

**DALAL SECURITIES  
(PRIVATE) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30,2017**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DALAL 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 parts thereof (here-in-after referred to as the "financial statements"), for the year then ended. We state that we have obtained all the information and explanation 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and present the above said statements in conformity with the approved accounting standards and the requirement of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial 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 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 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- a) in our opinion proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;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the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;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, profit and loss account, 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 income, its cash flows and its 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 (XVIII of 1980).

The financial statement of the company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who issued unqualified opinion dated Oct 09, 2016.

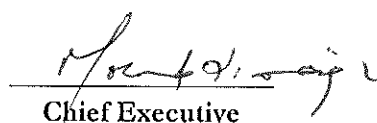
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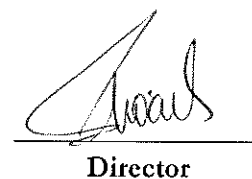
Chartered Accountants  
Imran Iqbal

**DALAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2017**

			(Restated)
		2017	2016
	Note	(Rupees)	(Rupees)
<b><u>ASSETS</u></b>			
<b><u>NON CURRENT ASSETS</u></b>			
Property and equipment	4	17,288,653	15,932,907
Intangible assets	5	5,250,000	5,250,000
Investment - available for sale	6	41,163,833	15,000,000
Long term deposits	7	31,875,073	13,874,809
		95,577,559	50,057,716
<b><u>CURRENT ASSETS</u></b>			
Trade debts - unsecured considered good	8	33,399,422	19,000,296
Short term investment	9	24,026,421	50,668,658
Advances, deposits, prepayments and other receivables	10	29,877,323	16,503,215
Cash and bank balances	11	164,376,249	101,560,954
		251,679,415	187,733,123
		<u>347,256,974</u>	<u>237,790,839</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>CAPITAL RESERVES</u></b>			
Authorized capital	12.1	75,000,000	75,000,000
Issued, subscribed and paid-up capital	12.2	50,000,000	50,000,000
Unappropriated profit		190,044,806	124,930,015
Surplus/(Deficit) - Investment available for sale		35,163,833	-
		275,208,638	174,930,015
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payable	13	72,048,336	60,299,891
Provision for taxation		-	2,560,933
		72,048,336	62,860,824
Contingencies and commitments	14	-	-
		<u>347,256,974</u>	<u>237,790,839</u>

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

  
**Chief Executive**

  
**Director**

**DALAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 (Rupees)	(Restated) 2016 (Rupees)
Operating revenue	15	34,241,849	19,685,898
Operating and administrative expenses	16	(40,113,112)	(20,676,333)
Finance charges		(65,601)	(43,318)
Operating (Loss)		(5,936,865)	(1,033,753)
Other income	17	77,250,569	8,713,659
NET PROFIT BEFORE TAXATION		71,313,704	7,679,906
Taxation	18	(6,198,913)	(2,599,158)
NET PROFIT AFTER TAXATION		65,114,791	5,080,748
Earning per share- basic and diluted		13.02	1.02

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

  
Chief Executive

  
Director


**DALAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Surplus/(Defi cit) - Investment available for sale	Total
<u>-----Rupees-----</u>				
Balance as at June 30, 2015.	50,000,000	119,849,267	-	169,849,267
Net profit for the year	-	5,080,748	-	5,080,748
Balance as at June 30, 2016 (Restated)	50,000,000	124,930,015	-	174,930,015
Surplus/(Deficit) - Investment available for sale	-	-	35,163,833	35,163,833
Net profit for the year	-	65,114,791	-	65,114,791
Balance as at June 30, 2017	<u>50,000,000</u>	<u>190,044,806</u>	<u>35,163,833</u>	<u>275,208,638</u>

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

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 Chief Executive


  
 Director

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

	2017 (Rupees)	(Restated) 2016 (Rupees)
Profit for the year	65,114,791	5,080,748
Other comprehensive income:		
Unrealised gain on revaluation of investments available for sale	35,163,833	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b><u>100,278,624</u></b>	<b><u>5,080,748</u></b>

