

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **B & B Securities (Private) Limited** 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 purposes 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and present the above said statements in conformity with the approved accounting standards and the requirements of the Repealed Companies Ordinance, 1984.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 conduct 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- a) in our opinion, proper books of accounts have been kept by the Company as required by the Repealed Companies Ordinance, 1984;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the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Repealed Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;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, 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 income, 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 (XVIII of 1980).

Emphasis of matter

We also draw attention towards note 9 of the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years based on projections of future profitability and uncertainty is attached with those projections.

Our opinion is not qualified in respect of this matter.

Reanda Haroon Zakaria Dk
Reanda Haroon Zakaria & Company
Chartered Accountants

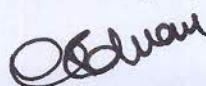
Place: Karachi
Dated: 03 OCT 2017

Engagement Partner:
Farhan Ahmed Memon

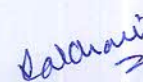
B & B SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	553,079	506,077
Intangible assets	6	2,500,000	5,000,000
Long term investment	7	41,163,833	39,993,682
Long term deposits		400,000	400,000
Long term advances	8	319,879	1,448,903
Deferred tax asset	9	23,688,019	1,652,643
		<u>68,624,810</u>	<u>49,001,305</u>
Current Assets			
Short term investments	10	39,740,652	14,994,467
Trade debts	11	57,975,073	99,235,238
Trade deposits, prepayments and other receivable	12	26,333,583	643,910
Tax refund due from government	13	975,773	1,983,240
Cash and bank balances	14	14,271,145	3,628,342
		<u>139,296,226</u>	<u>120,485,197</u>
Total Assets		<u><u>207,921,036</u></u>	<u><u>169,486,502</u></u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
17,000,000 (2016 : 17,000,000) Ordinary shares of Rs.10 each		<u>170,000,000</u>	<u>170,000,000</u>
Issued, subscribed and paid-up capital			
17,000,000 (2016 : 17,000,000) Ordinary shares of Rs.10 each		170,000,000	170,000,000
Capital reserve		33,751,496	21,462,832
Accumulated loss		<u>(56,760,221)</u>	<u>(78,715,672)</u>
		<u>146,991,275</u>	<u>112,747,160</u>
Long Term Liabilities			
Long term loan	15	3,316,387	2,744,747
Current Liabilities			
Short term borrowings	16	37,270,655	45,956,769
Trade and other payables	17	15,378,976	7,379,744
Accrued markup		475,474	658,082
Deferred income		4,488,269	-
		<u>57,613,374</u>	<u>53,994,595</u>
Contingencies and Commitments			
Total Equities and Liabilities	18	<u><u>207,921,036</u></u>	<u><u>169,486,502</u></u>

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



Chief Executive

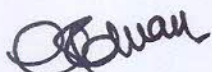


Director


B & B SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Revenue			
Brokerage income	19	11,632,032	7,138,039
Dividend income		1,228,159	2,444,570
Capital gain / (loss) on sale of securities		59,276,209	(4,033,178)
Unrealized loss on re-measurement of investment		(6,179,073)	(447,758)
Other income		63,650	43,341
Reversal of provision		10,463,548	-
Interest income		4,676	1,573
		<u>76,489,201</u>	<u>5,146,587</u>
Expenses			
Administrative and operating expenses	20	9,514,846	5,170,641
Impairment in value of TREC		2,500,000	1,969,150
Bad debts		56,720,055	-
Financial charges	21	4,800,462	5,198,761
		<u>73,535,363</u>	<u>12,338,552</u>
Profit / (loss) before tax		<u>2,953,838</u>	<u>(7,191,965)</u>
Taxation			
Current		1,259,592	377,385
Prior		1,942,413	-
Deferred		(22,035,376)	-
		<u>(18,833,371)</u>	<u>377,385</u>
Profit / (loss) after tax		<u>21,787,209</u>	<u>(7,569,350)</u>

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



Chief Executive

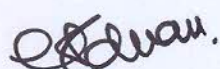


Director

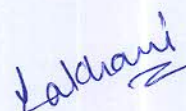
B & B SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Profit / (loss) after tax	21,787,209	(7,569,350)
Other comprehensive income		
Deficit on revaluation of intangible asset	-	(8,030,850)
Re-classification of gain to profit and loss from equity	(12,877,698)	-
Surplus / (reversal) of surplus on revaluation of investment	25,166,362	(440,812)
Total comprehensive income / (loss) for the year	<u><u>34,075,873</u></u>	<u><u>(16,041,012)</u></u>

