



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **FDM Capital Securities (Private) Limited** as at **June 30, 2017** and the related profit and loss account, 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.

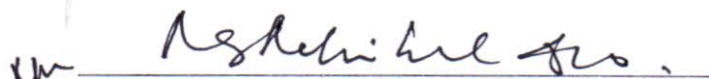
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the 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 Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the 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, total 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.

Karachi.

Dated: **05 OCT 2017**

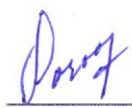
  
RAHMAN SARFARAZ RAHIM IQBAL RAFIQ  
CHARTERED ACCOUNTANTS  
Muhammad Rafiq Dosani

**FDM CAPITAL SECURITIES (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2017**

	Notes	2017 Rupees	2016
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	19,366,751	17,788,461
Intangible assets	5	6,000,000	9,170,850
Long term Investments	6	45,125,765	23,302,164
Long term deposit	7	4,215,800	4,215,800
		<b>74,708,316</b>	<b>54,477,275</b>
<b>CURRENT ASSETS</b>			
Trade debtors - Considered good and secured	8	74,817,424	90,170,743
Short term investments	9	319,603,371	242,739,174
Advances, deposits, prepayments and other receivables	10	20,061,639	10,016,548
Cash and bank balances	11	91,600,935	39,848,888
		<b>506,083,369</b>	<b>382,775,353</b>
		<b>580,791,685</b>	<b>437,252,628</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized Capital			
1,500,000 (2016: 1,500,000) ordinary shares of Rs. 100/ each		<b>150,000,000</b>	<b>150,000,000</b>
Issued subscribed and paid up capital			
1,300,000 (2016: 1,300,000) ordinary shares of Rs. 100/- each fully paid in cash		<b>130,000,000</b>	<b>130,000,000</b>
Retained earnings		<b>246,736,123</b>	<b>159,831,797</b>
		<b>376,736,123</b>	<b>289,831,797</b>
<b>LONG TERM LIABILITIES</b>			
Directors' loan	12	2,500,000	2,500,000
Deferred tax	13	322,438	3,276,310
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	87,315,350	41,165,319
Short term running finance	15	112,154,780	99,856,762
Markup accrued		1,762,994	622,440
		<b>201,233,124</b>	<b>141,644,521</b>
Contingencies and commitments	16	-	-
		<b>580,791,685</b>	<b>437,252,628</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**

  
**DIRECTOR**

**FDM CAPITAL SECURITIES (PRIVATE) LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Notes	2017 Rupees	2016
Operating revenue	17	73,504,221	53,045,826
Capital gain/(loss) on investment-net		<u>72,448,021</u>	<u>(9,505,630)</u>
		145,952,242	43,540,196
<b>Operating expenses</b>			
Administrative expenses	18	61,432,522	52,910,327
Finance cost	19	6,387,778	5,983,601
		<u>(67,820,300)</u>	<u>(58,893,928)</u>
Operating profit		78,131,942	(15,353,732)
Other income	20	60,445	55,869
Profit / (loss) before taxation		<u>78,192,387</u>	<u>(15,297,863)</u>
Taxation	21	(4,227,868)	3,778
Profit / (loss) before taxation		<u><u>73,964,519</u></u>	<u><u>(15,294,085)</u></u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR

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

	2016	2015
	————— Rupees —————	—————
Profit after taxation	73,964,519	(15,294,085)
Surplus/(deficit) on revaluation of investments- net of deferred tax	12,939,807	(1,679,163)
Total comprehensive income for the year transferred to Equity	<u>86,904,326</u>	<u>(16,973,248)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE

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DIRECTOR

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

	<b>Share Capital</b>	<b>Unappropriated Profit Rupees</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance as at July 1, 2015	130,000,000	176,805,045	306,805,045
Comprehensive income for the year	-	(16,973,248)	(16,973,248)
Balance as at June 30, 2016	<u>130,000,000</u>	<u>159,831,797</u>	<u>289,831,797</u>
Balance as at July 01, 2016	130,000,000	159,831,797	289,831,797
Comprehensive income for the year	-	86,904,326	86,904,326
<b>Balance as at June 30, 2017</b>	<b><u>130,000,000</u></b>	<b><u>246,736,123</u></b>	<b><u>376,736,123</u></b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**

