



**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, 2018, 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, 2018 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.

NZM



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.
- 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.

N200



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

NZJ

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Dated :

Karachi: 03 OCT 2018

TOPLINE SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

		2018	2017	2016
			-----Restated-----	
	Note	-----Rupees-----		
ASSETS				
Non-current assets				
Property and equipment	5	9,890,373	3,945,233	2,787,889
Intangible assets	6	5,228,735	12,764,247	12,500,000
Long term investments	7	21,352,238	41,161,265	60,000,000
Long term advances		-	4,700,000	1,200,000
Deferred taxation	8	-	142,521	186,893
Long term deposits	9	2,584,220	2,247,024	1,624,028
		39,055,566	64,960,290	78,298,810
Current assets				
Trade debts - considered good	10	57,626,892	24,518,875	42,456,301
Receivables against margin financing		93,068,149	79,326,854	-
Loans and advances	11	1,287,322	322,424	314,707
Taxation-net of provision		5,410,128	2,981,247	-
Trade deposits and short term prepayments	12	261,709,326	574,568,679	125,052,382
Other receivables		824,537	12,136,802	5,800,820
Short term investments	13	90,408,716	48,728,874	73,853,247
Cash and bank balances	14	407,880,468	383,911,175	202,714,646
		918,215,538	1,126,494,930	450,192,103
Total assets		957,271,104	1,191,455,220	528,490,913
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
150,000,000 (2017: 150,000,000 at Rs. 2 each) ordinary shares of Rs. 2 each		300,000,000	300,000,000	300,000,000
Issued, subscribed and paid up capital	15	150,000,000	150,000,000	150,000,000
Unappropriated profit		505,521,972	421,500,437	240,781,951
Fair value reserve on available for sale investment		17,425,782	35,340,159	45,447,233
Surplus on revaluation of assets	16	-	4,552,767	4,552,767
Total equity		672,947,754	611,393,363	440,781,951
LIABILITIES				
Non current liabilities				
Deferred taxation	8	318,986	-	-
Current liabilities				
Trade and other payables	17	282,613,046	447,603,620	85,699,199
Short term borrowings - secured	18	376,578	131,396,674	-
Mark-up accrued		1,014,740	1,061,563	889,066
Provision for taxation		-	-	1,120,697
		284,004,364	580,061,857	87,708,962
Total equity and liabilities		957,271,104	1,191,455,220	528,490,913

CONTINGENCIES AND COMMITMENTS

19

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

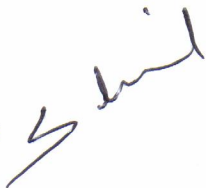
TOPLINE SECURITIES LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

		2018 Rupees	2017 Rupees
Operating revenue	20	265,341,693	435,048,275
Capital gain on sale of investments - net	21	29,407,375	66,388,786
Impairment loss On Trading Right Entitlement Certificate	6.1	(2,947,233)	-
Gain on remeasurement of investments-at fair value through profit or loss		30,017	299,031
		<u>291,831,852</u>	<u>501,736,092</u>
Operating and administrative expenses	22	(196,084,871)	(283,934,358)
Operating profit		<u>95,746,981</u>	<u>217,801,734</u>
Finance cost	23	(3,329,485)	(9,630,680)
		<u>92,417,496</u>	<u>208,171,054</u>
Other income	24	26,331,860	21,518,914
Profit before taxation		<u>118,749,356</u>	<u>229,689,968</u>
Taxation	25	(34,727,821)	(48,971,482)
Net Profit for the year		<u><u>84,021,535</u></u>	<u><u>180,718,486</u></u>
Earnings per share - basic and diluted	26	<u><u>1.12</u></u>	<u><u>2.41</u></u>

N2M)

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR

Sabaahat

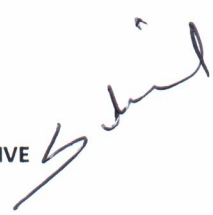
TOPLINE SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Net Profit for the year	84,021,535	180,718,486
Other comprehensive income:		
Items that maybe classified to profit and loss account		
Net unrealised (loss)/ gain on re-measurement of available for sale investments	(6,411,077)	17,161,268
Total comprehensive income for the year	<u>77,610,458</u>	<u>197,879,754</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

