	(75,000)	-
Adjustment of initial application of IFRS-9 (net of tax) (Note 4.1.5)	-	-	17,340	-	17,340
Adjusted Balance as at January 01, 2019	1,000,000	18,752	(353,451)	226,304	891,605
Total comprehensive loss for the year	-	-	(11,941)	(126,269)	(138,210)
Balance as at December 31, 2019	1,000,000	18,752	(365,392)	100,035	753,395


The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 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 Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.
- Office # 313, ISE Tower, 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. 13D, KDA Scheme 24, Main University Road, Karachi.
- Room No 93-95, 2nd floor, 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, Shahab Pura Road, Sialkot.
- Ground Floor, State Life Building, Abdali Road, Multan.
- Plot # 24, City Park Chowk, Model Town, Rahim Yar Khan.

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

The ultimate parent company has released public information on April 24, 2019 pertaining to BIPL Securities Limited, (in which board of parent had authorized the bank to explore and evaluate the strategic option including divestment of shares held in BIPL Securities Limited).

- 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 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 these consolidated 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 Company as at December 31, 2019 is equivalent to the realizable value.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the group for the year ended December 31, 2019 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.

2.2 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 5.4 below.

2.3 Functional and presentation currency.

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

2.4 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.

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 Amendments to approved accounting standards effective during the year ended December 31, 2019;

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Group. However, since such updates (except for those disclosed in note 4 to these financial statements) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

3.2 New / revised accounting standards, amendments to published accounting standards, and 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:

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2020) 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 management is in process of analyzing the potential impacts on the adoption of this interpretation.

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2020). 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.

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 2020). 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 2020). 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.

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of amendment is not likely to have an impact on Group's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

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 2020 and are not likely to have an impact on consolidated financial statements."

4. INITIAL APPLICATION OF IFRS 9 AND IFRS 16

4.1 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The said standard has been adopted by SECP and effective for companies with reporting periods ending on or after 30 June 2019.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

4.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost; Fair Value through Other Comprehensive Income (FVOCI); or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is both, to hold assets to collect contractual cash flows and selling the financial asset; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI i.e. FVOCI. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method. Foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Business model assessment:

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Group's existing financial assets at the date of the initial application of IFRS 9 on 1 January 2019 have been reviewed and assessed, and as a result:

- the Group's trade receivables and other receivables portfolio meeting the required criteria have been classified as financial assets at amortised cost;
- the Group's investment in equity instruments that are held for trading meeting the required criteria have been designated as fair value through profit and loss (FVTPL);
- the Group has made an irrevocable election for investments in equity instruments that are not held for trading to be designated as fair value through other comprehensive income (FVOCI);

4.1.2. Classification and measurement of financial liabilities:

Financial liabilities previously measured at amortised cost under IAS 39 have been classified and measured under IFRS 9 at amortised cost. There have been no changes in the classification and measurement of financial liabilities on the adoption of IFRS 9.

4.1.3. Impairment of financial assets

The standard introduces a new single model for the measurement of impairment losses on all financial assets including financing and investments measured at amortized cost or at fair value through OCI. The IFRS 9 expected credit loss (ECL) model replaces the current "incurred loss" model of IAS 39.

The ECL model applies to trade receivables, debt instruments accounted for at amortised cost or at FVTOCI, most loan commitments, financial guarantee contracts, and lease receivables under IFRS 16 Leases.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECL is based on the 12-month ECL. The ECL model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

4.1.4. Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable.

The time value of an option, any forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument designation and can be accounted for as costs of hedging. More designations of Company's of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 has had no impact on the hedge accounting as the Company does not have any hedge instruments.

4.1.5. Transition impact

In line with IFRS 9 transition provisions, the Group has elected to record any adjustment to its opening 1 January 2019 retained earnings to reflect the application of the new requirements of classification and measurement, and impairment at the date of adoption without restating comparative information.

For classification and measurement, the combined application of the contractual cash flow characteristics and business model tests as at 1 January 2019 is expected to result in certain differences in the classification of financial assets when compared to our current classification under IAS 39.

For impairment, the application of ECL model is expected to result in loss allowance as at 1 January 2019 which is lower than provision for doubtful debt as at 31 December 2018.

The impact of the adoption on the opening retained earnings, that relates solely to the new impairment requirements, at the beginning of the current year (1 January 2019) is as follows:

	Carrying Amount - Rs in 000s		Provision - Rs in 000s		
	IAS 39	IFRS 9	IAS 39	IFRS 9	Impact on Retained Earning
Long-term deposits	22,963	22,963	-	(42)	(42)
Trade debts	218,606	218,606	(96,618)	(69,078)	27,540
Short term deposits	327,230	327,230	-	(2,100)	(2,100)
Short term other receivables	86,389	86,389	-	(1,315)	(1,315)
					24,083
Tax adjustment (28%)					6,743
Net impact					17,340
Reclassification of impairment loss due to initial application of IFRS-9 of New Horizon Exploration and Production Limited					
					Rs in '000
Accumulated loss					75,000
Unrealized gain/ impairment					(75,000)
Net Impact on Equity					-

The following table reconciles and explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the class of the Group's financial assets as at 1 January 2019.

	Classification		Carrying Amount - Rs in 000s	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Pakistan Stock Exchange Ltd	AFS	FVOCI	21,752	21,752
Al Jomaih Power Ltd	AFS	FVOCI	465,187	465,187
New Horizon Exploration and Production Limited	AFS	FVOCI	-	-
Long term loan to employees	Loan and receivables	Ammortized cost	158	158
Current portion of loan to employees	Loan and receivables	Ammortized cost	998	998
Long-term deposits	Loan and receivables	Ammortized cost	22,963	22,963
Short term investments-listed shares	HFT	FVTPL	-	-
Trade debts	Loan and receivables	Ammortized cost	218,606	218,606
Short term deposits	Loan and receivables	Ammortized cost	327,230	327,230
Short term other receivables	Loan and receivables	Ammortized cost	86,389	86,389

4.1.6 Financial assets

Non-Derivative Financial Assets

From 1 January 2019, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group initially recognises financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

The Group has the following non-derivative financial assets.

Financial Assets at Amortized Cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the profit and loss account when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial Assets at fair value through other comprehensive income (FVOCI)

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the profit and loss account. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. When the financial asset, other than equity instrument, is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / expense.

Financial assets at fair value through profit or loss (FVTPL)

Equity investments that are held for trading are classified as investments at FVTPL are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

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.

Derivatives

Derivative instruments held by the group 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 period reported on the primary exchange of the future 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 Financial Reporting Standard (IFRS) '9: Financial Instruments'. Consequently hedge accounting is not being applied by the company.

Impairment

Non-Derivative Financial Assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI. For accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, receivables have been companyed based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. Other financial assets such as employees' receivables and bank balances have low credit risk and the impact of applying ECL is immaterial.

Non-Financial Assets

The carrying amount of non-financial 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.

Trade and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost and are recognized at fair value and subsequently measured at amortised cost. A provision for impairment based on forward-looking expected credit losses in trade and other receivables is made.

4.2 IFRS 16 Leases

During the current year, the Group have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes 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". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group has lease contracts for its head office and various branches. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'Short term deposits and prepayments' and 'Creditors, accrued expenses and other liabilities', respectively.

Upon adoption of IFRS 16, the Group initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The Group has adopted modified retrospective approach for transition to IFRS 16, accordingly the Group elected not to restate the comparative figures and not to adjust the opening unappropriated profit.