**DIRECTOR**

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

	2017	2016
	————— Rupees —————	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	78,192,387	(15,297,863)
Adjustment for:		
Depreciation	2,482,578	2,073,041
Impairment on TREC	3,170,850	-
Finance cost	6,387,778	5,983,601
	<u>90,233,593</u>	<u>(7,241,221)</u>
<b>Effect of Cash flow due to working capital changes</b>		
(Increase) /decrease in current assets		
Trade debtors	15,353,319	6,326,482
Advances, deposits, prepayments and other receivable	(3,615,217)	8,876,948
	11,738,102	15,203,430
Increase /(decrease) in current liabilities		
trade and other payables	46,150,031	(58,754,016)
Cash (used in) / generated from operations	<u>148,121,726</u>	<u>(50,791,807)</u>
Finance cost paid	(5,247,224)	(5,361,161)
Tax paid	(6,429,874)	(6,842,630)
<b>Net cash generated from / (used in) operating activities</b>	<u>136,444,628</u>	<u>(62,995,598)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase)/sale of investments - net	(92,876,730)	(10,625,002)
Capital expenditure	(4,113,869)	-
Net cash used in investing activities	<u>(96,990,599)</u>	<u>(10,625,002)</u>
Net increase/(decrease) in cash and cash equivalents during the year	39,454,029	(73,620,600)
Cash and cash equivalents at beginning of the year	(60,007,874)	13,612,726
	<u>(20,553,845)</u>	<u>(60,007,874)</u>
<b>Cash and cash equivalents comprises of the followings:</b>		
Cash and bank balances	91,600,935	39,848,888
Short term borrowings	(112,154,780)	(99,856,762)
	<u>(20,553,845)</u>	<u>(60,007,874)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE



DIRECTOR

**FDM CAPITAL SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1 STATUS AND ACTIVITIES**

FDM Capital Securities (Private) Limited ("the Company") was incorporated under the Companies Ordinance, 1984 on 29th July 2001 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is situated at room no. 622, Stock Exchange Building, Karachi Stock Exchange Road, Karachi. The principal activities include trading and brokerage for equities, underwriting of public issues, etc. The company has also acquired membership of the Pakistan Mercantile Exchange Limited and Dubai Gold & Commodities Exchange.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the Companies whose financial year closes on or before Jun 30, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board 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 of or directives under the Companies Ordinance, 1984 prevail.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for certain short term investments which are stated at fair value.

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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## **2.5 Initial application of new standards and amendments to approved accounting standards**

### **2.5.1 Amendments to approved accounting standards effective during the year ended June 30, 2017:**

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements.

### **2.5.2 Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2017:**

There are certain new standards and amendments to the approved accounting standards that will become effective for the Company's annual accounting periods beginning on or after July 1, 2017. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the SECP. In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **3.1 Operating fixed assets**

Items of operating fixed assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property and equipment is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life. Depreciation on additions is charged from the date asset is available for use and on disposals upto the date of disposal.

### **3.2 Intangible assets**

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

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### **Trading Rights Entitlement (TRE) Certificate**

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

### **Computer software**

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognised as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognised as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized over a period of five years using the straight line method.

Amortization is charged from the quarter in which the related asset is available for use while no amortization is charged for the quarter in which such asset is disposed off.

### **3.3 Impairment of non-financial assets**

Assets that are subject to depreciation/amortisation are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

### **3.4 Financial assets**

#### **3.4.1 Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'trade deposits and other receivables' and 'cash and cash equivalents' in the balance sheet.

#### **b) Held to maturity financial assets**

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

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c) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

d) **Financial assets at fair value through profit or loss**

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

### 3.4.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income / expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of operating income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

### 3.4.3 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

The carrying amount of the company's investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exist, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in profit and loss account.

