AMER RIAAZ SECURITES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 30 JUNE 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of **Muhammad Amer Riaz Securities (Private) Limited** ("Company" or "the Company"), which comprise the balance sheet as at June 30, 2017 and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance over whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the Company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company's financial statements conform with approved accounting standards as applicable in Pakistan, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the Company's affairs as at June 30, 2017 and of the Company's profit, comprehensive income, changes in equity and cash flows for the year then ended.

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Report on Other Matters Required by the Companies Ordinance, 1984

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

a) Proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

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

c) The expenditure incurred during the year was for the purpose of the Company's business;

d) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company; and

e) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

IECnet S.K.S.S.S
Chartered Accountants
Engagement Partner: **Muhammad Aslam Khan**
Lahore.
October 07, 2017.

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT 30 JUNE 2017

	NOTE	2017 RUPEES	2016 RUPEES
ASSETS			
NON- CURRENT ASSETS			
Property, plant and equipment	4	534,450	492,566
Intangible assets	5	1,280,000	1,280,000
Long term investment	6	2,720,000	2,720,000
Long term security deposits	7	630,000	630,000
		5,164,450	5,122,566
CURRENT ASSETS			
Short term Investment	8	5,417,980	4,177,802
Trade debts	9	2,213,396	2,744,256
Advances and other receivables	10	1,766,907	801,069
Tax refunds due from government		929,122	85,294
Cash and bank balances	11	15,483,659	8,723,038
		25,811,064	16,531,459
		30,975,514	21,654,025
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
1,200,000 (2016: 1,200,000) ordinary shares of Rs. 10/- each		12,000,000	12,000,000
Issued, subscribed and paid-up capital 608,410 ordinary shares of Rs. 100/- each	12	10,500,000	10,500,000
Share Money Deposit		7,000,000	2,900,000
Reserves		1,191,422	(940,213)
		18,691,422	12,459,787
NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Trade and other payables	13	12,083,028	9,163,575
Provision for taxation	14	201,064	30,663
		12,284,092	9,194,238
		12,284,092	9,194,238
Contingencies and Commitments	15	-	-
		30,975,514	21,654,025

The annexed notes from 01 to 30 form an integral part of these financial statements.

MUHAMMAD AMER RIAZ SEC (PVT) LTD. TREC Holder PSX 330

Chief Executive

MUHAMMAD AMER RIAZ SEC (PVT) LTD. TREC Holder PSX 330

Director

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 RUPEES	2016 RUPEES
Income			
Operating revenue	16	5,070,304	1,623,679
Operating expenses	17	(4,493,522)	(2,423,646)
Other operating income	18	1,763,537	649,269
Other operating expenses		-	(672,461)
Operating profit/(loss)		2,340,319	(823,159)
Finance cost	19	(7,620)	(11,354)
Profit/(loss) before taxation		2,332,699	(834,513)
Taxation	20	(201,064)	(16,237)
Profit/(loss) after taxation		2,131,635	(850,750)
Earnings per share- basic and diluted	21	2.03	(0.81)

The annexed notes from 01 to 30 form an integral part of these financial statements.

Chief Executive

Director

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 RUPEES	2015 RUPEES
Profit/(loss) for the year		2,131,635	(850,750)
Other comprehensive income		-	-
Total comprehensive income for the year		2,131,635	(850,750)

The annexed notes from 01 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	2017 RUPEES	2016 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,332,699	(834,513)
Adjustments for non cash / non operating items:		
Finance cost	7,620	11,354.00
Depreciation	129,066	125,060.00
	136,686	136,414
Operating profit / (loss) before working capital change	2,469,385	(698,099)
Adjustment for working capital changes		
Increase / (decrease) in trade debts	530,860	1,088,861
Increase / (decrease) in trade receivables and advances	(965,838)	(846,157)
Increase / (decrease) in short term investments	(1,240,178)	1,873,515
	(1,675,156)	2,116,219
Increase / (Decrease) in trade and other payables	2,919,453	(1,737,426)
Cash used in operating activitiies	3,713,682	(319,306)
Taxation	(874,491)	(32,863)
Finance cost paid	(7,620)	(11,354)
Cash Inflow / (Outflow) from Operating Activities	2,831,571	(363,523)
CASH FLOW FROM INVESTING ACTIVITIES	(170,950)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money	4,100,000	-
Net cash generated from investing activities	4,100,000	-
Net increase / (decrease) in cash and cash equivalents	6,760,621	(363,523)
Cash and cash equivalents at the beginning of the year	8,723,038	9,086,561
Cash and cash equivalents at the end of the year	15,483,659	8,723,038

The annexed notes from 01 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Rupees

	Share Capital	Share deposit money	Accumulated profit	Total
Balance as at 30 June 2015	10,500,000	2,900,000	(89,463)	13,310,537
Profit for the year	-	-	(850,750)	(850,750)
Share money deposit	-		-	-
Balance as at 30 June 2016	10,500,000	2,900,000	(940,213)	12,459,787
Share Money Deposit	-	4,100,000	-	4,100,000
Profit for the year	-	-	2,131,635	2,131,635
Balance as at 30 June 2017	10,500,000	7,000,000	1,191,422	18,691,422

The annexed notes from 01 to 30 form an integral part of these financial statements.

