ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ABA ALI HABIB SECURITIES (PRIVATE) LIMITED** ("the Company") as at June 30, 2017; and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;

(b) in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the Company's business: and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed Companies Ordinance, 1984, 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, 2017 and of the profit, its comprehensive profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980)

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Naveed Zafar Ashfaq Jaffery
Chartered Accountants
Engagement Partner: **Ahsan Elahi Vohra– FCA**
Karachi
Dated: 07 OCT 2017

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ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Notes	2017	2016
		---------- (Rupees) ----------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
20,000,000 (2016: 20,000,000) Ordinary Shares of Rs. 10/- each		**200,000,000**	**200,000,000**
Issued, subscribed and paid-up capital	5	200,000,000	200,000,000
Loan from sponsor-Related Party	6	83,500,000	83,500,000
Unappropriated profit		674,082,849	246,661,145
		957,582,849	**530,161,145**
Current liabilities			
Payable to related party	7	**188,677,780**	141,585,398
Trade, other payables and accrued expenses	8	**378,779,863**	55,658,126
Short term borrowings	9	**63,814,935**	269,920,671
		1,588,855,427	**997,325,340**
Contingencies and commitments	10	-	-
ASSETS			
Non-current assets			
Property and equipment	11	431,783	539,730
Intangible assets	12	5,000,000	5,000,000
Deferred taxation		34,049	31,785
Long term investments	13	49,603,583	130,000,000
Long term deposits	14	1,615,000	1,115,000
		56,684,415	**136,686,515**
Current assets			
Trade debts - considered good	15	25,490,122	49,962,416
Short term investment	16	827,366,171	680,370,712
Short term deposits	17	161,858,124	7,996,061
Advances and other receivables	18	359,726,359	5,689,688
Advance tax - net		88,011,243	70,543,908
Cash and bank balances	19	69,718,993	46,076,040
		1,532,171,012	**860,638,825**
		1,588,855,427	**997,325,340**

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

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Chief Executive

Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		---------- (Rupees)	----------
Operating revenue	20	73,648,332	33,141,951
Capital (loss) \ gain on sale investments		(8,521,228)	8,024,831
Capital gain on investment at fair value through profit or loss		424,958,968	78,439,111
		490,086,072	119,605,893
Administrative and operating expenses	21	(70,225,084)	(52,092,431)
Operating profit		**419,860,988**	**67,513,462**
Other income	22	38,348,000	22,724,414
		458,208,988	**90,237,876**
Finance cost	23	(15,966,018)	(6,527,357)
Profit before taxation		**442,242,970**	**83,710,519**
Provision for taxation	24	(3,985,304)	(3,980,012)
Profit after taxation for the year		**438,257,666**	**79,730,507**
Earning per share - basic and diluted	25	**21.91**	**3.99**

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

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Chief Executive **Director**

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	---------- (Rupees) ----------	
Profit after taxation for the year	438,257,666	79,730,507
Other comprehensive loss	(10,835,962)	-
Total comprehensive income for the year	**427,421,704**	**79,730,507**

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

Chief Executive

Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	442,242,970	83,710,519
Adjustments for :		
- Depreciation	107,947	134,932
- Loss on sale of investment	8,521,228	-
- Gain on Investment	(424,958,968)	-
- Finance cost	15,966,018	6,527,357
	(400,363,775)	6,662,289
Cash generated from operating activities before working capital changes	41,879,195	90,372,808
Decrease / (increase) in current assets:		
Trade debts - considered good	24,472,294	69,643,201
Advances and other receivables	(354,036,671)	(1,690,208)
Short term deposits	(153,862,063)	8,003,940
Increase / (decrease) in current liabilities:		
Payable to related party	47,092,382	(114,524,952)
Trade creditors, accrued and other liabilities	323,777,805	7,567,938
	(112,556,253)	(31,000,081)
Finance cost paid	(16,622,086)	(5,378,170)
Taxes paid	(21,455,150)	(22,910,438)
Net cash (used in)/ generated from operating activities	(108,754,294)	31,084,119
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment	(86,018,497,467)	(177,907,263)
Sale proceeds from investment	86,357,500,450	-
Long term deposits	(500,000)	400,000
Net cash generated/used in investing activities	338,502,983	(177,507,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	(206,105,736)	157,552,276
Net cash (used in)/generated from financing activities	(206,105,736)	157,552,276
Net increase in cash and cash equivalents	23,642,953	11,129,132
Cash and cash equivalents at the beginning of the year	46,076,040	34,946,908
Cash and cash equivalents at the end of the year	69,718,993	46,076,040