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### **3.5 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

### **3.6 Trade debts and other receivables**

Trade debts and other receivables are recognised at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

### **3.7 Fiduciary assets**

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

### **3.8 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **3.9 Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **3.10 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### **3.11 Trade and other payables**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

### **3.12 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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**Current**

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**Deferred**

Deferred tax is recognised using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.13 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 will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

**3.14 Financial instruments**

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

**3.15 Foreign currency transactions and translation**

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**3.16 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognised on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognised as and when such services are provided.
- Income from bank deposits is recognised at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

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### 3.17 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred except where such costs are directly attributable to the acquisition or construction of qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

## 4 PROPERTY AND EQUIPMENT

	Furniture and Fixture	Office Equipment	Vehicles	Computers	Office Premises	Total
<b>At June 30, 2015</b>						
Cost	462,735	2,114,307	4,403,260	5,569,002	36,175,040	48,724,344
Accumulated depreciation	(313,735)	(1,191,179)	(3,928,655)	(5,278,303)	(18,189,071)	(28,900,943)
Net book value	<u>149,000</u>	<u>923,128</u>	<u>474,605</u>	<u>290,699</u>	<u>17,985,969</u>	<u>19,823,401</u>
<b>Year ended June 30, 2016</b>						
Opening net book value	149,000	923,128	474,605	290,699	17,985,969	19,823,401
Additions / Transferred	-	(53,001)	-	-	-	(53,001)
Depreciation charge	(14,900)	(92,313)	(94,921)	(87,210)	(1,798,597)	(2,073,041)
Closing net book value	<u>134,100</u>	<u>883,816</u>	<u>379,684</u>	<u>203,489</u>	<u>16,187,372</u>	<u>17,788,461</u>
<b>At June 30, 2016</b>						
Cost	462,735	2,167,308	4,403,260	5,569,002	36,175,040	48,777,345
Accumulated depreciation	(328,635)	(1,283,492)	(4,023,576)	(5,365,513)	(19,987,668)	(30,988,884)
Net book value	<u>134,100</u>	<u>883,816</u>	<u>379,684</u>	<u>203,489</u>	<u>16,187,372</u>	<u>17,788,461</u>
<b>Year ended June 30, 2017</b>						
Opening net book value	134,100	883,816	379,684	203,489	16,187,372	17,788,460
Additions / (disposals)	-	(53,001)	4,113,869	-	-	4,113,869
Depreciation charge	(13,410)	(88,382)	(701,002)	(61,047)	(1,618,737)	(2,482,578)
Closing net book value	<u>120,690</u>	<u>742,433</u>	<u>3,792,551</u>	<u>142,442</u>	<u>14,568,635</u>	<u>19,366,751</u>
<b>At June 30, 2017</b>						
Cost	462,735	2,114,307	8,517,129	5,569,002	36,175,040	52,838,213
Accumulated depreciation	(342,045)	(1,371,874)	(4,724,578)	(5,426,560)	(21,606,405)	(33,471,462)
Net book value	<u>120,690</u>	<u>742,433</u>	<u>3,792,551</u>	<u>142,442</u>	<u>14,568,635</u>	<u>19,366,751</u>
<b>Annual rates of depreciation</b>	10%	10%	20%	30%	10%	

5 INTANGIBLE ASSETS	Notes	2017	2016
		Rupees	
Membership card - Pakistan Mercantile Exchange Ltd	5.1	1,000,000	1,000,000
Software	5.2	-	-
<i>Trading Rights Entitlement (TRE) Certificate</i>			
Cost		8,170,850	8,170,850
Impairment		(3,170,850)	-
	5.3	5,000,000	8,170,850
		<u>6,000,000</u>	<u>9,170,850</u>

5.1 This represents cost of membership card of Pakistan Mercantile Exchange Limited with indefinite useful life.

5.2 Software	Notes	2017 Rupees	2016 Rupees
Acquisition cost		3,606,820	3,606,820
Accumulated balance of amortization		<u>(3,606,820)</u>	<u>(3,606,820)</u>
		<u>-</u>	<u>-</u>

- 5.3 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012 (ACT), the Company has received a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. These have been carried at cost less impairment.

During the year the Company has recorded impairment on TREC based on the minimum value provided by the Pakistan Stock Exchange Limited.

6 LONG TERM INVESTMENTS	Notes	2017 Rupees	2016 Rupees
<i>Quoted - Available for sale</i>			
Pakistan Stock Exchange Limited	6.1	41,152,751	21,829,150
CDC Trustee Alameen Fund		2,500,000	-
<i>Un-Quoted - At Cost</i>			
National Asset Management Company - cost		2,000,000	2,000,000
Impairment		(526,986)	(526,986)
	6.2	<u>1,473,014</u>	<u>1,473,014</u>
		<u>45,125,765</u>	<u>23,302,164</u>

- 6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

During the year the company has disposed off 60% shares of PSX as follows:

- 40% shares were sold to chinese consortium by PSX vide their letter dated December 29, 2016 at an offer price of Rs. 28 per ordinary share. However, as per the above mentioned letter 10% of the consideration amount is retained for a period of one year to settle any outstanding liabilities of PSX and will be remitted to the company after the expiry of the specified period.
- 20% shares were sold after successful completion of book building process.