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

  
Chief Executive

  
Director

**DALAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	2017 (Rupees)	(Restated) 2016 (Rupees)
Note		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	71,313,704	7,679,906
<b><u>Adjustment for non-cash items:</u></b>		
Depreciation	2,345,441	1,673,326
Gain on sale of PSX shares	(57,881,795)	-
Capital Gain - Realized on short term investment	(14,478,835)	-
Realized (Gain) on investment on NAFA Islamic Fund	(711,132)	(107,845)
Dividend income	(1,655,187)	(2,860,313)
Unrealized loss on investment	2,320,602	1,842,605
Loss on disposal of fixed assets	2,813	(1,654)
Operating profit before working capital changes	(70,058,093)	8,226,025
<b><u>Changes in working capital</u></b>		
Decrease /(Increase) in trade debts	(14,399,126)	14,210,131
Decrease /(Increase) in advances, deposits and prepayments	(14,206,361)	(11,659,613)
(Increase) in long term deposits	(18,000,264)	-
(Decrease) / increase in trade and other payable	11,748,445	16,939,222
Net changes in working capital	(34,857,306)	19,489,740
Taxes paid	(7,927,593)	(538,850)
Net cash (used in)/generated from operating activities	(41,529,288)	27,176,915
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(3,764,000)	(4,504,515)
Proceeds from sale of property, plant & equipment	60,000	810,000
Proceeds from sale of PSX shares	66,881,795	-
Investment in Nafa Islamic Fund	-	(160,198)
Proceeds from short term investment	39,511,602	(15,299,461)
Dividend received	1,655,185	2,860,313
Net cash (used in)/generated from investing activities	104,344,582	(16,293,861)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash (used in)/generated from financing activities		
Net increase in cash and cash equivalent	62,815,294	10,883,054
Cash and cash equivalent at beginning of the year	101,560,954	90,677,900
Cash and cash equivalent at end of the year	164,376,248	101,560,954

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

  
Chief Executive

  
Director

**DALAL SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1 Legal Status and Nature of Business**

Dalal Securities (Private) limited was incorporated under the repealed Companies Ordinance, 1984 on June 4, 2001 as a Private limited company. The Company is a corporate member of Pakistan Stock Exchange (Guarantee) Limited. The principal activities of the Company are to carry on the business of share brokerage, under writing of public issues, investment and portfolio management.

**2 Basis of Preparation**

**2.1 Statement of Compliance**

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention unless otherwise specifically specified.

**2.3 Functional and Presentation Currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

**2.4 Critical Accounting Estimates and Judgments**

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, 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 and various other factors that are believed to be reasonable under the circumstances, the results 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.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, value of intangibles and provision for doubtful receivables.



## 2.5 Changes in accounting standards, interpretations and pronouncements

### 2.5.1 New and Amended Standards and interpretations

The adoption of the new and amended standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 2.5.2 Standards, Interpretation and Amendments to approved accounting standards that are not yet effective

The following revised 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 interpretation:

Description effective for periods		Effective for periods beginning on or after
<b>IFRS 2</b>	Share-based Payment - Amendments relating to classification and measurement of Share-based Payment Transactions	January 01, 2018
<b>IFRS 10</b>	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or contribution of Assets between an investor and its Associate or Joint Venture	Not yet finalized
<b>IAS 7</b>	Statement of Cash Flows - Amendments relating to Disclosure Initiative	January 01, 2017
<b>IAS 12</b>	Income Taxes - Amendments relating to recognition of Deferred Tax Assets for unrealized losses	January 01, 2017
<b>IFRS 4</b>	Insurance Contract: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2018
<b>IAS 40</b>	Investment Property: Transfer of Investment Property (Amendments)	January 01, 2018
<b>IFRIC 22</b>	Foreign Currency Transaction and Advance Consideration	January 01, 2018
<b>IFRIC 23</b>	Uncertainty over Income Tax Treatments	January 01, 2019
<b>IFRS 16</b>	Leases	January 01, 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Description effective for periods		Effective for periods beginning on or after
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contract	January 01, 2021

### 3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

#### 3.1 Taxation

Income tax expense comprises of current, and prior year. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### 3.1.1 Current

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

##### 3.1.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

However the company is subject to taxation from next year that is based on transaction volume. As the tax is not levied on the basis of profits therefore deferred tax liability/asset is not recognized.

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### **3.2 Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using reducing balance method at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

### **3.3 Intangible Assets**

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

### **3.4 Impairment**

#### **3.4.1 Financial Assets**


A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

#### **3.4.2 Non-Financial Assets**

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether



there is any indication of impairment. If such an indication exists, the assets' recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the profit and loss account. The recoverable amount is the higher of an assets' fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized previously. Reversal of an impairment loss is recognized immediately in profit and loss account.

### **3.5 Financial Instruments**

#### **3.5.1 Financial Assets**

The Company classifies its financial assets at initial recognition in the following categories depending on the nature and purpose for which the financial assets were acquired:

##### **At fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, interest accrued, other receivables, cash and bank balances.