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



Chief Executive



Director

B & B SECURITIES (PRIVATE) LIMITED
CASH FLOWS STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

2017 2016
Rupees Rupees

A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	2,953,838	(7,191,965)
Adjustments for non cash items:		
Depreciation	96,798	94,190
Financial charges	4,560,580	4,873,665
Unamortization of Directors loan	239,882	325,096
Unamortization of long term advances	653,969	-
Unrealized loss on re-measurement of investment	6,179,073	447,758
Capital gain on disposal of investment	(59,276,209)	(4,033,178)
Impairment of TREC	2,500,000	1,969,150
Reversal of bad debts provision	(10,463,548)	-
Bad debts	56,720,055	-
	<u>1,210,600</u>	<u>3,676,681</u>
Operating profit / (loss) before working capital changes	4,164,438	(3,515,284)
(Increase)/Decrease in Current Assets		
Trade debts	(4,521,287)	(8,063,389)
Trade deposits, prepayments and other receivables	(25,689,673)	(530,827)
	<u>(30,210,960)</u>	<u>(8,594,216)</u>
(Decrease)/Increase in current liabilities		
Deferred income	4,488,269	-
Trade and other payables	7,999,232	503,625
	<u>(18,047,290)</u>	<u>(11,605,875)</u>
Taxes paid	(2,194,538)	(1,051,784)
Finance charges paid	(4,743,188)	(5,653,528)
	<u>(6,937,726)</u>	<u>(6,705,312)</u>
Net cash used in operating activities	(24,985,016)	(18,311,187)

B. CASH FLOWS FROM INVESTING ACTIVITIES

Additions of property, plant and equipment	(143,800)	(13,650)
Disposal of investments - net	43,957,733	20,985,595
Net cash generated from investing activities	43,813,933	20,971,945

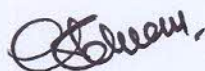
2017
Rupees

2016
Rupees

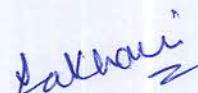
C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term loan from directors-net	500,000	-
Short term borrowing	(8,686,114)	(11,216,956)
Net cash used in financing activities	(8,186,114)	(11,216,956)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	10,642,803	(489,842)
Cash and cash equivalents at the beginning of the year	3,628,342	4,118,184
Cash and cash equivalents at the end of the year	14,271,145	3,628,342

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



Chief Executive



Director

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

Issued subscribed and paid up capital	Capital Reserve			Total	
	Surplus on revaluation of investments	Revaluation surplus on intangible asset	Subtotal		
-----Rupees-----					
170,000,000	21,903,644	8,030,850	29,934,494	(71,146,322)	128,788,172
-	-	-	-	(7,569,350)	(7,569,350)
-	(440,812)	(8,030,850)	(8,471,662)	-	(8,471,662)
-	(440,812)	(8,030,850)	(8,471,662)	(7,569,350)	(16,041,012)
170,000,000	21,462,832	-	21,462,832	(78,715,672)	112,747,160
-	-	-	-	21,787,209	21,787,209
-	12,288,664	-	12,288,664	-	12,288,664
-	12,288,664	-	12,288,664	21,787,209	34,075,873
-	-	-	-	168,242	168,242
170,000,000	33,751,496	-	33,751,496	(56,760,221)	146,991,275

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

Chairman

Patricia

Director

B & B SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED JUNE 30, 2017

1 NATURE AND STATUS OF BUSINESS

B & B Securities (Private) Limited was incorporated in Pakistan as a private company under the repealed Company Ordinance, 1984, on July 18, 2003, the company is a corporate member of Pakistan Stock Exchange. The company has commenced commercial activities from March 8, 2004 and is primarily engaged in trading and brokerage of listed equities.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurements

These financial statements have been prepared under Historical cost convention without any adjustments for the effects of inflation or current values except investments, which are stated as per the policy.

These financial statements have been prepared following accrual basis of accountings except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

3 NEW / REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

Standards or interpretation***(Effective for annual periods
beginning on or after)***

IFRS 2	Share-Based Payments- Classification And Measurement of Share based Transactions (Amendments)	January 01, 2018
IFRS 10	Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an investor and its associates or Joint venture (Amendment)	Not yet Finalized
IAS 7	Financial instruments: 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	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 22	Uncertainty over Income tax treatment	January 01, 2018

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its 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.

