

**TOPLINE SECURITIES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2019**

TOPLINE SECURITIES LIMITED

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TOPLINE SECURITIES LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Topline Securities Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive profit, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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### **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 scepticism 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.

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- 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) 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 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;
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA** **N2M.**

  
Chartered Accountants

Dated : **04 OCT 2019**  
Karachi:

**TOPLINE SECURITIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

	Note	2019	Restated 2018	Restated 2017
-----Rupees-----				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	6	11,715,209	9,890,373	3,945,233
Intangible assets	7	5,172,458	5,228,735	12,764,247
Long term investments	8	-	21,352,238	41,161,265
Long term advances				4,700,000
Deferred taxation				142,521
Long term deposits	10	2,584,220	2,584,220	2,247,024
		<u>19,471,887</u>	<u>39,055,566</u>	<u>64,960,290</u>
<b>Current assets</b>				
Trade debts - considered good	11	85,633,940	57,626,892	24,518,875
Receivables against Margin Financing		104,686,686	93,068,149	79,326,854
Loans and advances	12	443,250	1,287,322	322,424
Taxation-net		6,837,719	5,410,128	2,981,247
Trade deposits and short term prepayments	13	301,125,697	261,709,326	574,568,679
Other receivables		12,573,031	824,537	12,136,802
Short term investments	14	18,031,514	90,408,716	48,728,874
Cash and bank balances	15	382,662,142	407,880,468	383,911,175
		<u>911,993,979</u>	<u>918,215,538</u>	<u>1,126,494,930</u>
<b>Total assets</b>		<u><b>931,465,866</b></u>	<u><b>957,271,104</b></u>	<u><b>1,191,455,220</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
<b>Authorized share capital</b>				
150,000,000 (2018: 150,000,000 at Rs. 2 each) ordinary shares of Rs. 2 each		<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up capital	16	150,000,000	150,000,000	150,000,000
Unappropriated profit		587,115,948	522,947,754	456,840,596
Surplus on revaluation of assets		-	-	4,552,767
<b>Total equity</b>		<u>737,115,948</u>	<u>672,947,754</u>	<u>611,393,363</u>
<b>LIABILITIES</b>				
<b>Non Current Liabilities</b>				
Deferred taxation	9	720,996	318,986	-
<b>Current liabilities</b>				
Trade and other payables	17	190,982,441	282,613,046	447,603,620
Short term borrowings - secured	18	-	376,578	131,396,674
Mark-up accrued		2,646,481	1,014,740	1,061,563
		<u>193,628,922</u>	<u>284,004,364</u>	<u>580,061,857</u>
<b>Total equities and liabilities</b>		<u><b>931,465,866</b></u>	<u><b>957,271,104</b></u>	<u><b>1,191,455,220</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19			N/M

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

CHIEF EXECUTIVE

DIRECTOR

**TOPLINE SECURITIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	Restated 2018
-----Rupees-----			
Operating revenue	20	203,271,546	265,341,693
Capital gain on sale of investments - net	21	24,778,266	29,407,375
Impairment loss on Trading Right Entitlement Certificate	7.1	-	(2,947,233)
Loss on remeasurement of investments-at fair value through profit or loss		(7,190,889)	(6,381,060)
		<u>220,858,923</u>	<u>285,420,776</u>
Administrative expenses	22	(168,107,604)	(196,084,871)
<b>Operating profit</b>		<u>52,751,319</u>	<u>89,335,905</u>
Finance cost	23	(6,289,776)	(3,329,485)
		<u>46,461,543</u>	<u>86,006,419</u>
Other income	24	38,321,839	26,331,860
<b>Profit before taxation</b>		<u>84,783,381</u>	<u>112,338,279</u>
Taxation	25	(20,615,187)	(34,727,821)
<b>Profit for the year</b>		<u><u>64,168,194</u></u>	<u><u>77,610,458</u></u>
Earnings per share - basic and diluted	26	<u>0.86</u>	<u>1.03</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