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

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Chief Executive

Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Loan from sponsor- related party	Unappropriated profit	Total
	------------------------- (Rupees) -------------------------			
Balance as at June 30, 2015	**200,000,000**	**-**	**166,930,638**	**366,930,638**
Total comprehensive income for the year June 30, 2016	-	-	79,730,507	79,730,507
Balance as at June 30, 2016	**200,000,000**	**-**	**246,661,145**	**446,661,145**
Trasnfer from long term loan		83,500,000		83,500,000
Total comprehensive income for the year June 30, 2017	-		427,421,704	**427,421,704**
Balance as at June 30, 2017	**200,000,000**	**83,500,000**	**674,082,849**	**957,582,849**

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

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Chief Executive

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated on 8th May 1996 as a private limited company under the Companies Ordinance.1984.

The Company is a TREC (Trading Right Entitlement Certificate) holder of Karachi Stock Exchange Limited. The Company is principally engaged in brokerage of shares, stocks, securities, securities research and other related jobs. The registered office of the company is 419, Stock Exchange Building, Stock Exchange Road, Karachi

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984.

The Companies Ordinance, 1984 has been repealed after the enforcement of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except, for certain property and equipment and intangible assets, which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values.

The financial statements have been prepared using an accrual basis of accounting except for cash flow statement which is prepared using cash basis.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

2.4 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, the Regulations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are significant to the financial statements:

	Note
a) Useful life of property and equipment	4.1
b) Impairment of financial assets	4.6
c) Provision against trade debts	4.9

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d)	Provision for current and deferred taxation	4.10
e)	Creditor, accrued and other liabilities	4.14

3 STANDARD AMMENDMENTS AND INTERPRETIONS

3.1 Standards, amendments or interpretations which became effective during the year:

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), interpretations which became effective during the year but are not considered to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3.2 Standards, amendments or interpretations not yet effective

The following standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IFRS 2 -	Classification and measurement of share based payment transactions (Amendments)	January 1, 2018
IFRS 10 -	Consolidated financial statements and IAS 28 investment in associates and Joint ventures: Sales or contribution of assets between an investor and its associates or joint ventures (Amendment)	Not yet finalised
IFRS 7 -	Financial statements: Disclosures - Disclosure initiative (Amendment)	January 01, 2017
IAS 12 -	Income taxes - Recognition of deferred tax assets for unrealized losses (Amendments)	January 01, 2017
IFRS 4 -	Insurance contracts: Applying IFRS 9 financial instruments with IFRS 4 insurance contracts (Amendments)	January 01, 2018
IAS 40 -	Investment property: Transfers of investment property (Amendments)	January 01, 2018
IFRS 22 -	Foreign currency transactions and advance consideration	January 01, 2018
IFRS 23 -	Uncertainty over income tax treatments	January 01, 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

Further following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Accounting periods

IFRS 16 -	Leases	January 1, 2019
IFRS 17 -	Insurance contracts	January 1, 2021

4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and equipment

Owned

Property and equipment (except for office premises) are stated at cost less accumulated depreciation and impairment losses, if any. Office premises are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is charged to profit and loss account by applying the straight line method systematically on yearly basis at the rates specified in note 10. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off. Surplus on revaluation of property and equipment is credited to surplus on revaluation of fixed assets account. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation of fixed assets - net of deferred tax is transferred directly to equity.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers..

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis at the rates specified in note 10.

4.2 Intangible assets

These represent TREC of, and rooms at, Karachi Stock Exchange Limited and membership cards of Pakistan Mercantile Exchange Limited and Dubai Gold and Commodity Exchange. These intangible assets have indefinite useful life and are stated at revalued amount.

The carrying amount of intangible assets are reviewed at each balance sheet date to assess whether they are in excess of their recoverable. Provisions are made for decline in values, other than temporary, of these assets where the carrying values exceed estimated recoverable amounts.

Amortization is charged from the month of addition to the month proceeding the month of retirement / disposal.

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4.3 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

4.4 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instruments. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortized cost as the case may be.