Standards***(Effective for annual periods
beginning on or after)***

IFRS 9	Financial Instruments- Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contracts	January 01, 2021

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property plant and equipment

These are stated at cost less accumulated depreciation except assets not in operation, which are stated at cost.

Depreciation is charged using reducing balance method by applying rates specified in the relevant note.

Full year depreciation is charged on the addition during the year whereas on assets deleted, no depreciation is charged in the year of disposal.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Maintained and normal repairs are charged to Income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

4.2 Impairments

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairments. If such indication exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. the recoverable amount is higher of the assets fair value less cost to sell and value in use.

4.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization except assets that are not available for its indefinite use, which are stated at cost. Amortization is charged using straight line method at the rates given in relevant notes to write-off the historical cost of assets over their estimated useful life. In the year of addition full year's amortization is charged.

4.3.1 Trading right entitlement certificate and Room

Initially it is stated at notional value by apportioning the value of previous Membership Card among TREC and PSX shares on the basis of proportion of designated values for margin purpose. Subsequent to initial recognition, TREC is valued at value taken for base minimum capital.

4.4 Investments

The Company's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investments at fair value through profit and loss account".

Held to maturity

If any securities with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity and are measured at cost, less any impairment loss recognized to reflect irrecoverable amounts.

Fair value through profit or loss - Held for trading

These are securities which are either acquired for generating a profit from short term fluctuation in prices or are securities in a portfolio in which a pattern of short term profit taking exists.

Held for trading investments are measured at subsequent reporting dates at fair value. Unrealized gains and losses are included in the net profit and loss for the year.

Available for sale

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale-unquoted are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in equity until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Upon impairment, gain / (loss) including the gain / (loss) that had been previously recognized directly in equity, is included in the profit and loss account for the year. Fair value is determined and taken as book value of PSX as level III fair value.

4.5 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount which is equal to fair value, less an estimate made for doubtful debts and other receivables based on a review of all outstanding amounts at the year end. Bad debts and other receivables are written off when identified.

4.6 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis. Borrowing costs are charged to profit and loss account in the period in which these are incurred, except when borrowing cost incurred to obtain the qualifying assets, which is capitalised as part of the cost of that asset.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks.

4.8 Cash and bank balances

Cash and bank balances are carried at nominal amount.

4.9 Taxation

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account credits / rebates, if any, and the minimum tax computed at the prescribed rate on turnover.

Deferred

Deferred tax is computed 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 taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

4.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.12 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

4.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to setoff the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.14 Revenue recognition

Brokerage income is recognized as and when services are provided.

Dividend income is recognized at the time of closure of share transfer books of the company declaring dividend. Commission income is recognized on receipt basis.

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

4.15 Transactions with related parties

Transactions with related parties are carried out at arm's length prices.

4.16 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards require the management to: -

- Exercise its judgment in process of applying the Company's accounting policies, and
- Use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 4.10 of these financial statements.

b) Property, plant and equipment

Management has made estimate of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any changes in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

c) Provision for doubtful debts

An estimated provision is made against those trade debts having no activity during the current financial year and is considered doubtful by the management where as debts considered bad and irrecoverable are written off when identified.

5 PROPERTY, PLANT AND EQUIPMENTS

	COST			Depreciation			Written down	
	As at July 01, 2016	Additions/ Deletions	As at June 30, 2017	Rate	As at July 01, 2016	For the year	As at June 30, 2017	value as at June 30, 2015
	-----Rupees-----				-----Rupees-----			
Furniture and fixtures	268,015	-	268,015	10%	194,460	7,356	201,816	66,199
Office equipment	463,138	99,000	562,138	10%	303,919	25,822	329,741	232,397
Computer equipment	774,895	44,800	819,695	20%	670,714	29,796	700,510	119,185
Vehicles	1,575,072	-	1,575,072	20%	1,405,950	33,824	1,439,774	135,298
Total Rupees-2017	3,081,120	143,800	3,224,920		2,575,043	96,798	2,671,841	553,079
	COST				Depreciation			Written down
	As at July 01, 2015	Additions/ Deletions	As at June 30, 2016	Rate	As at July 01, 2015	For the year	As at June 30, 2016	value as at June 30, 2016
	-----Rupees-----				-----Rupees-----			
Furniture and fixtures	268,015	-	268,015	10%	186,287	8,173	194,460	73,555
Office equipment	463,138	-	463,138	10%	286,228	17,691	303,919	159,219
Computer equipment	761,245	13,650	774,895	20%	644,669	26,045	670,714	104,181
Vehicles	1,575,072	-	1,575,072	20%	1,363,669	42,281	1,405,950	169,122
Total Rupees-2016	3,067,470	13,650	3,081,120		2,480,853	94,190	2,575,043	506,077