The Group also applied the available practical expedients wherein it:

Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
 Relied on its assessment of whether leases are onerous immediately before the date of initial application.
 Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Summary of new accounting policies in respect of adoption of IFRS 16

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of one to three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of Group's branches due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on operations if a replacement is not readily available.

The overall impact of the initial application of IFRS 16 on these financial statements is summarised below:

Right of Use (RoU) assets recognised as Fixed assets - increased by Rs. 5.5 million as at Jan 01, 2019.

Lease liabilities recognised as Liabilities subject to finance lease - increased by Rs. 4.6 million as at Jan 01, 2019.

Profit after tax for the year ended December 31, 2019 decreased by Rs. 0.65 million.

Had this standard not been applied, assets and liabilities would have been lower by Rs. 18.2 million and Rs. 16.3 million respectively. Rent expense would have been higher by Rs. 7.3 million and depreciation charge and finance cost on lease liability would have been lower by Rs. 6.8 million and Rs. 1.42 million respectively.

The Group has obtained ijarah financing of vehicles as a lessee under IFAS-2, therefore company has not adopted IFRS-16 on such financing.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 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.

5.2 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.

5.3 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.

5.4 Financial assets

5.4.1 Investments

Investments are carried out as per IFRS-9 Financial Instruments as disclosed in note no. 4.1.

5.4.2 Derivatives

Derivatives are carried out as per IFRS-9 Financial Instruments as disclosed in note no. 4.1.

5.4.3 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.

5.5 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.

5.6 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.

5.7 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.

5.8. 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.

5.9. 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.

5.10. Dividend distributions and appropriations

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

5.11. 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 5% from May 01, 2019 (2018:8.33%) 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 accumulated but not encashable.

5.12. 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.

5.13. 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.

5.14. 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.

5.15 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.

5.16. 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.

5.17. 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.

6. 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	5.1 to 5.3, 7 & 8
Classification of investments	5.4.1, 9 & 13
Provision for doubtful debts	5.14 & 14.2
Deferred taxation and taxation	5.9, 12 & 30

7. PROPERTY AND EQUIPMENT

	Note	2019	2018
----- (Rupees in '000) -----			
Operating fixed assets	7.1	34,247	39,472
Right-of-use assets	7.2	18,162	-
		52,409	39,472

7.1 OPERATING FIXED ASSETS

As at December 31, 2019

	Office premises-lease hold (Note 19)	Furniture and Fixtures	Computers and Office Equipment	Motor vehicles	Total
	(Rupees in '000)				
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
Net book value at the beginning of the year	16,344	3,245	19,336	547	39,472
Changes during the year					
Additions during the year	-	418	1,992	5,321	7,731
Disposals during the year					
- Cost	-	-	(1,265)	(5,321)	(6,586)
- Depreciation	-	-	1,265	294	1,559
	-	-	-	(5,027)	(5,027)
Depreciation charge for the year	(1,883)	(733)	(5,019)	(294)	(7,929)
	(1,883)	(315)	(3,027)	-	(5,225)
Net book value at the end of the year	14,461	2,930	16,309	547	34,247
Analysis of net book value					
Cost	46,095	25,854	106,023	2,736	180,708
Accumulated depreciation	(31,634)	(22,924)	(89,714)	(2,189)	(146,461)
Net book value as at December 31, 2019	14,461	2,930	16,309	547	34,247
Depreciation rate (% per annum)	5	10	20-45	20	

As at December 31, 2018

	Office premises-lease hold (Note 19)	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)
Net book value at the beginning of the year	13,161	3,120	19,822	1,377	37,480
Changes during the year					
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
	-	-	(46)	(502)	(548)
Transfer from investment properties during the year					
- Cost	5,804	-	-	-	5,804
- Depreciation	(810)	-	-	-	(810)
	4,994	-	-	-	4,994
Depreciation charge for the year	(1,811)	(686)	(5,470)	(328)	(8,295)
	3,183	125	(486)	(830)	1,992
Net book value at the end of the year	16,344	3,245	19,336	547	39,472
Analysis of net book value					
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
Net book value as at December 31, 2018	16,344	3,245	19,336	547	39,472
Depreciation rate (% per annum)	5	10	20-45	20	

7.1.1 Disposal of Property and Equipment

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

As at December 31, 2019

	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (Loss)	Particular of Buyers	Mode of Disposal
----- (Rupees in '000) -----							
Book value more than Rs. 500,000/-							
Vehicles							
Audi A3	3,262	123	3,139	4,280	1,141	Auto Mall	Sale
Honda City	2,059	171	1,888	2,300	412	Zeeshan Hassan	Sale
	5,321	294	5,027	6,580	1,553		
Book value less than Rs. 500,000/-							
Computer and office equipment	1,265	1,265	-	50	50	Shahid Ahmed	Sale
Total	6,586	1,559	5,027	6,630	1,603		

As at December 31, 2018

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

7.2 RIGHT-OF-USE ASSETS

Note

2019

2018

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

Opening balance
 Additions during the year-net
 Depreciation for the year
 Closing balance

4.2

-

-

24,968

-

(6,806)

-

18,162

-

8 INTANGIBLE ASSETS

As at December 31, 2019

	Computer software	Membership of PMEX	Booths at PSX	License and Trademark	TREC - PSX (Note 8.1 and 8.2)	Total
----- (Rupees in '000) -----						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
Net book value at the beginning of the year	853	750	950	872	1,350	4,775
Addition during the year	133	-	-	351	-	484
Amortization for the year	(557)	-	-	(523)	-	(1,080)
Net book value at the end of the year	429	750	950	700	1,350	4,179
Analysis of Net Book Value						
Cost	12,650	750	950	1,223	1,350	16,923
Accumulated amortization	(12,221)	-	-	(523)	-	(12,744)
Net book value as at December 31, 2019	429	750	950	700	1,350	4,179
Amortization rate (% per annum)	33.33	-	-	0-33.33	-	

As at December 31, 2018

	Computer software	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)
Net book value at the beginning of the year	1,640	750	950	872	1,350	5,562
Addition during the year	200	-	-	-	-	200
Amortization for the year	(987)	-	-	-	-	(987)
Net book value at the end of the year	853	750	950	872	1,350	4,775
Analysis of Net Book Value						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
Net book value as at December 31, 2018	853	750	950	872	1,350	4,775
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 (TREC) 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 are kept in the blocked account and the divestment of the same had to be 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 9.1.2 to these consolidated 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. LONG TERM INVESTMENTS

	Note	2019	2018
		----- (Rupees in '000) -----	
At fair value through Other Comprehensive Income	9.1	360,670	486,939

9.1. Description of investment 'at fair value through Other Comprehensive Income

2019	2018	Name of the Investee Company	Note	2019		2018	
Number of Shares				Cost	Carrying Value	Cost	Carrying Value
----- (Rupees in '000) -----							
Quoted shares							
1,602,953	1,602,953	Pakistan Stock Exchange Limited	9.1.1-9.1.3 & 9.1.6	1,438	20,005	1,438	21,752
Unquoted shares							
3,370	3,370	Al Jomaih Power Limited	9.1.4 & 9.1.6	184,197	340,665	184,197	465,187
		New Horizon Exploration and Production Limited					
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	9.1.5	(75,000)	-	(75,000)	-
				-	-	-	-
				185,635	360,670	185,635	486,939

9.1.1 This represents 1,602,953 shares having a market value of Rs 12.48 per share as at December 31, 2019 (December 31, 2018: 13.57 per share).