##### **Held to maturity**

These are financial assets with fixed or determinable payment and fixed maturity which the Company has positive intent and ability to hold to the maturity.

##### **Available for sale**

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At each balance sheet date, these investments are re-measured at fair value and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired at which time these are transferred to the profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Pakistan Stock Exchange. The investments, for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

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All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized and derecognized on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

The Company assesses at each reporting date whether there is objective evidence that any investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognized in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

### **3.5.2 Financial Liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a DE recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

### **3.6 Trade and Other Receivables**

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Trade debts and other receivable considered irrecoverable are written off.


### **3.7 Trade and Other Payables**

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

### **3.8 Provisions**

Provisions are recognized when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that 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. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate

The amount recognized as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties



surrounding the obligation.

### **3.9 Revenue Recognition**


- Brokerage income is recognized as and when transaction is executed.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

### **3.12 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balance, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change.

### **3.13 Related Party Transactions**

Transactions in relation to sales purchase and services with related parties are made at arm's length price which is determined in accordance with the comparable uncontrolled price method. The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees.



**DALAL SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**4. PROPERTY PLANT AND EQUIPMENT**

Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2016	Additions	Disposals/ write off	As at Jun 30, 2017		As at July 01, 2016	For the year	Disposals/ write off	As at Jun 30, 2017	As at June 30, 2017
-----Rupees-----										
Office premises	10,381,000	-	-	10,381,000	5%	1,012,148	468,443		1,480,591	8,900,409
Furniture and fixture	3,498,185	-	-	3,498,185	10%	2,268,262	122,992	-	2,391,254	1,106,931
Computer equipment	1,744,340	104,000	-	1,848,340	30%	1,687,188	48,346		1,735,534	112,806
Office equipment	1,851,803	-	-	1,851,803	10%	1,160,065	69,174	-	1,229,239	622,564
Motor car	6,259,000	3,660,000	585,000	9,334,000	20%	1,700,309	1,631,176	522,187	2,809,298	6,524,702
Motor cycle	147,975	-	-	147,975	20%	121,424	5,310	-	126,734	21,241
June 30, 2017	23,882,303	3,764,000	585,000	27,061,303		7,949,396	2,345,441	522,187	9,772,650	17,288,653
June 30, 2016	21,351,288	4,504,515	1,973,500	23,882,303		7,441,224	1,673,326	1,165,154	7,949,396	15,932,907

(Restated)

2017  
(Rupees)                      2016  
(Rupees)

**5. INTANGIBLE ASSETS**

Trading Right Entitlement Certificate (TREC)	5.1	5,000,000	5,000,000
Pakistan Mercantile Exchange Limited		250,000	250,000
		<b>5,250,000</b>	<b>5,250,000</b>

- 5.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed.

**6. INVESTMENT - AVAILABLE FOR SALE**

Investment in shares of Pakistan Stock Exchange	6.1	41,163,833	15,000,000
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- 6.1 This Represent 1,602,953 shares of Pakistan Stock Exchanges acquired in pursuance of Corporatisation, Demutualization and integration Act, 2012. As per agreement each member received 4,007,383. Out of 4,007,383 the company already sold 2,404,430 shares to Chinese investors, and in open Market.

**7. LONG-TERM DEPOSITS**

Deposit with PSX	10,000	214,809
Deposit with CDC	100,000	100,000
Deposit with NCCPL	500,000	300,000
Deposit with National Commodity Building(NCEL)	12,500,000	12,500,000
Deposit with PMEX	750,000	750,000
Deposit with Pakistan Mobile Communication	10,000	10,000
Deposit with PSX(BMC)	18,005,073	-
	<b>31,875,073</b>	<b>13,874,809</b>

		2017 (Rupees)	(Restated) 2016 (Rupees)
<b>8. TRADE DEBTS</b>			
Trade debts		33,399,422	19,000,296
Provision for doubtful debt		-	-
		<u>33,399,422</u>	<u>19,000,296</u>
<b>8.1 Age analysis of trade debts</b>			
More than 5 days	8.1.1	33,358,939	-
Less than 5 days		40,483	-
		<u>33,399,422</u>	
<b>8.1.1</b>	The provision required under sub-clause h (i) of clause 34 of Securities Brokers (Licensing and Operations) Regulations 2016 was not provided in the accounts as the company has subsequently recovered the of amount.		

## 9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	9.1.	<u>24,026,421</u>	<u>50,668,658</u>
<b>9.1</b>	Investment in various equity shares carried at market value.		