6 INTANGIBLE ASSETS

	Note	2017 Rupees	2016 Rupees
Trading Rights Entitlement Certificate	6.1	<u>2,500,000</u>	<u>5,000,000</u>

- 6.1 The company has recognized impairment of Rs. 2.5 million on the basis of market value defined by Pakistan Stock Exchange in notice dated August 8, 2017

7 LONG TERM INVESTMENT

2017 Number of Shares	2016 Number of Shares		Note	2017 Rupees	2016 Rupees
1,602,953	4,007,383	Investment in shares of Pakistan Stock Exchange Limited - available for sale	7.1	15,997,471	39,993,682
-	-	Unrealized gain on remeasurement		<u>25,166,362</u>	-
<u>1,602,953</u>	<u>4,007,383</u>			<u>41,163,833</u>	<u>39,993,682</u>

- 7.1 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 per 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 is 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) are transferred in the House Account - CDC of each initial shareholder;

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale. The shares of PSX shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

Pursuant to integration No.1/2016 dated January 06, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), whereby Lahore Stock Exchange Limited (LSE) and Islamabad Stock Exchange Limited (ISE) were integrated with Karachi Stock Exchange Limited to form Pakistan Stock Exchange (PSX) with effect from January 11, 2016. By virtue of Integration Order, all TRE Certificate Holders of ISE and LSE become the TRE Certificate Holder of PSX from the effective date of integration.

During the year 1,602,953 shares has been sold to Chinese Consortium at the rate 28 and consideration of Rs.40,394,421 has been received. Balance consideration of Rs.4,488,269 is classified as deferred income which will be credited as income after one year subject to reduction, if any, that may be made in accordance with the Share Purchase Agreement executed amongst Chinese Consortium Divestment Committee and PSX.

	2017	2016
Note	Rupees	Rupees

8 LONG TERM ADVANCES

To employees - considered good	8.1	973,848	1,448,903
To employees - write off below		475,055	-
		<u>1,448,903</u>	<u>1,448,903</u>
Less: Write off		(475,055)	-
Less: Interest expense on amortize cost		<u>(653,969)</u>	<u>-</u>
		<u>319,879</u>	<u>1,448,903</u>

8.1 These are adjustable against life insurance benefit to employees which will be matured in 2030. Accordingly these are amortized over policy period at 3month KIBOR + 2.5%.

	2017	2016
Note	Rupees	Rupees

9 DEFERRED TAX ASSET / (LIABILITY)

Deferred taxation comprises differences relating to:

Credit balance arises due to:

Accelerated tax depreciation	(9,780)	(5,033)
------------------------------	---------	---------

Debit balance arises due to:

Alternate corporate tax	-	39,394
Provision for doubtful debt	20,681,323	6,698,398
Minimum tax	1,070,463	-
Tax loss	1,941,858	-
	<u>23,693,644</u>	<u>6,737,792</u>
Deferred tax not recognized	-	(5,085,149)
	<u>23,688,019</u>	<u>1,652,643</u>

10 SHORT TERM INVESTMENTS

Fair value through profit or loss - held for trading
Shares of listed securities

10.1	<u>39,740,652</u>	<u>14,994,467</u>
------	-------------------	-------------------

10.1 Investments in companies - quoted

2017 2016
Number of shares

2,000	-	Aisha Steel (R)	12,180	-
5,000	-	Aisha Steel Mills Limited	101,700	-
200	-	Akzo Nobel Pakistan Limited	48,000	-
			<u>161,880</u>	<u>-</u>

c/f.