9.1.2 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 Holding 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.

9.1.3 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 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.

Further, the holding company has pledged 1,602,500 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.

9.1.4 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, 2019. 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 is Rs 184.19mn (2018: 184.19mn).

9.1.5 In year 2015, the group's management recorded impairment of its investment in New Horizon Exploration and Production Limited (NHEPL) in accordance with IAS-36 which was again tested for impairment as required by IFRS 9 adopted by the Group on January 01, 2019. 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. 75 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	2019	2018
------(Rupees in '000)-----			
9.1.6 Unrealized loss on investment 'at fair value through Other Comprehensive Income			
Pakistan Stock Exchange Limited	9.1.1- 9.1.3	(1,747)	(14,154)
Al Jomaih Power Limited	9.1.4	(124,522)	(9,607)
		(126,269)	(23,761)

10. LONG-TERM LOANS AND ADVANCES - Considered Good

Loans and advances to:

Employees		2,063	1,156
Executives		-	-
	10.1	2,063	1,156
	15	(1,495)	(998)
Current maturity shown in current assets		568	158

10.1 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% (2018: 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.

11. LONG-TERM DEPOSITS AND PREPAYMENTS

Deposits with:

- Pakistan Stock Exchange Limited (PSX)	11.1	15,312	15,512
- Central Depository Company of Pakistan Limited (CDC)		550	1,650
- National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
- Pakistan Mercantile Exchange Limited (PMEX)		200	200
- Rent deposits		2,103	1,533
- Ijarah deposits		1,462	1,462
- Others		106	106
		22,233	22,963

Prepayments

- Impact of expected credit loss	11.2	18	54
		22,251	23,017
		(178)	-
		22,073	23,017

11.1 This includes amount of Rs 15.3 million (2018: 15.5 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.

11.2 Impact of expected credit loss

- Rent deposits	178	-
-----------------	-----	---

12. DEFERRED TAX ASSET - NET

Deductible temporary differences arising from:

Deferred tax asset at the beginning of the year	66,276	35,721
Addition for the year	3,883	30,555
	70,159	66,276

Taxable temporary differences arising due to:

-accelerated tax depreciation	(13)	-
-liability against asset subject to finance lease	(538)	-
	(551)	-

Deductible temporary differences arising due to:

-carry forward of tax losses	44,376	35,653
-accelerated tax depreciation	-	389
-carry forward of minimum tax	5,248	3,181
-provision for doubtful debts	21,086	27,053
	70,710	66,276
	70,159	66,276

13. SHORT-TERM INVESTMENTS

'At fair value through profit or loss'

- Listed shares
- Term finance certificates

13.1 Term Finance Certificates

2019	2018
------	------

Number of Certificates	Name of the Investee Company
	Pace Pakistan Ltd.
	(Face value Rs. 5,000/- each)
6,000	Opening
2,000	Less: sold during the year
	Closing
	Less: Impairment
4,000	6,000

13.2 Impairment

Opening balance
Less: reversal of impairment due to sale
Impairment written off

14. TRADE DEBTS

Receivable against purchase of marketable securities - net of provisions
Receivable from NCCPL
Inter-bank brokerage

14.1 Considered good

Secured
Unsecured

Considered doubtful

Less: Provision for doubtful debts

14.2 Reconciliation of provisions against trade debts

Opening balance
Provision for the year
Write off during the year
Impact of IFRS 9 (Note 4.1.5)
Reversal during the year

Note

2019

2018

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

13.1

-	-
-	-
-	-

13.2

27,221	45,369
(9,074)	(18,148)
18,147	27,221
(18,147)	(27,221)
-	-

27,221	45,369
(5,000)	(10,000)
(4,074)	(8,148)
18,147	27,221

14.1

90,454	78,155
54,060	40,638
6,242	3,195
150,756	121,988

14.2

90,454	70,966
-	7,189
90,454	78,155
69,119	96,618
(69,119)	(96,618)
90,454	78,155

96,618	94,395
1,106	3,390
-	(1,117)
(27,540)	-
(1,065)	(50)
(27,499)	2,223
69,119	96,618

15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to:

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

Note	2019	2018
----- (Rupees in '000) -----		
10	- 1,495 1,495	5,456 998 6,454
15.1	771,751 3,128 2,100	322,046 3,084 2,100
15.3	(2,100)	-
	774,879	327,230
	- 1,581 376 2,272 4,229	1,967 231 461 1,633 4,292
15.2	4,846 5,797 76,221 6,021 (1,315)	4,318 778 75,286 6,011 -
15.3	(1,315)	-
	91,570	86,393
	872,173	424,369

Deposits:

Exposure deposit with -NCCPL
Exposure deposit with -PMEX
Others
-Impact of expected credit loss

Prepayments:

Rent
Insurance
Software development and maintenance
Others

Other receivables:

Profit on bank deposits
Profit on exposure deposit with -NCCPL
Receivable against margin finance
Others
-Impact of expected credit loss

15.1 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 by holding company. These DSCs carry yield of 7.34% per annum and will mature in August 2026 (December 31, 2018: 7.34%).

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

15.3 Impact of expected credit loss

Deposits
Other receivables

2,100	-
1,315	-
3,415	-

16. CASH AND BANK BALANCES

Company accounts

Current accounts
Saving accounts

Client accounts

Current accounts
Saving accounts

Cash in hand
Stamps in hand

16.1	1,339 131,715 133,054	6,064 121,600 127,664
16.1	1 106,641 106,642	10 419,820 419,830
16.2	239,696 - 6	547,494 - 5
	239,702	547,522

16.1 These carry profit at rates ranging from 3% to 12.75% (2018: 2.6% to 9%) per annum.

16.2 This includes Rs 214.02 million (December 31, 2018: Rs 218.83 million) with BankIslami Pakistan Limited (the Parent Company).

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
Number of Shares				
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

18. LONG-TERM FINANCING - SECURED

Loan from financial institution

150,000	150,000
---------	---------

- 18.1 This represents long-term financing obtained by holding company from the Ultimate Parent Company (BIPL) on December 31, 2015. The financing 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 was 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 till the date of bullet payment. The said financing has been rescheduled according to which company will pay off the financing as a bullet payment in December 2023, keeping other terms and conditions same.

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2019	2018
----- (Rupees in '000) -----			
Opening		-	-
Additions during the year		24,968	-
Payments made during the year		(8,663)	-
	4.2	16,305	-
Transferred to current maturity		(6,416)	-
Closing balance		9,889	-

- 19.1 The future minimum lease payments to which the company is committed to is as follows:

	Not later than one year	Later than one year not later than five years
As at December 31, 2019		
Principal	6,416	9,889
Finance charges allocated to future years	2,010	1,020
	8,426	10,909

20. TRADE AND OTHER PAYABLES

Trade creditors	929,209	625,426
Payable to NCCPL	168	43,269
Accrued expenses	39,456	26,481
Withholding tax	2,754	2,985
Under Finance lease	816	-
Others	2,830	2,271
	975,233	700,432

21. SHORT TERM FINANCING- SECURED

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

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.

22. ACCRUED MARK-UP:

Mark-up accrued on:		
- BankIslami Pakistan Limited -the Parent Company	69	110

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies:

- 23.1.1 The income tax authorities substitute Section 5A of Income Tax Ordinance 2001 through Finance Act 2017 which requires holding 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 of holding company 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.

- 23.1.2 For tax year 2013, an amended assessment order has been passed against holding company under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue, raising a demand of Rs 17.39 million dated June 28, 2019. In pursuance of such order, holding company has filed an appeal before Commissioner Appeals which is pending for hearing.