4.5 Off-setting for financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

4.7 Investments

Investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investments, except in case of held for trade investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held for trade'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trade'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held to maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are remeasured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed off or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of term finance certificates, unites of open end mutual funds and government securities are determined on the basis of rates notified by Mutual Funds Association of Pakistan for term finance certificates, relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

Investment in subsidiary companies

Subsidiaries are those enterprises in which the parent Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of it's directors.

The investments in subsidiary companies are stated at cost and the carrying amount is adjusted for impairment, if any, to the recoverable amounts of such investments.

4.8 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.9 Trade debts

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

4.10 Taxation

Current

The Company's business income is assessable under Section 233A 'Collection of tax by a stock exchange registered in Pakistan' of the Income Tax Ordinance, 2001 and in accordance with Letter No. 4(1) ITP / 2004 - SE of the Revenue Division, Central Board of Revenue dated July 03, 2004. However, provision for other taxable income (excluding dividend & property rental income) is based at current rates of taxation after taking into account tax credits and tax rebates available, if any.

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Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences. unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.11 Revenue recognition

- Brokerage and commission income is recognised as and when such services are provided.
- Dividend income is recognised at the time when the right to receive dividend is established
- Interest income is recognised on a time proportion basis that takes into account the effective yield
- Income on continuous funding system is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Gains / (loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account into other income / other expense.
- All other incomes are recognised on an accrual basis.

4.12 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

4.13 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.14 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

4.15 Dividend

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

4.16 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

4.17 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

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	Note	2017	2016
		---------- (Rupees) ----------	

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

2017	2016			
------ (No. of shares) ------				
6,500,000	6,500,000	Issued for cash	**65,000,000**	65,000,000
13,500,000	13,500,000	Issued otherwise than in cash	**135,000,000**	135,000,000
20,000,000	20,000,000		**200,000,000**	200,000,000

6 Loan from sponsor-related party

	Note	2017	2016
Loan from sponsor	6.1	**83,500,000**	83,500,000
		83,500,000	83,500,000

6.1 This represents an interest free loan from a member of the Company. This loan is designated interest free and is repayable at the discretion of the Company.Earlier it was recorded as a long term loan. Further, in accordance with Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements, such loan has been classified as part of equity instead of long term borrowing in these financial statements.

7 Payable to related party

	Note	2017	2016
Loan From Directors	7.1	**152,819,002**	141,585,398
Payable to Abid Ali Habib Securities (Private) Limited	7.2	**35,858,778**	-
		188,677,780	141,585,398

7.1 This is an interest free loan from director of the company and is repayable on demand.

7.2 Payable to Abid Ali habib securities (Private) Limited.

8 Trade, other payables and accured expenses

	Note	2017	2016
Trade payable		71,035,623	45,854,642
Clients deposit held with exchange		99,581,576	3,410,445
Sales tax payable		436,791	230,808
Withholding tax payable		1,947,671	319,527
CVT		65,482	26,742
CDC and NCSS payable		743,463	660,267
Capital gain tax payable		1	1,173,972
Salaries and allowance		2,858,088	571,701
Accrued expenses		653,050	269,283
Interest payable		2,484,671	3,140,739
Payable against Repo Agreement	8.1	198,765,630	-
Other payables		207817	-
		378,779,863	**55,658,126**

8.1 The company sale and repurchase, and reverse sale and repurchase transactions are covered by re-purchase agreements with netting terms.All the trades are under-collateralized and the collateral margin on each transaction is at least 10%.

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		2017	2016
		---------- (Rupees) ----------	
9 SHORT TERM BORROWING - SECURED			
From banking companies and other financial institutions other than related parties:			
Summit bank limited	9.1	34,061,832	155,938,848
Soneri bank limited	9.2	29,679,463	63,989,050
Askari bank limited	9.3	73,640	49,992,773
		63,814,935	**269,920,671**

9.1 The Company has a running finance facility amounting upto Rs. 250 million (2016: 250 million) from the Summit Bank Limited. This arrangement carries mark-up @ 3 months KIBOR plus 2% per annum. This arrangement is secured by pledge of shares and personal guarantee of director Mr Aba Ali Habib.

9.2 The Company has a running finance facility amounting upto Rs. 150 million (2016: 150 million) from Soneri Bank Limited . This arrangement carries mark-up @ 3 months KIBOR plus 3 MK+2% per annum . This arrangement is secured against pledge of shares of companies registered in CDC on as per bank's approved list at margin of 30%-50% and personal guarantees of director Mr Aba Ali Habib.

9.3 The Company has a running finance facility amounting upto Rs. 100 million (2016: 100 million) from the Askari Bank Limited for one year. This arrangement carries mark-up @ 3 months KIBOR plus 2.0% per annum . This arrangement is secured against pledge of shares of companies listed in CDC as per bank's approved list at margin of 30% - 40% and personal guarantees of director Mr Aba Ali Habib.

10 CONTINGENCIES AND COMMITMENTS

Contingencies

A bank guarantee of Rs.35 million (2016: Rs.50 million) has been provided to Pakistan Stock Exchange-National Clearing Company of Pakistan Limited for deposit of Margin/Exposure to Pakistan Stock Exchange/National Clearing Company of Pakistan Limited against the security of pledge of shares and personal guarantee of only one sponsor director Mr. Aba Ali Habib

Commitments

There are no commitments as at June 30, 2017 (2016: Nil).

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11 PROPERTY AND EQUIPMENT

	2017			
	Furniture and fixtures	Motor vehicle	Computer and accessories	Total
COST				
As at June 30, 2016	**200,000**	**1,202,500**	**100,000**	**1,502,500**
ACCUMULATED DEPRECIATION				
As at July 1, 2016	168,542	709,956	84,271	**962,770**
For the year	6,292	98,509	3,146	**107,947**
On disposals	-	-	-	-
Impairment	-	-	-	-
As at June 30, 2017	**174,834**	**808,465**	**87,417**	**1,070,717**
Written down value as at June 30, 2017	**25,166**	**394,035**	**12,583**	**431,783**
Depreciation rates per annum (%)	**20**	**20**	**20**	

	Note	2017	2016
		---------- (Rupees) ----------	
12 INTANGIBLE ASSETS			
Trading Right Entittlement Certificate			
Pakistan Stock Exchange Limited	11.1	**5,000,000**	**5,000,000**

12.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

13 LONG TERM INVESTMENTS

	Note	2017	2016
	13.1	**49,603,583**	**130,000,000**

13.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and Demutualization of PSX as a Public Company Limited by shares. As par the arrangements the authorized and paid-up capital of PSX is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX was equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member in the following manner:

1) 40% of the total shares allotted (i.e. 1,602,953 shares) were transferred in the House Account-CDC of each initial shareholder.

2) 60% of the total shares (i.e. 2,404,430 shares) were deposited in a sub-account in Company's name under PSX's participant ID with CDC.

In the current period, 40% shares (out of 60% of total shareholding in PSX), which were held in blocked form in terms of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, have been sold to Chinese consortium with the approval of Securities and Exchange Commission of Pakistan against a consideration of $85.6 million at offer price of Rs. 28 per share.

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10% of the consideration amount will be retained by PSX for a period of one year to settle any outstanding liabilities of PSX.

Remaining 20% shares, which were held in blocked account, have been sold through book building and IPO to high net worth individuals, strategic institutions and general public.

The remaining 40% shares (i.e. 1,602,953 shares) are now kept in blocked account in the name of company in compliance with sub-regulations (1),(2) and (3) of Regulation 5 of Public Offering Regulations 2017. The company has revalued its remaining shares at the closing price of Rs. 25.68 per share as at June 30, 2017.

As per Section 5(2) of Public Offering Regulations 2017, the company is required to retain not less than 25% of the total paid up capital for a period not less than three financial years from the last date for the public subscription. Therefore, the investment to the extent of 25% of ordinary shares of PSX has been classified as long term investment while the remaining investment in such shares has been classified as short term investment.

		Note	2017	2016
			---------- (Rupees)	----------
14	**LONG TERM DEPOSITS**			
	Clearing house deposit		100,000	100,000
	Pakistan Stock Exchange		10,000	10,000
	LSE Clearing / NCSS deposit		330,000	330,000
	Booth deposit		75,000	75,000
	SLB exposure		100,000	100,000
	National Clearing Company of Pakistan Limited		800,000	300,000
	Central Depository Company		200,000	200,000
			1,615,000	**1,115,000**
15	**TRADE DEBTS - CONSIDERED GOOD**			
	Trade debts- considered good	15.1	**25,490,122**	**49,962,416**
15.1	**Aging analysis**			
	Within 5 days		**1,067,174**	3,715,495
	Above 5 days		**24,422,948**	46,246,921
	Provision for doubtful debts		-	-
			25,490,122	**49,962,416**
16	**SHORT TERM INVESTMENTS**			
	Assets at fair value through profit and loss - held-for-trading			
	Listed equity securities		**827,366,171**	**680,370,712**
17	**SHORT TERM DEPOSITS**			
	Exposure deposit for MTS with NCCPL	17.1	5,312,064	4,823,074
	Future deposit with PSX and Others	17.1	156,546,060	3,172,987
			161,858,124	**7,996,061**

17.1 Theses represents amounts of deposits held at the year end against exposure arising out of trading in securities in accordance with the regulation of PSX and NCCPL, respectively.