## 10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to employees		443,000	508,000
Advance against plot		4,461,000	-
Advance tax		4,806,491	2,842,938
Income tax refund		282,005	3,077,811
Receivable from PSX	10.1	4,488,268	-
NCCPL Exposure		15,000,000	10,000,000
Receivable NCCPL for CGT Refund		393,101	-
Other deposits and receivables		3,458	74,466
		<u>29,877,323</u>	<u>16,503,215</u>

**10.1** This amount represents amount retained by PSX from sale proceeds of PSX Shares to Chinese investors. The amount will be retained for the period of one year.

## 11. CASH AND BANK BALANCES

Cash in hand	59,745	13,587
Cash at bank current	163,594,598	101,518,403
- saving	721,906	28,964
	<u>164,376,249</u>	<u>101,560,954</u>

## 12. SHARE CAPITAL

### 12.1 AUTHORIZED SHARE CAPITAL

2017	2016		2017	2016
Number of Shares				
<u>7,500,000</u>	<u>7,500,000</u>	ordinary shares of		
		Rs. 10 each	<u>75,000,000</u>	<u>75,000,000</u>

### 12.2 ISSUED SUBSCRIBED AND PAID-UP CAPITAL

		ordinary shares of		
<u>5,000,000</u>	<u>5,000,000</u>	Rs. 10 each fully paid		
		in cash	<u>50,000,000</u>	<u>50,000,000</u>

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**Pattern of Shareholding**

	No of shares	Percentage of Holding
i Muhammad Siddique Dalal (Chief executive)	3,000,000	60.0%
ii Muhammad Shoaib Dalal (Director)	2,000,000	40.0%
	<u>5,000,000</u>	

all changes in shareholding above 5 %  
No Changes in shareholding during the year

		2017 (Rupees)	(Restated) 2016 (Rupees)
<b>13. TRADE AND OTHER PAYABLE</b>			
Credit balances of clients	13.1.	68,106,984	52,985,042
Accrued Expenses		1,766,352	482,998
Advance against property		2,050,000	-
Other liabilities		-	6,831,851
Auditor remuneration		125,000	-
		<u>72,048,336</u>	<u>60,299,891</u>
<b>13.1 Credit balances of clients held by the company</b>		<u>68,106,984</u>	<u>52,985,042</u>
Value of Securities of client held by the company		<u>2,088,055,290</u>	
Number of Securities of client held by the company		<u>58,809,269</u>	
<b>13.2 No Securities of clients is pledged with Financial Institution.</b>		<u>2,294,000</u>	
<b>13.3 No Securities of the company is pledged with Financial Institution.</b>		-	
<b>14. CONTINGENCIES AND COMMITMENTS</b>			
<b>14.1. There were no contingencies and commitments as at June 30, 2017.</b>			
<b>15. OPERATING REVENUE</b>			
Brokerage income	15.1	<u>34,241,849</u>	<u>19,685,898</u>
<b>15.1 Brokerage Income- gross</b>		<u>38,693,291</u>	<u>22,245,065</u>
Sales tax		<u>(4,451,442)</u>	<u>(2,559,167)</u>
		<u>34,241,849</u>	<u>19,685,898</u>
<b>15.1 Turnover during the period, separately</b>			
		<u>Value Traded</u>	<u>Commission</u>
Institutional customers		1,493,909,074	5,022,974
Proprietary trade		474,969,974	-
Retail customers		18,617,100,940	29,218,875
		<u>20,585,979,988</u>	<u>34,241,849</u>
Other charges			-
Brokerage income			<u>34,241,849</u>

## 16. OPERATING AND OTHER EXPENSES

	2017 (Rupees)	(Restated) 2016 (Rupees)
Director Remuneration	3,000,000	1,200,000
Salaries to staff	6,857,378	6,762,769
Rent, rates and taxes	49,498	45,581
Utility expense	287,807	225,103
Commission paid	2,260,477	1,855,619
Printing and stationary expense	284,963	273,899
Computer expense	196,654	308,650
Communication expense	616,305	486,935
Repair and maintenance	1,655,592	1,187,066
Audit fee	125,000	75,000
System audit fee	-	56,000
Legal professional charges	15,000	40,000
Insurance expense	438,603	299,760
Travelling and Conveyance	475,257	578,782
Entertainment expense	576,518	522,182
Depreciation expense	2,345,441	1,673,326
General expenses	294,950	446,110
Charity donation	2,400,000	1,645,000
Bad debt expense	15,127,055	-
Charges to regulator	2,731,849	1,951,841
Fees and subscription	374,765	1,042,710
	<u>40,113,112</u>	<u>20,676,333</u>