N2/M

CHIEF EXECUTIVE



DIRECTOR

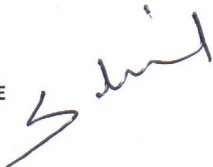


TOPLINE SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		118,749,356	229,689,968
Adjustments for:			
Depreciation	5	2,514,239	986,033
Amortization of software		57,264	25,741
Gain on disposal of fixed assets		(407,015)	-
Impairment on TREC	6.1	2,947,233	-
Finance cost	23	3,329,485	9,630,680
		<u>8,441,206</u>	<u>10,642,454</u>
Operating profit before working capital changes		127,190,562	240,332,422
Working capital changes			
(Increase)/decrease in current assets			
Trade debtors - considered good		(33,108,017)	17,937,426
Receivables against Margin Financing		(13,741,295)	(79,326,854)
Loans and advances		235,102	(7,717)
Trade deposits and short term prepayments		312,859,353	(449,516,297)
Other receivables		11,312,265	(6,335,982)
		<u>277,557,408</u>	<u>(517,249,424)</u>
(Decrease)/ Increase in current liabilities			
Trade and other payables		(164,990,574)	361,904,421
		<u>239,757,396</u>	<u>84,987,419</u>
Financial charges paid		(3,376,308)	(9,458,184)
Income tax paid		(36,695,196)	(53,029,054)
Net cash generated from operating activities		199,685,893	22,500,181
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(8,574,084)	(2,143,377)
Long term advance		3,500,000	(3,500,000)
Increase of intangible assets		(21,752)	(289,988)
Proceeds from sale of property and equipment		521,720	-
Long term deposits		(337,196)	(622,996)
Proceeds from (purchase)/ sale of investments - net		(39,785,192)	33,856,034
Net cash (used in) / generated from investing activities		(44,696,504)	27,299,673
Net increase in cash and cash equivalents during the year		154,989,389	49,799,854
Cash and cash equivalents at the beginning of the year		252,514,500	202,714,646
Cash and cash equivalents at the end of the year	27	<u>407,503,889</u>	<u>252,514,500</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR

Sabakat

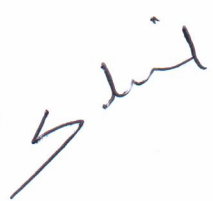
TOPLINE SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

Note	Issued, Subscribed and paid up capital	Revenue reserve	Capital Reserve		Total
		Unappropriated Profit	Fair value reserve on available for sale investment	Surplus on revaluation of assets	
Rupees					
Balance as at July 01, 2016 - as previously reported	150,000,000	240781951	45447233	-	436,229,184
Impact of change in accounting policy - net of tax	5	-	-	4,552,767	4,552,767
Balance as at July 1, 2016- as restated	150,000,000	240,781,951	45,447,233	4,552,767	440,781,951
Total comprehensive income for the year					
Profit for the year	-	180,718,486	-	-	180,718,486
Unrealized gain on re-measurement of available for sale investment	-	-	17,161,268	-	17,161,268
	-	180,718,486	17,161,268	-	197,879,754
Fair value reserve-available for sale investment realized during the year	-	-	(27,268,342)	-	(27,268,342)
Balance as at June 30, 2017- as restated	150,000,000	421,500,437	35,340,159	4,552,767	611,393,363
Total comprehensive income for the year					
Profit for the year	-	84,021,535	-	-	84,021,535
Unrealized loss on re-measurement of available for sale investment	-	-	(6,411,077)	-	(6,411,077)
	-	84,021,535	(6,411,077)	-	77,610,458
Fair value reserve-available for sale investment realized during the year	-	-	(11,503,300)	-	(11,503,300)
Reversal of surplus on Revaluation of Assets	-	-	-	(4,552,767)	(4,552,767)
Balance as at June 30, 2018	150,000,000	505,521,972	17,425,782	-	672,947,754

N2M

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR