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		Note	2017	2016
			---------- (Rupees) ----------	
18	**ADVANCES AND OTHER RECEIVABLES**			
	Receivable from PSX		4,488,269	-
	Receivable from client		171,559,092	-
	Car advance		4,598,000	-
	Advance to staff		867,488	1,657,085
	Other receivables		2,659,090	4,032,603
	Receivables against Repo	8.1	175,554,420	-
			359,726,359	**5,689,688**
19	**CASH AND BANK BALANCES**			
	At banks:			
	- Current accounts		69,686,809	46,058,495
	- Saving accounts		32,184	17,545
			69,718,993	**46,076,040**
20	**OPERATING REVENUE**			
	Brokerage income		66,282,962	31,528,022
	Income from MFS		6,399,764	-
	IPO and book building commission		965,606	1,613,929
			73,648,332	**33,141,951**
21	**ADMINISTRATIVE AND OPERATING EXPENSE**			
	Salaries, Commission and allowances		31,127,992	24,541,943
	Electricity charges		1,949,046	2,231,537
	Rent expense		241,400	-
	Laga expenses		19,544,482	13,143,794
	CDC charges		2,737,930	1,833,654
	Travelling expenses		31,400	3,286,900
	Office repair and maintenance		2,540,040	1,149,375
	Legal, professional charges		1,081,230	472,259
	Auditors' remuneration	21.1	325,000	256,750
	Telephone and mobile		991,204	891,267
	Depreciation		107,947	134,932
	Printing and stationery		204,952	177,231
	Computer hardware and software fees		2,333,649	1,165,668
	Entertainment expenses		660,695	652,442
	Vehicle running expense		1,279,952	950,000
	Conveyance expense		-	502,988
	Miscellaneous and general expenses		1,704,819	625,695
	Donations		1,670,696	-
	Courier and Postage		93,850	75,996
	Marketing		1,598,800	-
			70,225,084	**52,092,431**
21.1	**Auditors' remuneration**			
	Audit fee		125,000	50,000
	Other certifications		200,000	206,750
			325,000	**256,750**

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		2017	2016
		---------- (Rupees) ----------	
22	**OTHER INCOME**		
	Profit on bank deposit	988,583	2,033,138
	Profit on PSX margin	904,515	528,720
	Dividend income on shares	36,454,902	20,162,556
		38,348,000	**22,724,414**
23	**FINANCE COST**		
	Bank charges	859,221	473,080
	Mark-up on running finance	15,106,797	6,054,278
		15,966,018	**6,527,358**
24	**TAXATION**		
	Current	6,313,329	4,011,796
		(2,325,761)	
		3,987,568	4,011,796
	Deferred	(2,264)	(31,785)
		3,985,304	**3,980,011**
25	**EARNING PER SHARE - BASIC AND DILUTED**		
	Profit after taxation for the year	**438,257,666**	**79,730,507**
	Weighted average number of ordinary shares	**20,000,000**	**20,000,000**
	Earning per share - basic and diluted	**21.91**	**3.99**

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26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

26.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits accordingly to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are salted / paid for upon delivery.

The maximum exposure to credit risk at the reporting date is as follows:

		Carrying amount	
		2017	2016
	Note	---------- (Rupees) ----------	
Long term deposits	14	1,615,000	1,115,000
Trade debts - considered good	15	25,490,122	49,962,416
Advances and other receivables	17	359,726,359	5,689,688
Short term deposits	16	161,858,124	7,996,061
Cash and bank balances	19	69,718,993	46,076,040
		618,408,598	110,839,205

All balances are denominated in local currency.

Cash and Bank Balances

The analysis below summarizes the credit quality of the Company's bank balances (including profit receivables) as at June 30, 2017 and June 30, 2016:

	2017	2016
	---------- (Rupees) ----------	
Bank balances	32,184	17,545

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to BBB assigned by reputable credit rating agencies.