Chief Executive

Director

1 COMPANY AND ITS OPERATIONS

Muhammad Amer Riaz Securities (Private) Limited was incorporated under the companies ordinance, 1984 vide Certificate No. 0083542 dated 22 April 2013 issued by Joint Registrar of Companies Lahore Region, Lahore. The company is a member of the Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited. The registered office of the company is located at Room No. 306, Pakistan Stock Exchange building, 19 Khayaban-e-Iqbal, Lahore. Its principal activities include trading and brokerage for equities and underwriting of public issues.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.01 Statement of Compliance

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

2.02 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statement, all transactions have been accounted for on accrual basis.

2.03 Judgments, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follow:

Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for items of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to drive from that item.

Recoverable amount of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Employees retirement benefits

The present value of defined benefit obligation is based assumptions of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by 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.

Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.04 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year.

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2015:

- New/Revised Standards, Interpretations and Amendments.

IFRS 13- Fair Value Measurement. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

- Improvement to Accounting Standards Issued by the IASB

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations- (changes in methods of disposal)

IFRS 7 Financial Instruments: Disclosures- (servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements)

IAS 19 Employee Benefits- (discount rate: regional market issue)

IAS 34 Interim Financial Reporting- (disclosure of information 'elsewhere in the interim financial report')

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

- Standards, interpretations and amendments to published standards that are effective but not relevant to the company.

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2015 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

IFRS 10 - Consolidated Financial Statements	01 January 2016
IFRS 11 - Join Arrangements	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2016
IAS 16 and 38 - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41 - Agriculture: Bearer Plants	01 January 2016

- The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the 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 (Annual periods beginning on or after)
IFRS 09 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.01 Property, plant and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the item.

Parts of an item of property and equipment having different useful lives are recognized as separate items.

Major renewals and improvements of an item of property and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property and equipment using the rates specified in note 4 to the financial statements.

Depreciation on addition to property and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

De-recognition

An item of property and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss account.

3.02 Intangible assets

These represent computer softwares, Trading Rights Entitlement Certificate (TREC). An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Trading Right Entitlement Certificate (TREC)

It is stated at cost less impairment, if any. Cost is determined as the value of the membership card with which it has been exchanged. For this purpose, the cost of the membership card has first been allocated to the shares of LSE and the remaining cost has been allocated to the TREC.

3.03 Financial Instruments

Recognition

A financial instrument is recognized when the company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged, cancelled or transferred to another party without retaining any obligation. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in the profit and loss account.

Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis to realize the asset and settle the liability simultaneously.

"Regular way" purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognized on trade date, i.e. the date the Company commits to purchase or sell the asset. Regular way purchase or sales of financial assets are those contracts which requires delivery of .assets within the time frame generally established by the regulation or convention in the market.

3.04 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issuer of ordinary shares and share options are recognized as deduction from equity.

3.05 Borrowing

These are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowing on an effective interest basis.

3.06 Employees retirement benefits

Short term employees benefits

The Company recognizes the undiscounted amount of short term employees benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit and loss account unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualified period for service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit and loss account. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

3.07 Trade and other payables

Liabilities for 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, whether or not billed to the Company and subsequently measured at amortized cost.

3.08 Trade and other receivables

Trade debts and other receivables are recognized initially at original invoice amount which is the fair value of trade debts and other receivables and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.09 Investment at fair value through profit and loss account

Investments are classified as investments at fair value through profit and loss account when either they are designated as such on initial recognition or are classified as held for trading. Held for trading investments are investments that are acquired principally for the purpose of selling them in the near future; or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of profit taking or that are derivatives, excluding financial guarantee contracts and designated and hedging instruments.

These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in profit and loss through other comprehensive income. Gain or loss on sale of investments is recognized in profit and loss account. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit and loss account.

3.10 Investment available for sale

Investments are classified as available for sale when these are intended to be held for an indefinite period of time and may be sold in response to need for the liquidity or change in equity prices.

These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in equity until the investments are disposed off or impaired. Gain or loss on sale of these investments is recognized in profit and loss account. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit and loss account.

3.11 Securities sold / purchased under repurchase / resale agreements

Securities sold subject to a linked repurchase agreement ('repo') are retained in the financial statements and the counterparty liability is included in borrowings under repurchase agreements. The difference between sale and repurchase price is treated as mark-up income and is accrued over the life of agreement using the effective yield method.