Since these shares were listed on PSX in June 2017, therefore, the remaining 40% shares are carried at their market value as at June 30, 2017.

- 6.2 This represent the investment in unquoted shares of Dawood Family Takaful Limited. The Company carried out impairment testing during the prior year and reduced its Investment in DFTL to recoverable amount based on breakup value of investee's company shares.

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7	LONG TERM DEPOSIT	Note	2017	2016
			Rupees	
	Pakistan Stock Exchange Ltd		500,000	500,000
	Central Depository Company of Pakistan Ltd		100,000	100,000
	National Clearing Company of Pakistan Ltd		100,000	100,000
	Pakistan Mercantile Exchange Ltd		2,500,000	2,500,000
	Dubai Gold and Commodity Exchange		315,800	315,800
	Online trading deposit		500,000	500,000
	Future trading initial deposit		100,000	100,000
	Other deposits		100,000	100,000
			<u>4,215,800</u>	<u>4,215,800</u>

8	TRADE DEBTS		2017	2016
	Considered good -Secured		<u>74,817,424</u>	<u>90170743</u>

8.1 The Company holds capital securities having fair value of Rs. 1,386 million owned by its clients, as collaterals against trade debts.

9	SHORT TERM INVESTMENTS	Note	2017	2016
			Rupees	
	<i>Available for sale</i>			

	Investment in Listed Securities	9.1	<u>319,603,371</u>	<u>242,739,174</u>
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9.1 Unrealized gain on remeasurement of short term investments as of the reporting date

	Market Value of shares of Investment		319,603,371	242,739,174
	Less: Cost of shares investment		316,926,800	220,897,105
		9.2	<u>2,676,571</u>	<u>21,842,069</u>

9.2 Movement in unrealized gain on remeasurement of available for sale investments

	At the beginning of the year		21,842,069	23,137,055
	Net unrealized (loss) / gain in the value of investments for the year		(19,165,498)	(1,294,986)
			<u>2,676,571</u>	<u>21,842,069</u>

9.3 Fair value of of pledged securities indicating separately securities belonging to customers is as under:

	Number of securities	Amount (Rupees)
Clients	802,000	96,493,174
Brokerage House	2,218,700	208,050,876
Total	<u>3,020,700</u>	<u>304,544,050</u>

10	ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2017 ————— Rupees —————	2016 —————
	Income tax refundable	10.1	15,573,370	9,143,496
	Other Receivables		<u>4,488,269</u>	<u>873,052</u>
			<u>20,061,639</u>	<u>10,016,548</u>
10.1	Advance tax		19,801,238	9,139,718
	Provision for taxation		<u>(4,227,868)</u>	<u>3,778</u>
			<u>15,573,370</u>	<u>9,143,496</u>

#### 11 CASH AND BANK BALANCES

	Cash at bank			
	- current account		91,468,796	39,725,072
	- saving account	11.1	<u>132,139</u>	<u>123,816</u>
			<u>91,600,935</u>	<u>39,848,888</u>

11.1 This amount carries markup @ of 3.5% to 3.75% per annum (2016 : 4.5% to 6%).

11.2 Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 87.07 million.

12	DIRECTORS' LOAN	Note	2017 ————— Rupees —————	2016 —————
	Directors' loan	12.1	<u>2,500,000</u>	<u>2,500,000</u>

12.1 This represent long term unsecured and interest free loan from sponsoring directors. The above loan has not been amortised as the financial impact of unwinding is not considered to be material on the financial statements.

#### 13 DEFERRED TAX

Deferred tax has been recognised only on temporary differences arised due to remeasurement of Available for sale Investments.