23.2 Commitments:

The holding company has entered into Ijarah arrangements for vehicles with BankIslami Pakistan Limited amounting to Rs 15 million. The aggregate amount of commitments against these arrangements are as follows:

Not later than one year	2,587	2,587
Later than one year but not later than 5 years	2,114	4,701
	4,701	7,288

24. OPERATING REVENUE

Gross revenue		
Brokerage	236,994	207,823
Subscription research income	467	3,999
Custody services	3,756	3,706
Less: sales tax on services	(27,751)	(24,795)
	213,466	190,733

Note

2019

2018

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

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

Listed shares	11,149	13,519
Debt securities	283	938
	11,432	14,457

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

Profit on bank deposits	79,349	42,493
Margin finance income	12,966	13,668
Others	182	190
	92,497	56,351

27. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	27.1	192,850	185,462
Training and development		40	211
Rent, rates and taxes		6,161	11,785
Insurance charges		934	1,148
Depreciation	27.2	14,735	8,367
Amortization of intangible assets		1,080	987
Repairs and maintenance		7,104	6,223
Power and utilities		13,069	12,588
Communication		14,402	14,702
Trading costs		13,215	12,882
Information technology related cost		8,859	10,222
Fees and subscription		7,227	7,332
Director fee		960	1,140
Printing and stationery		1,961	1,763
Papers and periodicals		122	90
Advertisement and business promotion		302	354
Sales and marketing		371	1,555
Travelling and conveyance		1,366	3,150
Entertainment		399	810
Brokerage expense		-	172
Legal and professional charges		6,540	3,647
Consultancy charges		-	525
Auditor's remuneration	27.3	1,114	1,429
Stamp charges		13	3
Kitchen expenses		1,950	2,016
Profit -paid to clients	27.4	14,761	6,845
Ijara rental		2,587	3,577
Bad debts written off		-	234
Long term deposits impairment		136	-
Others		237	-
		312,495	299,220

27.1 Salaries, allowances and benefits include company's contribution to provident fund amount to Rs 4.9 million (2018: Rs 6.4 million).

27.2 Depreciation

Property and equipment	7.1	7,929	8,295
Right-of-use assets	7.2	6,806	-
Investment properties		-	72
		14,735	8,367

27.3 Auditor's Remuneration

Statutory audit fee	672	607
Half-yearly review fee and other certifications	364	743
Out of pocket expenses	78	79
	1,114	1,429

27.4 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

2019

2018

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

28. FINANCE COST

Mark-up on:

Long-term loan (the Parent Company)

22,675

14,980

Short-term loan (the Parent Company)

2,110

119

Asset subject to lease as per IFRS 16

1,423

-

Bank charges

313

327

26,521

15,426

29. OTHER INCOME

Gain on disposal of property and equipment

7.1.1

1,603

1,362

Staff loan

183

127

Other

-

3,263

UIN fee rebate -PMEX

-

88

1,786

4,840

30. TAXATION

Current

for the year

6,669

17,165

for prior year

1,022

(1,172)

Deferred

(10,626)

(30,555)

12

(2,935)

(14,562)

30.1 Income tax assessments of the holding company have been finalized up to and including the tax year 2019 (income year ended December 31, 2018). Tax returns filed with the revenue authority are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 unless a return is selected for re-assessment by the revenue authority. The Commissioner of Inland Revenue may, at any time during a period of five years from the date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.

30.2 The numerical reconciliation between tax expense and accounting loss/ profit has not been presented for the current year and comparative year in these financial statements as the total income of the group for the current and previous year attracted the provisions of minimum tax under section 113 of the Income tax Ordinance, 2001.

31. LOSS PER SHARE-BASIC AND DILUTED

31.1 Basic loss per share

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

(11,941)

(26,959)

Weighted average number of ordinary shares('000')

100,000

100,000

Loss per share

(0.12)

(0.27)

31.2 Diluted loss per share

Diluted loss per share has not been presented as the group did not have any convertible instruments in issue as at December 31, 2019 and December 31, 2018 which could have any effect on the basic loss 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:

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Managerial remuneration	12,815	-	53,118	9,621	-	33,696
Fee (note 32.2)	-	960	-	-	1,140	-
Travelling and boarding	-	-	-	-	-	-
Contribution to provident fund	408	-	1,189	377	-	1,347
	13,223	960	54,307	9,998	1,140	35,043
Number of persons	1	3	13	2	3	8

- 32.1 Certain executives of the holding 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 holding 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 holding company;

	2019	2018
	----- (Rupees in '000) -----	
Managerial remuneration	12,101	9,426

33. 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 and its key management personnel. The balances with related parties as at December 31, 2019 and December 31, 2018 and transactions with related parties during the year ended December 31, 2019 and December 31, 2018 are as follows

	2019					
	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
BALANCES						
Accrued mark-up	69	-	-	-	-	69
Bank balances	214,025	-	-	-	-	214,025
Ijarah deposits	1,462	-	-	-	-	1,462
Ijarah rental payable	595	-	-	-	-	595
Long-term loan - secured	150,000	-	-	-	-	150,000
Profit receivable on bank deposit	1,979	-	-	-	-	1,979
Liability against asset subject to lease	2,780	-	-	-	-	2,780
Trade debts	253	-	29	-	-	282
Trade payables	-	-	-	1,015	-	1,015

	2018					
	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
	----- (Rupees in '000) -----					
BALANCES						
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 - secured	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 - secured	100,000	-	-	-	-	100,000
Trade debts	66	-	1	-	-	67
Trade payables	-	1	117	24	-	142

2019						
	Parent Company	Subsidiary/ Associates	Directors	Key Management Personnel	Others	Total
----- (Rupees in '000) -----						
TRANSACTIONS						
Income						
Brokerage income earned	898	-	-	17	2	917
Custody services	5	-	-	-	-	5
Profit on bank deposits	22,741	-	-	-	-	22,741
Expenses						
Bank charges	34	-	-	-	-	34
Charge in respect of contributory plan	-	-	-	508	4,420	4,928
Mark-up expense	24,785	-	-	-	-	24,785
Remuneration paid	-	-	-	16,399	-	16,399
Ijarah expense	2,587	-	-	-	-	2,587
Meeting fees	-	-	960	-	-	960
Other transactions						
Short term loan obtained	512,000	-	-	-	-	512,000
Short term loan repaid	612,000	-	-	-	-	612,000
Purchase of fixed assets	3,262	-	-	-	-	3,262
Rent paid	1,350	-	-	-	-	1,350

	2018					
	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

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives of holding company who are key management personnel are disclosed in note 32.

Note

2019

2018

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

34. PROVIDENT FUND RELATED DISCLOSURE

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

Size of the fund -Net assets		44,898	46,705
Cost of investments made		42,030	51,157
Percentage of investments made		95.67%	105.30%
Fair value of investments	34.1	42,956	49,183

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

	2019		2018	
	(Rs. in '000)	(%)	(Rs. in '000)	(%)
Government securities	38,448	89.51%	-	0.00%
Term deposits/saving accounts	4,508	10.49%	48,997	99.62%
Listed shares	-	0.00%	186	0.38%
	42,956	100.00%	49,183	100.00%

The investments out of provident fund of holding company 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, 2019 and December 31, 2018 respectively are as follows:

	2019		2018	
	-----Number-----			
Average number of employees during the year	145		151	
Total number of employees as at year end	145		146	

36. FINANCIAL INSTRUMENTS

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (interest/mark-up rate risk, 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.