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**TOPLINE SECURITIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019	Restated 2018
	-----Rupees-----	
Profit for the year	64,168,194	77,610,458
Other comprehensive income		
Items that maybe classified to profit and loss account		
<i>Unrealized loss on re-measurement of available for sale investmes</i>	-	-
<b>Total comprehensive income for the year</b>	<u><u>64,168,195</u></u>	<u><u>77,610,458</u></u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR



**TOPLINE SECURITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Revenue reserve		Capital Reserve		Total
	Issued, Subscribed and paid up capital	Unappropriated Profit	Fair value reserve on available for sale investment	Surplus on revaluation of assets	
	-----Rupees-----				
Balance as at July 1, 2017 (as originally reported)	150,000,000	421,500,437	35,340,159	4,552,767	611,393,363
Effect of changes in accounting policy		35,340,159	(35,340,159)		
Balance as at June 30, 2017 as restated	150,000,000	456,840,596	-	4,552,767	611,393,363
<b>Total comprehensive income for the year</b>					
<i>Profit for the year (restated)</i>	-	77,610,458	-	-	77,610,458
<i>Unrealized loss on re-measurement of available for sale investment</i>	-	-	-	-	-
		77,610,458	-		77,610,458
<i>Fair value reserve-available for sale investment realized during the year</i>	-	(11,503,300)	-	-	(11,503,300)
<i>Reversal of surplus on revaluation of assets</i>	-	-	-	(4,552,767)	-
Balance as at June 30, 2018 as restated	150,000,000	522,947,754	-	-	672,947,754
<b>Total comprehensive income for the year</b>					
<i>Profit for the year</i>	-	64,168,194	-	-	64,168,194
<i>Unrealized loss on re-measurement of available for sale investment</i>	-	-	-	-	-
		64,168,194	-		
Balance as at June 30, 2019	150,000,000	587,115,948	-	-	737,115,948

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

  
**CHIEF EXECUTIVE**

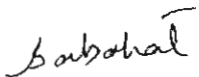
  
**DIRECTOR**

**TOPLINE SECURITIES LIMITED**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>	<b>2018</b>
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	84,783,381	118,749,356
<b>Adjustments for:</b>		
Depreciation	2,534,635	2,514,239
Amortization of software	56,277	57,264
Gain on disposal of fixed assets	(2,227,175)	(407,015)
Unrealized Gain on	7,190,889	-
Impairment of TREC	-	2,947,233
Finance cost	6,289,776	3,329,485
	13,844,403	8,441,206
<b>Operating profit before working capital changes</b>	98,627,784	127,190,562
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Trade debtors - considered good	(28,007,048)	(33,108,017)
Receivables against Margin Financing	(11,618,537)	(13,741,295)
Loans and advances	844,072	235,102
Trade deposits and short term prepayments	(39,416,371)	312,859,353
Other receivables	(11,748,494)	11,312,265
	(89,946,378)	277,557,408
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(91,630,605)	(164,990,574)
	(82,949,199)	239,757,396
Financial charges paid	(4,658,035)	(3,376,308)
Income tax paid	(21,640,768)	(36,695,196)
<b>Net cash (used in) / generated from operating activities</b>	(109,248,001)	199,685,893
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(7,782,500)	(8,574,084)
Long term advance	-	3,500,000
Increase of intangible assets	-	(21,752)
Proceeds from sale of property and equipment	5,650,203	521,720
Long term deposits	-	(337,196)
Proceeds from sale / (purchase) of investments - net	86,538,552	(39,785,192)
<b>Net cash generated from / (used in) investing activities</b>	84,406,255	(44,696,504)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(24,841,746)	154,989,389
Cash and cash equivalents at the beginning of the year	407,503,889	252,514,500
<b>Cash and cash equivalents at the end of the year</b>	382,662,143	407,503,889

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**