## 17. OTHER INCOME

Capital Gain on PSX share	57,881,795	-
Share application commission	916,936	151,799
Dividend Income	1,655,187	2,860,313
Profit on bank deposit	3,258,554	4,855,446
Dividend on NAFA fund	-	213,597
Profit for cash exposure margin	671,545	567,871
Capital Gain- Investment held for trading	14,478,835	1,797,739
Capital Gain on NAFA Islamic fund	711,132	107,845
Unrealize loss on investment held for trading	(2,320,602)	(1,842,605)
Gain/(Loss) on sale of fixed asset	(2,813)	1,654
	<u>77,250,569</u>	<u>8,713,659</u>

## 18. TAXATION

The Company has filed return for the tax year 2016. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Provision for taxation		
- Current year	2,493,451	2,560,933
- Prior year	3,705,462	38,225
Net tax charge	<u>6,198,913</u>	<u>2,599,158</u>

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP) has regulated the company and management policies of both PSX and SECP have been adopted by the Company.

### 19.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As per SECP regulations the company can not provide credit for purchase of shares Therefore the company believes that it is not exposed to major concentration of credit risk and applies credit limits and deal with credit worthy parties.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	Carrying amount	
	2017 (Rupees)	2016 (Rupees)
Investment - available for sale	41,163,833	17,500,000
Long term deposits	31,875,073	13,874,809
Trade debts - unsecured considered good	33,399,422	19,000,296
Short term investment	24,026,421	50,668,658
Advances, deposits, prepayments and other receivables	29,877,323	16,503,215
Bank balances	164,316,503	101,547,367
	<b>324,658,575</b>	<b>219,094,345</b>

### 19.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity only.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
<b>Financial Liabilities</b>				
Trade and other payable	72,048,336	72,048,336	72,048,336	-
	2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
<b>Financial Liabilities</b>				
Trade and other payable	60,299,891	60,299,891	60,299,891	-

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### 19.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risks comprises of three types of risks: Foreign exchange or currency risks, Interest/Mark-up rate risks and Price risks. The market risks associated with the Company's business activities are discussed as under:

#### a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices of the most significant in comparison to overall assets of the company. The company has equity investment of Rs.65,190,254 which is significant and the company as is expose to price risk.

#### b) Interest rate risk

The company is not exposed to any interest rate risk as the company does not have any interest based assets and liabilities.

### 20.4 Capital risk management

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern, so that it can continue to create value for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The company manages its capital structure which comprises capital and reserves by monitoring return on net assets and make adjustments to it in the light of economic conditions. There were no changes to company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

### 20.5 Fair value

The carrying value of all financial assets and liabilities reflected in the financial statements approxiamte their fair values.

## 20. TRANSACTION WITH RELATED PARTIES

Related parties comprises of Parent Company, associates company and other companies with common director, directors and key management personnel

Detail of transaction with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows.

	2017 (Rupees)	2016 (Rupees)
Remuneration to Chief executive	3,000,000	1,200,000
	<u>3,000,000</u>	<u>1,200,000</u>

### 21. Prior period adjustment

The Company identified certain errors in its books of account of prior years

During the year 2012-2013 at the time of surrender of member ship card in exchange for share of Pakistan Stock Exchange Limited the company has enhanced the value of assets by Rs 35,073,830 and recorded it as capital reserve that was not correct accounting treatement as there is no translation took place at that time.

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These adjustments have been accounted for retrospectively in conformity with the requirement of ISA 8 "Accounting Policies, Changes in Accounting Estimates and Error" as a result of which the corresponding figures for prior years have been restated.

The effects of restatement on the financial statements of the current year are as follows :

	As previously recorded	Effect of prior period adjustment	2016 (Restated)
Intangible assets	15,250,000	(10,000,000)	5,250,000
Investment - available for sale	40,073,830	(25,073,830)	15,000,000
Capital reserve	(35,073,830)	35,073,830	-

## 23. NUMBER OF EMPLOYEES

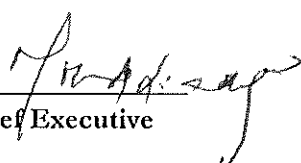
As at year end	9	8
Average no of employee	9	8


## 21. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 03 OCT 2017 by the Board of Directors of the company.

## 22. GENERAL

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.

  
Chief Executive

  
Director