



REANDA

Reanda Haroon Zakaria & Company

Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALFA ADHI SECURITIES (PRIVATE) LIMITED
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Qualified Opinion

We have audited the annexed financial statements of **Alfa Adhi Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

The Company has not carried out actuarial valuation of staff gratuity (staff retirement benefit) for determination of the liability in accordance with the Projected Unit Credit (PUC) method as prescribed by the "International Accounting Standard - 19 Employee Benefits" along with required disclosures. In the absence of actuarial valuation, we were unable to identify the amount of any adjustment to the liability against staff retirement benefits of the Company.

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 qualified opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) except for the matter described in the *Basis for Qualified Opinion* section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the matter described in the *Basis for Qualified Opinion* section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with 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 is deductible at source under the Zakat and Ushr Ordinance, 1980.
- e) the Company was in compliance with the requirements of section 78 of the Securities Act 2015, section 62 of the Future Market Act 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Iqbal**.

R. H. Zee Reanda Haroon Zakaria & Company
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 02 OCT 2020

ALFA ADHI SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	21,962,910	23,070,734
Investment properties	6	6,500,000	-
Intangible assets	7	3,058,931	3,200,898
Long term deposits	8	5,264,000	5,264,000
		<u>36,785,841</u>	<u>31,535,632</u>
Current Assets			
Trade debts	9	47,149,467	50,763,957
Commission receivable	10	3,203,273	-
Loans and advances	11	27,341,374	23,501,253
Deposits and other receivables	12	19,214,630	7,531,773
Short term investments	13	12,116,250	16,870,092
Income tax refunds due from government	14	12,001,415	12,287,288
Cash and bank balances	15	63,455,743	21,170,753
		<u>184,482,152</u>	<u>132,125,116</u>
Total Assets		<u><u>221,267,993</u></u>	<u><u>163,660,748</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized share capital			
10,000,000 Ordinary shares of Rs.10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up share capital	16	50,490,000	50,490,000
Revenue reserve			
Unappropriated profit		74,459,655	78,870,497
Capital reserve			
Surplus on revaluation of property	17	7,080,188	7,454,698
Shareholders' equity		<u>132,029,843</u>	<u>136,815,195</u>
Non-Current Liabilities			
Deferred liabilities	18	2,997,491	3,376,591
Current Liabilities			
Trade and other payables	19	60,905,767	18,720,203
Short term borrowing	20	24,941,642	4,022,738
Mark-up accrued		393,250	726,021
		<u>86,240,659</u>	<u>23,468,962</u>
Contingencies and Commitments			
Total Equity and Liabilities	21	<u><u>221,267,993</u></u>	<u><u>163,660,748</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive



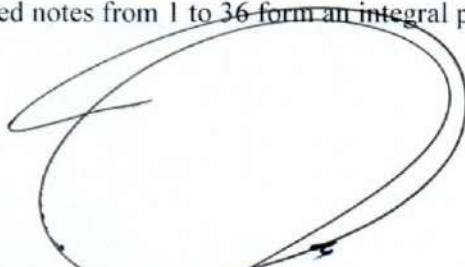
Director

RHzoo

ALFA ADHI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Operating revenue	22	32,094,332	19,022,936
Operating and administrative expenses	23	25,265,447	23,550,631
Operating profit / (loss)		6,828,885	(4,527,695)
Finance cost	24	2,628,722	3,331,247
Other expenses	25	9,686,419	15,374,872
		<u>(12,315,141)</u>	<u>(18,706,119)</u>
		(5,486,256)	(23,233,814)
Other income	26	2,010,958	2,133,489
Loss before taxation		(3,475,298)	(21,100,325)
Taxation - net	27	(1,310,054)	3,396,153
Loss after taxation		(4,785,352)	(17,704,172)
Other comprehensive income		-	-
Total comprehensive loss		(4,785,352)	(17,704,172)

The annexed notes from 1 to 36 form an integral part of these financial statements.


 Chief Executive



RHZes

 Director

ALFA ADHI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020


Description	Share capital	Reserves		Total reserves	Shareholders' equity
		Unappropriated profit	Surplus on revaluation of property		
----- Rupees -----					
Balance as at June 30, 2018 - Restated	50,490,000	96,180,448	7,848,919	104,029,367	154,519,367
Total comprehensive loss for the year ended June 30, 2019					
Loss after taxation	-	(17,704,172)	-	(17,704,172)	(17,704,172)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	(17,704,172)	-	(17,704,172)	(17,704,172)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	394,221	(394,221)	-	-
Balance as at June 30, 2019	50,490,000	78,870,497	7,454,698	86,325,195	136,815,195
Total comprehensive loss for the year ended June 30, 2020					
Loss after taxation	-	(4,785,352)	-	(4,785,352)	(4,785,352)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	(4,785,352)	-	(4,785,352)	(4,785,352)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	374,510	(374,510)	-	-
Balance as at June 30, 2020	50,490,000	74,459,655	7,080,188	81,539,843	132,029,843

Unappropriated profit can be utilized for meeting any contingencies and distribution of profits by way of dividend.

Surplus on revaluation of property will be utilized for any purpose only after it is realized and transferred to unappropriated profits. However, these reserves can be individually offset against losses arising in future periods (if any) from revalued assets.

The annexed notes from 1 to 36 form an integral part of these financial statements.

RITZCO


Chief Executive




Director

ALFA ADHI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2020 Rupees	2019 Rupees
Loss before taxation		(3,475,298)	(21,100,325)
Adjustment for:			
Depreciation	5	1,695,413	1,842,594
Amortization	7.2 & 7.3	141,967	141,967
Provision in respect of employees gratuity fund	18.1	505,900	569,750
Capital loss on disposal of investments	25	-	2,923,212
Provision for doubtful receivable	25	1,040,048	-
Capital gain on disposal of investments	26	(353,104)	-
Mark up against margin financing	26	-	(1,178,599)
Financial charges	24	2,628,722	3,331,247
Remeasurement loss on investment	13	3,772,409	7,964,832
		9,431,355	15,595,003
Cash generated from / (used in) operating activities before working capital changes		5,956,057	(5,505,322)
(Increase) / decrease in current assets			
Trade debts		3,614,490	6,133,380
Commission receivable		(3,203,273)	
Loans and advances		(3,840,121)	(15,739,497)
Deposits and other receivables		(12,722,905)	(397,823)
Increase / (decrease) in current liabilities			
Trade and other payables		42,185,564	(10,524,668)
		26,033,755	(20,528,608)
Cash generated from / (used in) operations		31,989,812	(26,033,930)
Financial charges paid		(2,961,493)	(2,706,141)
Income taxes paid	14.1	(1,024,181)	(2,323,268)
Gratuity paid	18.1	(885,000)	(646,000)
Long term deposits refunded		-	(518,384)
Net cash generated from / (used in) operating activities		27,119,138	(32,227,723)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets expenditure incurred	5	(587,589)	(215,780)
Purchase of investment properties	6	(6,500,000)	-
Short term investments - net		1,334,537	9,968,820
Net cash (used in) / generated from investing activities		(5,753,052)	9,753,040
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowing obtained		20,918,904	4,022,738
Net cash generated from financing activities		20,918,904	4,022,738
Net increase / (decrease) in cash and cash equivalent (A+B+C)		42,284,990	(18,451,945)
Cash and cash equivalents at the beginning of the year		21,170,753	39,622,698
Cash and cash equivalents at the end of the year		63,455,743	21,170,753

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive



Director

RHzeo