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 group'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 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 financial statements.

Management of the Holding Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Holding Company's total comprehensive income by Rs. 0.87 million (2018: Rs. 2.91 million) and a 1% decrease would result in decrease in the Holding 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 Holding 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.340.6 million (2018: Rs. 465.2 million) [US dollars 2.2 million (2018: US dollars 3.35 million)].

Management of the Holding Company estimates that 10% increase in the exchange rate between US dollars and Pak Rupees will increase the comprehensive income of the Holding Company by Rs. 34.06 million (2018: Rs. 46.52 million) and 10% decrease in the exchange rate would result in decrease in comprehensive income of the Company by the same amount. 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 Holding Company is exposed to price risk because of investments held by the Holding Company and classified on the balance sheet as investments at fair value through profit or loss and fair value through other comprehensive income. 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 Holding Company's profit by Rs. NIL (2018: Rs. NIL) and 10% of such increase or decrease would result in increase or decrease of unrealized gain on revaluation of investment at fair value through other comprehensive income by Rs. 2.01 million (2018: Rs 2.17) million.

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 Holding Company 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 Company has cash and bank balance Rs. 239.69 million (2018:Rs. 547.49 million) unutilized credit lines Rs. 445.3 million (2018: Rs. 1,050 million) and liquid assets in the form of short term securities Rs. Nil (2018: NIL).

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:

	2019			
	On Demand	Upto Three Months	More than Three Months upto one year	More than one year
	----- (Rupees in '000) -----			
Long-term loan	-	-	-	150,000
Trade and other payables	972,461	-	-	-
Short term loan	-	-	-	-
Accrued mark-up	69	-	-	-
	972,530	-	-	150,000
	1,122,530			
	2018			
	On Demand	Upto Three Months	More than Three Months upto one year	More than one year
	----- (Rupees in '000) -----			
Long-term loan	-	-	-	150,000
Trade and other payables	697,446	-	-	-
Short term loan	100,000	-	-	-
Accrued mark-up	110	-	-	-
	797,556	-	-	150,000
	947,556			

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 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	2019	2018
		----- (Rupees in '000) -----	
Trade debts	36.3.1	219,875	218,606
Bank balances	36.3.2	239,696	547,494
Long-term loans and advances		568	158
Long-term deposits and prepayments		22,233	22,963
Advances, deposits, prepayments and other receivables		867,944	420,077
		1,350,316	1,209,298

36.3.1 The aging analysis of trade debts are as follows:

	2019		2018	
	Gross	Impairment	Gross	Impairment
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Not past due	70,453	-	70,285	-
Past due 15 day - 30 days	1,790	(1)	473	-
Past due 31 days - 180 days	4,961	(101)	4,260	-
Past due 181 days - 1 year	1,462	(107)	3,373	-
More than one year	141,209	(68,910)	140,215	(96,618)
	219,875	(69,119)	218,606	(96,618)

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

	2019	2018
	----- (Rupees in '000) -----	
Rating (short-term) of Banks and Financial Institutions*		
A-1	214,024	218,535
A-1+	25,672	328,659
	239,696	547,494

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

36.4 Financial instruments by categories

	As at December 31, 2019					
Financial assets as per balance sheet	Asset at amortized cost	Asset at fair value through profit and loss	Loans and recievables	Asset at fair value through OCI	Other Financial Assets	Total
	----- (Rupees in '000) -----					
Long term investment	-	-	-	360,670	-	360,670
Long term deposits	-	-	-	-	22,233	22,233
Long term loans and advances	-	-	568	-	-	568
Short term investments	-	-	-	-	-	-
Trade debts	-	-	150,756	-	-	150,756
Advances, deposits and other receivables	-	-	867,944	-	-	867,944
Cash and bank balances	-	-	-	-	239,702	239,702
	-	-	1,019,268	360,670	261,935	1,641,873

	As at December 31, 2019
Financial liabilities as per balance sheet	Financial liabilities at amortized cost
	----- (Rupees in '000) -----
Long-term loan	150,000
Trade and other payables	972,461
Accrued mark-up	69
	1,122,530

Financial assets as per balance sheet	As at December 31, 2018					Total
	Asset at amortized cost	Asset at fair value through profit and loss	Loans and receivables	Asset at fair value through OCI	Other Financial Assets	
	----- (Rupees in '000) -----					
Long term investment	-	-	-	486,939	-	486,939
Long term deposits	-	-	-	-	22,963	22,963
Long term loans and advances	-	-	158	-	-	158
Short term investments	-	-	-	-	-	-
Trade debts	-	-	121,988	-	-	121,988
Advances, deposits and other receivables	-	-	420,077	-	-	420,073
Cash and bank balances	-	-	-	-	547,522	547,522
	-	-	542,223	486,939	570,485	1,599,647

Financial liabilities as per balance sheet	As at December 31, 2018	
	Financial liabilities at amortized cost	
	----- (Rupees in '000) -----	
Long-term loan		150,000
Trade and other payables		697,446
Short term loan		100,000
Accrued mark-up		110
		947,556

37. 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 Holding 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 Holding 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, 2019 the Group held the following financial instruments measured at fair value:

	2019			
	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
Investment 'at fair value through other comprehensive income	360,670	20,005	-	340,665

	2018			
	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----			
Investment 'at fair value through other comprehensive income	486,939	21,752	-	465,187

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:

	2019	2018
	----- (Rupees in '000) -----	
Opening balance	465,187	474,794
Unrealised loss on Investment 'at fair value through OCI	(124,522)	(9,607)
Provision for impairment	-	-
Closing balance	340,665	465,187

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

	2019	2018	2019	2018
	% 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%	6.54%	6,535,500	6,535,500
Mr. Mohammad Aslam Motiwala	7.45%	7.31%	7,452,500	7,314,500

39.2 During the year, Mr. Mohammed Aslam Motiwala acquired 138,000/- shares of the holding company.

39.3 As at December 31, 2019, the value of customer shares maintained with the holding company pledged with financial institution is Rs.206.56 million (December 31, 2018: Rs. 87.65 million).

39.4 As at December 31, 2019, the value of customer shares maintained with the holding company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs.14,269 million (December 31, 2018: Rs. 12,422 million).

Note	2019	2018
	----- (Rupees in '000) -----	
40.1	1,897,110	1,827,101
	(1,142,565)	(951,686)
	-	-
	754,545	875,415

40. CAPITAL ADEQUACY LEVEL

Following is the Level of Capital Adequacy as required under clause 6.8.3 of CDC Regulations:

Total Assets	40.1	1,897,110	1,827,101
Less: Total Liabilities		(1,142,565)	(951,686)
Less: Revaluation Reserves (created upon Revaluation of fixed assets)		-	-
		754,545	875,415

40.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the holding company as at year ended December 31, 2019 as determined by Pakistan Stock Exchange has been considered.