2017 Number of shares	2016		Note	2017 Rupees	2016 Rupees
			b/f.	161,880	-
500	-	Al-Ghazi Tractors Limited		321,940	-
2,500	3,500	Allied Bank Limited		224,050	314,860
500	469	Arif Habib Limited		40,205	21,161
4,900	1,000	Attock Refinery Limited		1,874,642	437,540
-	150,000	Bank of Punjab Limited		-	1,206,000
1,500	-	Chashma Sugar Mills Limited		89,175	-
500	-	D.G. Khan Cement Company Limited		106,580	-
500	-	D.M. Textile Mills Limited		34,670	-
56,500	-	Dewan Cement Limited		1,140,170	-
-	10,000	Dewan Farooque Motors Limited		-	141,600
50,000	-	Dewan Salman Fibre Limited		203,500	-
105,140	-	Dost Steels Limited		1,158,643	-
2,500	1,500	Engro Corporation Limited		814,775	499,455
10,000	8,000	Engro Fertilizers Limited		552,400	515,840
-	1,000	Engro Foods Limited		-	163,330
-	110,000	Engro Polymer and Chemical Limited		-	935,000
-	7,500	Fauji Cement Company Limited		-	268,500
-	4,000	Fauji Fertilizer Bin Qasim Limited		-	212,040
-	4,000	Fauji Fertilizer Company Limited		-	458,880
-	500	Fauji Foods Limited		-	52,530
1,205	-	First Capital Securities Corporation L		4,675	-
125,000	-	Ghani Automobile Industries Limited		1,458,750	-
5,000	-	Ghani Global Glass Limited		99,950	-
1,100	600	GlaxoSmithKline Consumer Healthcare			
-	-	Pakistan Limited	10.2	229,911	-
1,500	-	GlaxoSmithKline Pakistan Limited		295,380	-
100	-	Habib Bank Limited		26,914	-
41,400	47,000	Hi-Tech Lubricants Limited		4,513,014	2,780,990
1,200	1,000	Hascol Petroleum Limited		409,320	195,370
4,000	-	International Steels Limited		511,560	-
180,930	430	Jahangir Siddiqui Company Limited		4,130,632	8,514
5,000	-	Japan Power Generation Limited		21,600	-
1,200	-	Js Bank Limited		11,508	-
70	-	Js Global Capital Limited		4,892	-
1,200	-	Js Investments Limited		16,320	-
340,000	150,000	K-Electric Limited		2,346,000	1,209,000
39	-	Kohat Cement Company Limited		8,941	-
31,950	-	Loads Limited		1,324,967	-
35,000	25,000	Lotte Chemical Pakistan Limited		344,750	150,250
500	1,500	Lucky Cement Limited		418,130	972,765
50	50	Metropolitan Steel Co. Ltd. -Freeze	10.3	-	-
3	3	Innovative Investment Bank		-	-
		Limited - Freeze	10.3	-	-
227	-	Nimir Industrial Chemicals Limited		12,026	-
2,000	12,500	Oil & Gas Development Company Ltd.		281,380	1,725,875
28,500	-	Pace (Pakistan) Limited		198,360	-
500	500	Pakistan Oilfields Limited		229,075	173,740
45	-	Pakistan Petroleum Limited		6,666	-
			c/f.	23,627,352	12,443,240

2017 Number of shares	2016		Note	2017 Rupees	2016 Rupees
			b/f.	23,627,352	12,443,240
-	3,400	Pakistan Suzuki Company Limited		-	1,299,310
249	249	Pakistan Stock Market Fund-Freeze	10.3	-	-
-	2,000	Pakistan State Oil Company Limited		-	750,920
275,000	-	Pakistan International Bulk Terminal		6,369,000	-
-	2,500	Pakistan Telecommunication Co. Limited		-	37,575
42,000	-	Pakistan Refinery Limited		2,236,920	-
65,400	-	Power Cement Limited		875,052	-
231,733	-	Power Cement(R)		13,904	-
50,500	-	Roshan Packages Limited		2,836,585	-
2,000	-	Shifa International Hospitals Limited		660,000	-
20,000	-	Siddiqsons Tin Plate Limited		546,600	-
-	10,000	Ravi Textile Mills limited		-	27,500
598	210,098	SILKBANK Limited		1,005	357,167
20,000	-	Sui Southern Gas Company Limited		728,200	-
25,001	219	SUMMIT Bank Limited		103,004	655
-	5,000	Shakarganj limited		-	78,100
2,000	-	The Hub Power Company Limited		234,860	-
2,750	-	The Searle Company Limited		1,407,945	-
2,500	-	Trg Pakistan Limited		100,225	-
				<u>39,740,652</u>	<u>14,994,467</u>

10.2 The Investment in GlaxoSmithKline consumer healthcare Pakistan limited represents Bonus Shares issued by Company and does not started trading in market so value taken in accounts is NIL.