26.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities:

	2017					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
		----------Rupees----------				
Financial liabilities						
Long term loans	-	-	-	-	-	-
Trade creditors, accrued and other liabilities	376,295,192	376,295,192	-	-	-	-
Accrued mark-up	2,484,671	2,484,671	-	-	-	-
	378,779,863	**378,779,863**	-	-	-	-

	2016					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
		----------Rupees----------				
Financial Liabilities						
Long term loans	83,500,000	83,500,000	-	-	-	-
Trade creditors, accrued and other liabilities	52,517,387	52,517,387	-	-	-	-
Accrued mark-up	3,140,739	3,140,739	-	-	-	-
	139,158,126	*139,158,126*	-	-	-	-

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26.3 Market risk

Market risk is the risk that the value of a financial instruments may fluctuate as a result of changes in market interest rates or the market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Carrying amount	
	2017	**2016**
	---------- (Rupees) ----------	
Fixed rate investment		
- Cash and bank balances in profit and loss sharing accounts	**32,184**	17,545

The Company does not have any fixed rate financial instrument at fair value through profit or loss.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

Presently, the Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.

Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at year end was as follows:

	2017			
	Effective rate of mark-up / return (%)	**Exposed to interest rate risk**	**Not exposed to interest rate risk**	**Total**
	-----------------	-----------------	Rupees -----------------	-----------------
Financial assets				
Long term deposits	-	-	1,615,000	1,615,000
Trade debts	-	-	25,490,122	25,490,122
Advances and other receivables	-	-	359,726,359	359,726,359
Short term deposits	-	-	161,858,124	161,858,124
Cash and bank balances	5% to 10%	32,184	69,686,809	69,718,993
		32,184	**618,376,415**	**618,408,599**
Financial liabilities				
Long term loans		-	-	-
Trade creditors, accrued and others lia		-	564,972,972	564,972,972
short term borrowings	Variable	63,814,935	-	63,814,935
Accrued mark-up	Variable	2,484,671		2,484,671
		66,299,606	**564,972,972**	**631,272,578**
Cumulative gap		**(66,267,422)**	**53,403,443**	**(12,863,979)**

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27 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders.

There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise subsidiary, an associated undertaking, chief executive, directors and key management personnel. The Company in the normal course of business carries out transactions with related parties at arm's length basis, unless otherwise disclosed. Amounts due to/from related parties and transactions therewith are shown below:

		2017	2016
Transactions with related parties		---------- (Rupees) ----------	
Relationship	**Nature of transaction**		
Director	Short term borrowing obtained	**11,233,604**	-
Abid Ali Habib Securties (Private) Limited		**35,858,778**	-
Balances with associated companies:			
Director		**152,819,002**	141,585,398
Abid Ali Habib Securities (Private) Limited		**35,858,778**	-

29 NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2017 were 51 (2016: 24). Average number of employees during the year were 23 (2016: 38).

30 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purpose of comparison.

From	To	Rupees
Non-Current Liabilities	**Equity**	
Long Term Loan	Loan From Sponsor	83,500,000

31 GENERAL

31.1 Certain prior year comparatives have been reclassified to conform to the current's years presentation.

31.2 These financial statements have been authorized for issue by the Board of Directors of the Company on 07-10-2017.

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Chief Executive

Director

	2016			
	Effective rate of mark-up / return (%)	Exposed to interest rate risk	Not exposed to interest rate risk	Total
	-----Rupees-----			
Financial assets				
Long term deposits	-	-	1,115,000	1,115,000
Trade debts	-	-	49,962,416	49,962,416
Advances and other receivables	-	-	5,689,688	5,689,688
Short term deposits	-	-	7,996,061	7,996,061
Cash and bank balances	5% to 10%	17,545	46,058,495	46,076,040
		17,545	110,821,660	110,839,205
Financial liabilities				
Long term loans			83,500,000	83,500,000
Trade creditors, accrued and other lial	-	-	194,102,785	194,102,785
short term borrowings	Variable	269,920,671	-	269,920,671
Accrued mark-up	Variable	3,140,739		3,140,739
		273,061,410	277,602,785	550,664,195
Cumulative gap		(273,043,865)	(166,781,124)	(439,824,989)

26.4 Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company's activities.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transaction;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

26.5 Fair value of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying 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.

The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

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