41. NET CAPITAL BALANCE

Following is the net capital balance of the holding company:
Balance

214,038	261,925
---------	---------

42. DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Holding Company on February 13 2020.

43. GENERAL

43.1 Corresponding figures have been rearranged and reclassified, wherever necessary.

43.2 Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

As On 31/12/2019

Shareholding				
No. Of Shareholders	From	To	Shares Held	Percentage
513	1	100	7864	0.0079
3411	101	500	746520	0.7465
227	501	1000	180284	0.1803
165	1001	5000	390562	0.3906
27	5001	10000	211911	0.2119
12	10001	15000	152400	0.1524
7	15001	20000	128700	0.1287
1	20001	25000	21000	0.0210
1	35001	40000	35500	0.0355
4	45001	50000	192500	0.1925
1	55001	60000	56500	0.0565
1	65001	70000	65232	0.0652
1	70001	75000	74000	0.0740
1	75001	80000	75918	0.0759
1	85001	90000	85609	0.0856
1	105001	110000	110000	0.1100
1	130001	135000	131000	0.1310
1	280001	285000	280500	0.2805
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	950001	955000	952500	0.9525
1	995001	1000000	1000000	1.0000
1	1120001	1125000	1121500	1.1215
1	2735001	2740000	2740000	2.7400
2	6495001	6500000	13000000	13.0000
1	75995001	76000000	75996000	75.9960
4,387	Company Total		100000000	100.0000

PATTERN OF SHAREHOLDING

ADDITIONAL INFORMATION

Description	Number of Shareholders	Number of Shares Held
Associated Companies and Related Parties		
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
	4	77,520,500
Directors		
Sikander Kasim	1	5,000
Kamal Uddin Tipu	1	500
Muhammad Hafeez uddin Asif	1	500
Sohail Sikandar	1	500
	4	6,500
Individuals	4,369	21,889,399
Others	10	583,601

ڈائریکٹرز جائزہ رپورٹ برائے ممبران

بی آئی پی ایل سیکورٹیز (بی آئی پی ایل ایس) کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے مالیاتی گوشواراجات برائے 2019ء پیش کرتے ہوئے انتہائی مسرت محسوس کر رہا ہوں۔

معاشی جائزہ

سال 2019 کے دوران ملک کی اقتصادی حالت امید افزا نہیں تھی، کیونکہ اقتصادی منظم فیز میں داخل ہوئی اور پیداوار سست ہو گئی، اہم پیداوار مالیاتی سال 2019 میں 3.3% رہی، اور مالیاتی سال 2020 میں مزید سکڑنے کی امید تھی۔ اس طرح صارف کی طلب میں تخفیف کے باعث تھی، ہمیں یہ معلوم ہوا کہ پیداوار میں کمی واضح طور پر ہوگی کیونکہ اقتصادی کے تینوں سیکٹرز یعنی زراعت، خدمات اور صنعت اپنے پیداواری اہداف میں کمی کا شکار رہے۔

مالیاتی سال 2019 کے دوران افراط زر مستقل طور پر بلند رہا اور اسکے بند ہونے کا تناسب 12.63% رہا، جس کا موازنہ مالیاتی سال 2018 میں 5.4% سے کیا گیا۔ اس سال کے دوران شرح نمو 325bps تک بڑھا تھا جو کہ 13.25% تک پہنچا۔

مثبت امور پر حکومت پاکستان نے اقدامات کیے اور CAD کو منظم سطح کے ساتھ 4QCY19 سے نیچے لایا گیا جو کہ 661 ملین امریکی ڈالر تک بہتر ہوا جس کا موازنہ 2.1 بلین امریکی ڈالر کے تناسب 1QCY19 سے کیا جاسکتا ہے۔ CAD میں بہتری درآمدی بل میں تخفیف کے سبب ہوئی تھی، کیونکہ برآمدات میں بہتری نہیں آئی، برآمدات میں 19% YoY تخفیف ہوئی جبکہ 2HCY19 کے دوران برآمدات میں صرف 5% YoY اضافہ ہوا۔ 3G/4G لائسنس کی تجدید کی وجہ سے FDI کی آمد مستحکم رہی جس نے 688 ملین امریکی ڈالر کی آمدن میں حصہ لیا، CY19 کے دوران احساس ہوا۔

مالی حیثیت بھی چیلنج کا شکار رہی کیونکہ مالی سال 2019 میں مالی خسارہ GDP کے 8.9% تک اضافے کے نتیجے میں محصولات میں 6.3% YoY کمی اور اخراجات میں 19% YoY تک اضافے کا باعث بنا۔ حکومت نے بجٹ میں ٹیکس کے بہت سے اقدامات اٹھائے تھے اور معیشت کی دستاویزات کو بہتر بنانے کیلئے جارحانہ اقدامات شروع کیے گئے تھے۔ چنانچہ 17% YoY ~ کی ٹیکس وصولی میں زبردست توسیع ہوئی جس کا اندازہ 2HCY19 میں ہوا تھا۔

ایکیوٹی مارکیٹ جائزہ

مالی سال 2019 کے دوران KSE-100 انڈکس میں اتار چڑھاؤ کا رجحان رہا۔ جب پہلی ششماہی میں

8.5%- پر بند ہوا، جبکہ 2HCY20 کے دوران مارکیٹ میں زبردست تیزی رہی جب 19.8%+ کا ریٹرن دیکھا گیا۔ مالی سال 2019 کے دوران مجموعی ریٹرن 9.9%+ دیکھا گیا جبکہ دوسری ششماہی میں اس میں مزید بہتری پائی گئی۔ اسی طرح، مالی سال 2019 کی پہلی ششماہی میں پاکستانی روپے میں اتار چڑھاؤ کی وجہ سے 164/USD~ رہی جو کہ سال کی دوسری ششماہی میں 154/USD~ پر بند ہوا۔

مجموعی طور پر اسٹاک مارکیٹ میں پچھلے سال کے مقابلے میں کمی رہی۔ یومیہ مارکیٹ کا تناسب 233 ملین رہا جس کا موازنہ مالی سال 2018 کے دوران 253 ملین (7.9%YoY-) سے کیا گیا، جبکہ یومیہ تناسب بابت تجارتی مالیت 59 ملین امریکی ڈالر پر رہی جس کا موازنہ مالی سال 2018 کے دوران 92 ملین (35.8%YoY-) سے کیا گیا۔

حالیہ مارکیٹ 6.8x بکثرت تناسب کے مقابلہ میں کم رہا اور مارکیٹ کو گذشتہ صدی میں IMF کے دو پروگرامز کے تحت پایا گیا۔ IMF پروگرامز کے تحت بکثرت تناسب مالی سال 2008 میں 7.8x تھا، لہذا مارکیٹ کو IMF پروگرام کے تناسب کو تقسیم کیا گیا تھا جس سے صحت مند ریٹرن کو سرمایہ کے اکاؤنٹ میں لایا گیا۔ لہذا مالی سال 2020 کے دوران کارکردگی مالی سال 2019 میں ظاہر کی گئی کارکردگی کے مطابق رہی کیونکہ ہم 1HCY20 کو مارکیٹ کیلئے مشکل سمجھتے ہیں جو کہ زیادہ افراط زر اور نئے ٹیکسز کی وجہ سے ہے۔ اسکے باوجود جیسے ہی افراط زر 2H میں کم ہوتا ہے اور مالیاتی نرمی شروع ہوتی ہے، انڈکس کیلئے سال کے آخر تک اور ایک اور مضبوط کارکردگی ظاہر کرنے کا مرحلہ مرتب کیا جاسکتا ہے۔

قرضہ اور کرنسی مارکیٹ کا دائرہ

کرنٹ اکاؤنٹ اور کیپٹل اکاؤنٹ میں بہتری نے ملک کو اپنے درج شدہ عالمی سکوک کے 1.0 بلین امریکی ڈالر سے پسپا کیا اور بیرون ملک سرمایہ کاری نے تعاون کا ہاتھ بڑھایا تھا جو کہ جولائی 2019 سے 2.9 بلین امریکی ڈالر ہوا۔ اکثر سرمایہ کاری تین ماہ کی مختصر مدت پر مرکوز کی گئی۔ T بلز نے اقتصادی حالت کے اعتماد کو بہتر کیا۔ ان اقدامات کی وجہ سے SBP کے غیر ملکی ذخائر میں 11.9 بلین امریکی ڈالر کا اضافہ ہوا۔