3.12 Revenue

Revenue is measured at fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Brokerage income is recognized as and when such services are rendered.

Dividend income is recognized when right to receive payment is established.

Underwriting commission is recognized as and when the contract is executed. Take-up commission is recognized at the time of actual take-up.

Commission on continuous funding system is recognized as and when accrued.

Rental income is recognized as and when accrued.

Mark-up on saving account is recognized on time proportion basis.

3.13 Borrowing cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific bowworings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

3.14 Income tax

Income tax expense compromises current tax and deferred tax. 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.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effect on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of the Institute of the Chartered Accountants of Pakistan. Deferred tax is measured at rate that are expected to be applies to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax asset are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.15 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement compromise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

3.16 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in the foreign currency that are measured at historical cost are translated to functional currency at exchange rate at the date of transaction. Gain or loss arising on translation of foreign currency transactions and balances is recognized in profit and loss account.

3.17 Functional currency

These financial statements are prepared in Pak Rupees which is Company's functional currency.

3.18 Impairment

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses are reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. 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, net of depreciation and amortization, if no impairment loss had been recognized.

3.19 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions is determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.20 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and 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.

4 Property, plant and equipment

The following is a statement of operating fixed assets (tangible):

RUPEES

	Computers	Furniture and Fixtures	Office Equipment	Total
At 30 June 2015				
Cost	342,068	210,500	286,416	838,984
Accumulated depreciation	(125,966)	(40,410)	(54,982)	(221,358)
Net book value in Rupees	216,102	170,090	231,434	617,626
Year ended 30 June 2016				
Depreciation charge for the year (note 4.01)	(64,831)	(25,514)	(34,715)	(125,060)
Net book value as at 30 June 2016	**151,271**	**144,576**	**196,719**	**492,566**
Year ended 30 June 2017				
Additions	45,650	-	125,300	170,950
Depreciation charge for the year (note 4.01)	59,076	21,686	48,303	129,066
Net book value as at 30 June 2017	**137,845**	**122,890**	**273,716**	**534,450**
At 30 June 2016				
Cost	342,068	210,500	286,416	838,984
Accumulated depreciation	(190,797)	(65,924)	(89,697)	(346,418)
Net book value in Rupees	151,271	144,576	196,719	492,566
At 30 June 2017				
Cost	387,718	210,500	411,716	1,009,934
Accumulated depreciation	(249,873)	(87,610)	(138,000)	(475,484)
Net book value in Rupees	137,845	122,890	273,716	534,450
Annual rates of depreciation (%)	30	15	15	

4.01 **Depreciation charge for the year has been allocated as follows:**

	30 June 2017 Rupees	30 June 2016 Rupees
Administrative and operating Expenses	129,066	125,060
	129,066	**125,060**

4.02 No impairment relating to operating fixed assets has been recognised in the current year.

5 INTANGIBLE ASSETS	Note	2017 RUPEES	2016 RUPEES
Trading right entitlement certificate			
Pakistan Stock Exchange	5.01	1,280,000	1,280,000
		1,280,000	1,280,000

5.01 This represents trading rights in Pakistan Stock Exchange Limited which have replaced membership cards of stock exchange pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 act). Before demutualization the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore, the membership cards have now been replaced by shares in the exchange representing ownership in the exchange and Trading Rights Entitlements Certificates (TREC) representing rights to trade in the exchange. As a result 843,975 shares of Rs. 10/- each have been allotted to the Company out of which 60% of the shares are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% are available to members with no condition on their future sale. The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost / carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however, once sold it would not be saleable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

The above mentioned face value (Rs. 8,439,750/-) of the shares issued by the LSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words, shares worth Rs. 8,439,750/- received by the Company represent its share in the fair value of the net assets of the LSE. Under the current circumstances where active market is not available for such shares, this net asset valued based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the LSE has introduced a minimum capital regime for the brokers, and for this purpose have valued TREC at Rs. 5,000,000/- as per the decision of the BOD of the LSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 5,000,000/- has been considered as the closest estimate of the fair value of the TREC.

	NOTE	2017 RUPEES	2016 RUPEES
6 LONG TERM INVESTMENT			
Investment in shares of Pakistan Stock Exchange			
Investment in shares of Pakistan Stock Exchange 843,975 (2016 : 843,975) shares		2,720,000	2,720,000

337,590 shares with a carrying value of Rs. 1,088,000 are pledged.

7 LONG TERM SECURITY DEPOSITS			
Deposits with:			
Pakistan Stock Exchange (Guarantee) Limited		430,000	430,000
National Clearing Company of Pakistan Limited		200,000	200,000
		630,000	630,000

8 SHORT TERM INVESTMENT			
Quoted short term investments		5,417,980	4,177,802

155,500 shares with a carrying value of Rs. 4,548,365 are pledged.