10.3 Investment in Metropolitan Steel Corporation Limited-Freeze, Pakistan Stock Market Fund--Freeze and Innovative investment Bank Limited-Freeze are freezed and no market value of shares are available, therefore they are appearing at nil value.

11 TRADE DEBTS

Unsecured-Considered good

Due from Stock Exchange Limited		-	2,945,567
Due from clients	11.2	57,975,072	96,289,670
		<u>57,975,072</u>	<u>99,235,237</u>
Unsecured - Considered doubtful	11.1	66,713,947	20,932,494
Less: Provision for doubtful debts		(66,713,947)	(20,932,494)
		<u>-</u>	<u>-</u>
		<u>57,975,072</u>	<u>99,235,237</u>

11.1 The Movements of the provision for the doubtful debts is as follows:

Opening balance		20,932,494	20,932,494
Provision made during the year	11.1.1	56,245,001	-
Reversal due to adjusting event		(10,463,548)	-
Closing balance		<u>66,713,947</u>	<u>20,932,494</u>

11.2 This amount includes Rs.9,361,200 (2016 : Rs. Nil) pertaining to related party of the company.

11.1.1 Provision relates to Receivable's has been made for overdue by more than 5 days to comply with regulation 34(2)(h) of the Securities Brokers (Licensing and Operations) Regulation 2016. However, those provision that are recovered before the date of authorization of issue of financial statements are treated as adjusting event and such provision are reversed.

	Note	2017 Rupees	2016 Rupees
12 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits			
Unsecured - Considered good			
Pakistan Stock Exchange Limited		213,083	213,083
Prepaid insurance		474,762	430,827
Receivable against PSX Shares		16,483,462	-
Other receivables		9,162,276	-
		<u>26,333,583</u>	<u>421,577,485</u>

13 TAXATION - NET

Opening balance	1,983,240	1,308,841
Add: Tax paid during the year	2,194,538	1,051,784
Less: Provision for taxation	(1,259,592)	(377,385)
Less: Prior year adjustment	(1,942,413)	-
Closing balance	<u>975,773</u>	<u>1,983,240</u>

14 CASH AND BANK BALANCES

Cash in hand	1,792	2,428
Cash at bank in current accounts	4,191,740	4,106,229
Cash at bank in deposits accounts	14.1 10,077,613	9,527
	<u>14,271,145</u>	<u>4,118,184</u>
Balance pertaining to:		
- clients	4,152,369	3,506,259
- brokerage house	10,116,984	609,497
	<u>14,269,353</u>	<u>4,115,756</u>

14.1 The balances in deposits accounts carry markup at the ranging from 2% to 3.25% (2016 : 3% to 4.48%).

	Note	2017 Rupees	2016 Rupees
15 LONG TERM LOAN			
Unsecured			
Directors and sponsors	15.1	3,810,848	3,810,848
Add: Received during the year		500,000	-
Less: Interest income on Amortized Cost		(994,461)	(1,066,101)
		<u>3,316,387</u>	<u>2,419,651</u>

15.1 These represent interest free loans and are not repayable within next twelve months and are amortized over a period of five years at 3 Month KIBOR + 2.5% at June 30, 2017.

16 SHORT TERM BORROWINGS

Secured-from banking companies

	Note	2017 Rupees	2016 Rupees
Running finances facility-Summit Bank Limited	16.1	-	12,752,493
Murabaha finances facility-Dubai Islamic Bank Limited	16.2	19,969,172	24,688,751
Murabaha finances facility- Bank Islami Limited	16.3	17,301,483	5,827,105
Murabaha finances facility- Bank Islami Limited facility 2	16.4	-	2,688,420
		<u>37,270,655</u>	<u>45,956,769</u>

- 16.1** The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of (2016 : 3 months KIBOR + 2%). Total aggregate sanctioned limit is Rs.Nill (2016 : Rs.30 million) and unavailed facility is Rs. Nill (2016 : Rs.17.25 million).
- 16.2** The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2% (2016 : KIBOR + 2%). Total aggregate sanctioned limit is Rs.30 million (2016 : Rs.30 million) and unavailed facility is Rs.10.03 million (2016 : Rs.5.311 million).
- 16.3** The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2.5% (2016 : KIBOR + 2.50%). Total aggregate sanctioned limit is Rs.30 million (2016 : 30 million) and unavailed facility is Rs.12.698 million (2016 : Rs.28.36 million).
- 16.4** The facility is secured against 100% cash security in shape of lien over current account of Chief executive Officer of the company. The facility carries markup at the rate of 2.% P.A (2016 : 2.5%). Total aggregate Exposure limit is Rs.30 million (2016 : Rs.30 million) and unavailed facility is Rs.Nill (2016 : Rs. 24.169 million).