تاہم، حالیہ ٹریڈری بلز میں اضافے نے معیشت میں خوشحالی کی نوید سنائی، جس کا ثبوت تازہ ترین نیلامی نے دیا ہے۔ جس کے مطابق تین ماہ میں T-Bills میں کٹ آف اضافہ 4bps کم ہو کر 13.43% رہ گیا ہے جبکہ چھ ماہ اور بارہ ماہ کے T-Bills پر کٹ آف اضافہ بالترتیب 13.29% اور 13.13% پر بقرار ہے۔ ابتدائی طور پر بیرون ملک افراط زر ڈیہٹ مارکیٹ میں FYTD میں 2.6 بلین امریکی ڈالر پر بند ہو رہی ہے۔

کاروباری عمل اور مالیاتی کارکردگی

مالی سال 31 دسمبر 2019 کے دوران کمپنی کی کارکردگی مالیاتی کارکردگی برائے 2019 کی تفصیل درج ذیل ہے۔

مالی سال 31 دسمبر		
2018	2019	
000 پاکستانی روپے	000 پاکستانی روپے	
190,733	213,466	کاروباری عمل کی آمدنی
56,314	92,464	بینک ڈپازٹس، سرمایہ کاری اور دیگر قابل وصول رقم پر مارک اپ/منافع
14,457	11,432	سرمایہ کاری کی فروخت پر منافع۔ خالص
10,000	5,000	مشکوک قرضہ جات کی وصولی
84	---	ڈیوڈنڈ انکم
4,840	1,786	دیگر آمدنی
276,428	324,148	کل آمدنی
(299,019)	(311,822)	کاروباری عمل اور انتظامی اخراجات
(3,340)	(41)	مشکوک قرضہ جات کی وصولی/(پرویزن)
(15,426)	(26,521)	مالیاتی لاگت
(317,785)	(338,384)	کل اخراجات
(41,357)	(14,236)	خالص نقصان (قبل از امپیرمنٹ اور ٹیکس)
(164)	(640)	طویل المدت سرمایہ پراپیئرمنٹ۔ سبسیڈی
14,562	2,935	ٹیکس
(26,959)	(11,941)	خالص نقصان ٹیکس کے بعد
(0.27)	(0.12)	نقصان 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 ایکٹیویٹی 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 کے تشکیل کی تفصیلات ذیل میں درج کی گئی ہیں۔
- ☆ 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 انٹرئل آڈٹ کا تقرر کوڈ کی شرائط کے مطابق کیا گیا ہے۔
- ☆ گزشتہ سال بنیادی عملی اور مالیات معلومات صفحہ 25 پر درج ہیں۔
- ☆ 31 دسمبر 2019 پر آپ کی کمپنی کے ذمہ قانونی ادائیگیوں، ٹیکسز، ڈیویڈنڈ، 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 پراویڈنٹ فنڈ کا انتظام چلاتی ہے۔ غیر آڈٹ شدہ مالیاتی بیانیے برائے 31 دسمبر 2019 کے مطابق انویسٹمنٹ کی قدر تقریباً 42.030 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۔
- 2019 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 26.424 ملین پاکستانی روپے جمع کرائے۔

- ☆ افراد/افراد کے وسائل: کمپنی ملازمین کی پیشہ وارانہ صلاحیتوں کو اجاگر کرنے اور جسمانی، ذہنی اور جذباتی صحت کے لیے پالیسی پر عمل پیرا ہے۔

دی بورڈ

7	ڈائریکٹرز کی کل تعداد
6	مرد
1	خواتین

تشکیل

3 خود مختار ڈائریکٹرز

4 نان ایگزیکٹو ڈائریکٹرز

معاملات کو چلانے کے بہترین اصولوں کے مطابق چیئرمین اور چیف ایگزیکٹو آفیسر کے عہدے علیحدہ علیحدہ رکھے گئے ہیں اور چیئرمین کا انتخاب نان ایگزیکٹو ڈائریکٹرز میں سے کیا گیا ہے۔ بورڈ نے ایک علیحدہ آڈٹ کمیٹی قائم کی ہے اور ایچ آر اینڈ ریمونریشن کمیٹی قائم کی ہے جو بورڈ کے کاموں میں اس کی مدد کرتی ہے۔ کارکردگی کے بہترین اصولوں کے مطابق بورڈ کا چیئرمین اور آڈٹ کمیٹی کا چیئرمین خود مختار ڈائریکٹرز ہیں اور ایک ہی فرد نہیں ہے۔ اسکے علاوہ کوئی بھی ڈائریکٹر پانچ سے زیادہ کمپنیوں میں منتخب یا نامزد نہیں ہیں۔

2019 کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز ہوئیں۔ کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق میٹنگ سے سات دن قبل تحریری نوٹس جاری کئے گئے سوائے کسی نمایاں مسئلے پر ہنگامی میٹنگ کیلئے جن کی تفصیل کوڈ میں درج ہے۔ بورڈ اور آڈٹ کمیٹی کی اطلاع، اس پر غور اور فیصلہ کیلئے بلائی گئی۔ ان میٹنگ کے منٹس بشمول اختلافی آراء (اگر کوئی ہو) باقاعدہ رپورٹ کئے گئے۔

بورڈ میٹنگز میں ڈائریکٹرز کی حاضری درج ذیل رہی:

ڈائریکٹرز کے نام	2019 کے دوران ہونے والی میٹنگز میں مدعو کرنے کی تعداد	2019* کے دوران اجلاس میں شرکت کی تعداد
کمال الدین ٹیپو چیئرمین	4	4
سکندر قاسم	4	3
محمد حفیظ الدین آصف	4	4
سعد احمد مدنی	2	2
سہیل سکندر	4	4
نقاشہ متین	2	2
خرم جمیل	4	3
محمد عذیر پیرا	2	2
مدر اسلم	2	2
عبدالعزیز انیس چیف ایگزیکٹو آفیسر	4	4

ڈائریکٹرز کے نام	2019 کے دوران ہونے والی میٹنگز میں مدعو کرنے کی تعداد	2019* کے دوران اجلاس میں شرکت کی تعداد
2019 کے دوران ریٹائر ہونے / استعفیٰ دینے والے بورڈ ممبر		
سعد احمد مدنی	2	2
نتاشہ متین	2	2

* تمام غیر حاضریوں کیلئے بورڈ آف ڈائریکٹرز کی جانب سے چھٹی منظور کی گئی
ڈائریکٹرز 2019 کے دوران بورڈ آف ڈائریکٹرز کی تشکیل میں ہونے والی مندرجہ ذیل تبدیلیوں سے آگاہ کرنا چاہتے ہیں۔

- ۱۔ جناب محمد عذیر سہرا کو جناب سعد احمد مدنی کی جگہ 29 مئی 2019 سے کمپنی کا نیا ڈائریکٹر مقرر کیا گیا۔
 - ۲۔ محترمہ مدثر اسلم کو محترمہ نتاشہ متین کی جگہ 29 جولائی 2019 سے کمپنی کا 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۔