	Note	2017 RUPEES	2016 RUPEES

9 TRADE DEBTS

Secured - Considered good		2,213,396	2,744,256
Upto five days		542,241	
More than 5 days		1,671,155	
		2,213,396	

The company holds client's-owned capital securities as collateral against the trade debts which exceeds overdue balance for more than 5 days.

10 ADVANCES AND OTHER RECEIVABLES

Loan to director		-	801,069
Other receivables		181,836	-
Receivable - Pakistan Stock Exchange		1,585,071	-
		1,766,907	801,069

The amounts are interest free, unsecured and considered good by the management.

11 CASH AND BANK BALANCES

Cash at bank		15,479,767	8,716,076
Cash in hand		3,892	6,962
		15,483,659	8,723,038

12 SHARE CAPITAL

1,200,000 (2016:1,200,000) ordinary shares of Rs.10/- each		12,000,000	12,000,000
50,000 (2016:50,000) ordinary shares of Rs. 10/- each issued against cash		500,000	500,000
1,000,000 (2016:1,000,000) shares of Rs. 10/- each issued against consideration other than cash		10,000,000	10,000,000
		10,500,000	10,500,000

13 TRADE AND OTHER PAYABLES

Due to clients and others		11,558,888	8,679,124
FED payable		40,390	21,951
Audit fee payables		250,000	250,000
Other payables		233,750	212,500
		12,083,028	9,163,575

Due to clients and others represent the amounts due to customers and members on account of trades undertaken before year-end but becoming due after year- end.

14 PROVISION FOR TAXATION

Opening balance		30,663	47,289
charge during the year		201,064	16,237
		231,727	63,526
payment/ adjusted during the year		(30,663)	(32,863)
		201,064	30,663

15 CONTIGENCIES AND COMMITMENTS

There is no contingencies and commitments as at balance sheet.

16 BROKERAGE INCOME - NET

Commission Income		5,070,304	1,623,679
Retail		5,070,304	1,623,679
Institutions			
Proprietary		-	
		5,070,304	1,623,679

	NOTE	2017 RUPEES	2016 RUPEES
17 OPERATING EXPENSES			
Directors Remuneration		1,200,000	150,000
Staff Salaries and Benefits		1,011,000	616,000
Telephone and Postage		194,382	214,599
Printing and Stationery		27,967	7,000
Office General Expense		131,915	28,020
Newspaper and Periodicals		32,354	3,968
Entertainment		66,500	8,350
Fee and Taxes		914,128	413,993
Electricity Charges		178,907	112,632
Repair and Maintenance		66,421	17,643
Travelling and Conveyance		16,364	4,050
Computer Expenses		69,750	129,750
Legal and Professional Charges		79,525	236,155
Audit Fee		250,000	250,000
Rent, rates and taxes		121,743	106,426
Charity and Donation		3,500	-
Depreciation	4.01	129,066	125,060
		4,493,522	2,423,646
18 OTHER INCOME			
Dividend income		378,938	253,192
Other income		25,997	79,497
Fair value gain on revaluation of short term investments		511,962	-
Gain on sale of shares		846,640	316,580
		1,763,537	649,269
19 FINANCIAL CHARGES			
Bank Charges		7,620	11,354
20 TAXATION			
Current year		194,571	16,237
Prior year adjustment		6,493	-
		201,064	16,237

21 EARNINGS PER SHARE-BASIC AND DILUTED

There is no dilutive effect on the basis earning per share of the company which is based on:

	2017	2016
Profit attributable to ordinary share holders in Rs.	2,131,635	(850,750)
Number of ordinary shares issue	1,050,000	1,050,000
Profit per share-basis in Rs.	2.03	(0.81)

22 INTEREST/MARK-UP RATE RISK EXPOSURE

The company is exposed to interest /mark-up rate risk on some of the financial obligations. Significant financial assets

/liabilities which are exposed to various rate of interest are mentioned in the respective notes to the accounts.

23 CREDIT RISK EXPOSURE

Credit risk represents the accounting loss that would be recognized at the reporting date if contracting parties failed completely to perform as contracted. The company believes that it is not exposed to major concentration of credit risk. Further, it manages credit risk in trade receivable by executing formal agreements with the debtors.

24 FOREIGN EXCHANGE RISK

Foreign currency risk on financial instruments receivable and payable in foreign currency is not material.

25 LIQUIDITY RISK

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

- Fair value is the price that would be received so sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.
- The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

26.01 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company does not hold any instrument which could be included in Level 1, Level 2 and Level 3.

27 SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to 30 June 2017, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

28 NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2017 were 16 (June 30, 2016: 14) and the average number of employees during the year were 12 (June 30, 2016: 10).

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue as on 7 October 2017 by the Board of Directors of the Company.

30 GENERAL

- Figures have been rounded off to the nearest Rupees in except where stated otherwise.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.

Chief Executive

Director