17 TRADE AND OTHER PAYABLES

	2017 Rupees	2016 Rupees
Due to clients	4,152,368	3,506,259
Due to Pakistan Stock Exchange Limited	9,182,180	-
Other liabilities	-	2,915,745
Accrued expenses	2,025,477	945,947
With holding tax payable	18,951	11,793
	<u>15,378,976</u>	<u>7,379,744</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There was no contingent liability as at balance sheet date.

18.2 Commitments

There was no commitment as at balance sheet date.

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
19 BROKERAGE INCOME			
Gross commission		13,549,506	8,502,446
Federal excise duty		(1,199,092)	(813,440)
		<u>12,350,414</u>	<u>7,689,006</u>
Commission to dealers & agents		(718,382)	(550,967)
		<u>11,632,032</u>	<u>7,138,039</u>

19.1 Brokerage commission pertains to

Proprietary trades		384,904	-
Retail customers		<u>11,247,128</u>	<u>7,138,039</u>
		<u>11,632,032</u>	<u>7,138,039</u>

20 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits		2,583,810	2,676,763
Director remuneration		700,000	-
Postage, telephone and telegraph		202,210	217,400
Repair and maintenance		177,119	224,986
Utilities		950,520	63,017
Printing and stationery		66,594	22,992
Fee and subscription		2,042,774	970,143
Legal and professional charges		311,674	160,600
Audit fees	20.1	309,200	239,320
Insurance Expenses		1,024,065	-
Entertainment		177,244	179,255
Charity and donations		594,589	35,074
Penalty		-	27,398
Depreciation	5	96,798	94,190
Miscellaneous		<u>278,249</u>	<u>259,503</u>
		<u>9,514,846</u>	<u>5,170,641</u>

20.1 Audit fees

Statutory audit			
Reanda Haroon Zakaria and Co		205,200	189,000
System audit			
Naveed Zafar Ashfaq Jaffery and Co		50,000	-
Certification			
Net capital balance		<u>54,000</u>	<u>50,320</u>
		<u>309,200</u>	<u>263,555</u>

2017	2016
Rupees	Rupees

21 FINANCIAL CHARGES

Mark up on:

Amortization of advances	653,969	-
Short term borrowing-Running Finance	395,078	2,037,560
Short term borrowing-Murabaha Facility	3,267,593	2,676,871
Unamortization of Directors loan	239,882	325,096
Bank charges	243,940	159,234
	4,800,462	5,198,761

22 REMUNERATION OF CHIEF EXECUTIVE

Remuneration	700,000	-
Number of person(s)	1	1

In addition to the above the Chief Executive is also provided with free use of company maintained vehicle.

2017	2016
Rupees	Rupees

23 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

Investment-available for sale

Long term investment	41,163,833	39,993,682
----------------------	------------	------------

Investment held for trading

Short term investments	39,740,652	14,994,467
------------------------	------------	------------

Loans and receivables

Long term advances	319,879	1,448,903
Long term deposits	400,000	400,000
Trade debts	57,975,073	99,235,238
Trade deposits	213,083	213,083
Taxation - net	975,773	1,983,240
Cash and bank balances	14,271,145	3,628,342
	74,154,953	106,908,806
	155,059,438	161,896,955

FINANCIAL LIABILITIES

Financial liabilities - at amortized cost

Long-term loans	3,316,387	2,744,747
Short term borrowings	37,270,655	45,956,769
Accrued markup	475,474	658,082
Trade and other payables	15,378,976	7,367,951
	56,441,492	56,727,549

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

24.1 Risk Management Policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

24.2 Credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and cash and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows: -

	2017 Rupees	2016 Rupees
Long term investment	41,163,833	39,993,682
Short term investments	39,740,652	14,994,467
Long term advances	319,879	1,448,903
Long term deposits	400,000	400,000
Trade debts	57,975,073	99,235,238
Trade deposits	213,083	213,083
Taxation - net	975,773	1,983,240
Bank balances	14,271,145	3,608,783
	<u>155,059,438</u>	<u>161,877,396</u>

The ageing of trade receivables at the reporting date is:

Past due 1-90 days	58,793,542	48,920,723
Past due over 90 days	65,895,477	68,301,441
	<u>124,689,019</u>	<u>117,222,164</u>

The ageing has been prepared on first in first out basis by applying receipts to earliest invoices.