کمیٹی ممبران کے نام	2019 کے دوران ہونے والی میٹنگز میں مدعو کرنے کی تعداد	2019* کے دوران اجلاس میں شرکت کی تعداد
سکندر قاسم	4	3
سہیل سکندر	4	4
خرم جمیل	4	3

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

افراد و وسائل اور اجرت کمیٹی

افراد و وسائل و اجرت کمیٹی مکمل طور پر نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جس کا چیئرمین ایک خود مختار ڈائریکٹر ہے۔ کمیٹی میں شامل ڈائریکٹرز کی میٹنگز میں حاضری اس طرح تھی

کمٹی ممبران کے نام	2019 کے دوران ہونے والی میٹنگز میں مدعو کرنے کی تعداد	2019* کے دوران اجلاس میں شرکت کی تعداد
کمال الدین ٹیپو چیئرمین	1	1
سعد مدنی	1	1
نتاشہ متین	1	1

ڈائریکٹرز کی اجرت

کمپنی اپنے کسی بھی نان ایگزیکٹو 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

کمٹی 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 ایگزیکٹو ڈائریکٹرز پر مشتمل ہے، جس کا چیئرمین خود مختار ڈائریکٹر ہے اور کمیٹی کے سال کے دوران چار اجلاس ہوئے۔

بیرونی آڈیٹر کا تقرر

بیرونی آڈیٹرز میسرز RSM اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس اپنی مدت کی تکمیل پر ریٹائر ہو گئے۔ آڈٹ کمیٹی کی سفارشات پر بورڈ مالی سال 2020 کیلئے میسرز RSM اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی تائید کرتا ہے۔

شینر ہولڈنگ

31 دسمبر 2019 کے مطابق شینر 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

مالی سال 2020 کے دوران بالاخر SBP کے شرح سود کے افراط زر میں آسانی ہوئی۔ 2HCY20 کے دوران امید کی جاتی ہے کہ اس سہولت کے تحت موجودہ 175bps مجموعی کٹ ممکن ہے۔ بہر حال، ٹیلیٹی کی قیمت میں نظر ثانی اور نئے ٹیکسز کا نفاذ مہنگائی کے دباؤ کی ایک اور لہر کو متحرک کر سکتا ہے جس کے نتیجے میں متوقع شرح میں کمی سے بھی دباؤ کم ہو سکتا ہے۔ ایکویٹی مارکیٹس کے حوالے سے وقت اور شرح سود کا معاملہ بھی بے حد اہم ہوگا جو کہ مالی سال 2020 کے دوران ریٹرن پروفائل کی شکل میں مدد کرے گا۔ جب تک کہ یہ معاملہ شروع ہو جائے، ہو سکتا ہے مارکیٹ کی کارکردگی اور حجم کمزور اور پابند ہوں اور آسانی ہوتے ہی ایک بار پھر اٹھ جائے گا۔

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: 13 فروری 2020

ڈائریکٹرز کی Consolidated مالیاتی دستاویز پر رپورٹ

بورڈ آف ڈائریکٹرز BIPL سیکورٹیز لمیٹڈ اور اس کی کل ملکیتی ذیلی کمپنی اسٹرکچرڈ وٹنجر (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی اسٹیٹمنٹس کے 31 دسمبر 2019 کو اختتام پزیری کی Consolidated رپورٹ پیش کرتا ہے۔

گروپ کے زیرِ جائزہ مجموعی مالیاتی اسٹیٹمنٹس کے 31 دسمبر 2019 کو اختتام پزیری کی Consolidated رپورٹ کا خلاصہ درج ذیل ہے:

2018	2019	
----- (روپے 000) -----	----- (روپے 000) -----	
(41,521)	(14,876)	نقصان قبل از ٹیکس
14,562	2,935	ٹیکس
(26,959)	(11,941)	بعد از ٹیکس نقصان
-	-	سال کے دوران میں ادا شدہ ڈیویڈنڈ
(418,832)	(445,791)	غیر مرتب شدہ نقصان گزشتہ سے پیوستہ
-	48,969	مجموعی نقصان میں ذخائر کی منتقلی
(445,791)	(408,763)	مجموعی نقصان
----- (روپے) -----	----- (روپے) -----	
(0.27)	(0.12)	نقصان فی شیئر

ایکویٹی میں تبدیلی کا خلاصہ

کلینڈر سال 2019 میں گروپ کا بعد از ٹیکس نقصان 11.941 ملین پاکستانی روپے فی شیئر نقصان 0.12 روپے رہا جب کہ کلینڈر سال 18 میں بعد از ٹیکس نقصان 26.959 ملین پاکستانی روپے فی شیئر نقصان 0.27 روپے تھا۔

گروپ بزنس کے مفادات کی نوعیت میں تبدیلی کا خلاصہ

BIPL سیکورٹیز لمیٹڈ اور اسٹرکچرڈ وٹنجر (پرائیویٹ) لمیٹڈ نے 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 بمطابق 31 دسمبر 2019 مع کوڈ آف کارپوریٹ گورننس بمعہ مطلوبہ ڈسکلوژر رپورٹ کے ساتھ منسلک ہے۔

منجانب بورڈ آف ڈائریکٹرز

کراچی 13 فروری 2020

چیئر مین 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 مد نظر 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

چیئر مین

کراچی 13 فروری 2020

FORM OF PROXY
TWENTIETH 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 Twentieth Annual General Meeting of the Company to be held on Friday May 29, 2020 at 12.00 noon through "Webinar" arrangement via Video Link and/or any adjournment thereof;

Signed this _____ day of _____ 2020

Witnesses

1. _____

2. _____

Shareholder Folio No.

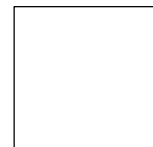
or

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.

پراکسی فارم

بیسواں سالانہ اجلاس عام

کمپنی سیکریٹری

بی آئی پی ایل سیکورٹیز لمیٹڈ 5th فلور، ٹریڈ سینٹر

آئی آئی چندریگر روڈ، کراچی پاکستان

میں مسمیٰ / مسماۃ _____ ولد / زوجہ _____ شناختی کارڈ نمبر _____

سکنہ _____ بحیثیت ممبر بی آئی پی ایل سیکورٹیز لمیٹڈ شیئر ملکیت _____ نام _____

ولد / زوجہ _____ شناختی کارڈ نمبر _____ مقرر کرتے ہیں یا نام _____

ولد / زوجہ _____

جو خود بھی بی آئی پی ایل سیکورٹیز کا ممبر ہے کو بطور مختار پراکسی مقرر کرتا کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے بیسواں سالانہ اجلاس عام

جو مورخہ 29 مئی 2020 بروز جمعہ دوپہر 12:00 بجے بذریعہ ویڈیو لنک "ویبنار" منعقد کیا جائیگا، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں

شرکت کرے اور ووٹ ڈالے۔

مورخہ _____ 2020 کو میرے / ہمارے دستخط سے جاری ہوا۔

گواہان _____ شیئر ہولڈر فوئیو نمبر _____

1. _____ سی ڈی سی شراکت دار شناخت نمبر _____

2. _____ سب اکاؤنٹ نمبر _____

10 روپے کے ریونیو اسٹمپ پر دستخط



ایسے دستخط کرے 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 فوئیو نمبر درج کرے۔

2. اس پراکسی 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 پراکسی 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۔

BIPL SECURITIES LIMITED

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I.I. Chundrigar Road, Karachi,

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Fax: +92 21 3263 0202

E Mail: info@biplsec.com

URL: www.biplsec.com



Your Trust, Our Strength