All the trade debtors at balances sheet date are domestic parties and management expects that overdue receivables will be recovered soon and provision of Rs.59.013 million is sufficient in respect of doubtful debt.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year intangible assets have been impaired by Rs. 2.5 million and provision against trade debts has been made amounting to Rs. 38.08 million (2016 : Rs. Nil million) has been recorded.

24.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

	2017		
	Contractual	Less than one	More than
	Cash flows	year	one year
Carrying Amount			
-----Rupees-----			
Financial Liabilities			
Long term loans	3,316,387	(4,310,848)	-
Short term borrowings	37,270,655	(37,270,655)	(37,270,655)
Accrued markup	475,474	(475,474)	(475,474)
Trade and other payables	15,378,976	(15,378,976)	(15,378,976)
	56,441,492	(57,435,953)	(53,125,105)
			(4,310,848)
	2016		
	Contractual	Less than one	More than
	Cash flows	year	one year
Carrying Amount			
-----Rupees-----			
Financial Liabilities			
Long term loans	2,744,747	(3,810,848)	-
Short term borrowings	45,956,769	(45,956,769)	(45,956,769)
Accrued markup	658,082	(658,082)	(658,082)
Trade and other payables	7,367,951	(7,367,951)	(7,367,951)
	56,727,549	(57,793,650)	(53,982,802)
			(3,810,848)

24.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company believes that it is not exposed to any significant level of currency risk.

b) 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. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2017	2016	2017	2016
	<i>Effective Rate</i>		<i>Carrying amount</i>	
	<i>(In percent)</i>		<i>Rupees</i>	<i>Rupees</i>
Financial liabilities				
Variable rate instrument				
Short term borrowings	3M KIBOR +2% to 3M KIBOR 2.5%	3M KIBOR +2% to 3M KIBOR 2.5%	37,270,655	45,956,769
			<u>37,270,655</u>	<u>45,956,769</u>

Cash flow sensitivity analysis for variable rate instruments

A Change of 100 basis points in interest rates at the reporting date would have increased / (decreased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	<i>Profit and loss</i>	
	<i>100 bp</i>	<i>100 bp</i>
	<i>Increase</i>	<i>Decrease</i>
As at June 30, 2017		
Cash flow sensitivity - variable rate financial liabilities	<u>372,707</u>	<u>(372,707)</u>
As at June 30, 2016		
Cash flow sensitivity - variable rate financial liabilities	<u>459,568</u>	<u>(459,568)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

c) Price Risk

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

- Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below.

	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
Effect on profit		
Increase / Decrease	<u>1,792,322</u>	<u>774,632</u>

25 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

<i>Relation with the Company</i>	<i>Nature of Transaction</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
Directors / Sponsors	Director remuneration	700,000	-
	Commission earned on	557,824	-

Year end balances are mentioned in relevant notes.

The above transactions are at arm's length basis on commercial terms and conditions.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

Capital risk management

The Company monitors capital using a gearing ratio, which is net debt divided by total capital which is the sum of equity and net debt. Equity comprises of share capital, capital and revenue reserves. Net debt is arrived at by deducting cash and bank balances from borrowings. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios worked out as follows: -

	<i>2017 Rupees</i>	<i>2016 Rupees</i>
Total borrowings	40,587,042	48,701,516
Cash and bank balances	(14,271,145)	(3,628,342)
Net debt	26,315,897	45,073,174
Total equity	146,991,275	112,747,160
Total capital	173,307,172	157,820,334
 Gearing ratio	 15.18%	 28.56%

27 NUMBER OF EMPLOYEES


The number of employees as at year end was 10 (2016 : 10) and average number of employees were 10 (2016 : 12).

28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 03 OCT 2017 by the Board of Directors of the Company.

29 GENERAL

Amount have been rounded off to the nearest rupees.



Chief Executive



Director