14	TRADE AND OTHER PAYABLES	2017 ————— Rupees —————	2016 —————
	Creditors	86,965,350	38,449,028
	Accrued expenses and other payables	<u>350,000</u>	<u>2,716,291</u>
		<u>87,315,350</u>	<u>41,165,319</u>

#### 15 SHORT TERM RUNNING FINANCE

	Bank Overdraft	<u>112,154,780</u>	<u>99,856,762</u>
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15.1 The Company has obtained running finance facility from Habib Metropolitan Bank for working capital requirements. Mark up is accrued @ 3 month KIBOR + 3% per annum. The arrangement is secured against pledge of shares with 40% margin..



## 16 CONTINGENCIES AND COMMITMENTS

16.1 During the year ended June 30, 2017, the Honorable Supreme Court of Pakistan vide its order dated September 27, 2016 revoked the amendments made in the Finance Act, 2006 and Finance Act, 2008 that broadened the scope of the obligation on industrial establishments to contribute towards Workers' Welfare Fund. The Honorable Supreme Court of Pakistan revoked the amendments pronouncing that contribution towards Workers' Welfare Fund constitutes a fee and not a tax; hence, the said amendments cannot be made through money bills (i.e. finance acts). Based on the above order, the management has not recognised the provision for WWF as the nature of business / activities of the Company is not covered under the definition of industrial establishment provided in the Act.

16.2 In respect of tax years 2012 and 2013, Deputy Commissioner Inland Revenue has imposed Federal Excise Duty amounting to Rs 8,690,625/- vide its order dated June 29, 2015. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) and obtained a stay order from the Honorable Sindh High Court in this regard.

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

17 OPERATING REVENUE	Note	2017 ————— Rupees —————	2016 —————
Commission income		60,421,177	36,596,086
Dividend income		13,083,044	16,449,740
		<u>73,504,221</u>	<u>53,045,826</u>
<b>18 ADMINISTRATIVE EXPENSE</b>			
Directors' remuneration		3,396,000	3,396,000
Salaries, benefits and allowances		10,597,413	8,550,522
Legal and professional charges		101,500	203,000
CDC charges		3,487,038	3,019,538
PSX and SECP charges		3,489,221	1,566,994
Commission to dealers		26,016,086	21,221,374
Printing and stationery		225,743	206,328
Auditor's remuneration	18.1	350,000	275,000
Rent, rates and taxes		43,124	5,150,650
Electricity charges		831,751	1,615,179
Entertainment expenses		149,960	233,480
Repair and maintenance		1,172,860	986,913
Communication expense		4,731,405	3,673,834
Depreciation	4	2,482,578	2,073,041
Impairment on TREC	5.3	3,170,850	-
General expense		1,186,993	738,474
		<u>61,432,522</u>	<u>52,910,327</u>
<b>18.1 Audit remuneration</b>			
Statutory auditors remuneration		250,000	200,000
Certification and advisory services		100,000	75,000
		<u>350,000</u>	<u>275,000</u>

	2017	2016
	Rupees	
<b>19 FINANCE COST</b>		
Bank charges	3,454	108,172
Markup on short term borrowings	6,384,324	5,875,429
	<u>6,387,778</u>	<u>5,983,601</u>
<b>20 OTHER INCOME</b>		
Profit on margin deposit	<u>60,445</u>	<u>55,869</u>
<b>21 TAXATION</b>		
Current tax	4,227,868	1,849,354
Prior year tax	-	(1,853,132)
	<u>4,227,868</u>	<u>(3,778)</u>
<b>21.1 Tax expense reconciliation with accounting profit/(loss) is as follows:</b>		
Accounting profit before tax	78,192,387	(15,297,863)
Tax at domestic rate 31% (2016: 32%)	24,239,640	(4,895,316)
Tax effect of income exempt and taxed at lower rate	(21,598,948)	(2,671,597)
Tax effect of expenses disallowed	982,964	5,344,042
Minimum tax	604,212	365,961
Prior year tax	-	1,853,132
	<u>4,227,868</u>	<u>(3,778)</u>

21.2 The income tax assessments of the Company have been finalised up to and including the tax year 2016. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

## 22 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise directors and key management personnel and their close family members. Related party transactions and their corresponding balances have been disclosed in notes 18 to these financial statements. The compensation and benefits paid to key management personnel are in accordance with the terms of their employment. There no other significant related party transactions other than directors remuneration.

## 23 FINANCIAL RISK MANAGEMENT

### 23.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. The Company enters into financial contracts in accordance with the internal risk management policies which include advance payments and holding of balances with reputable banks of the country.

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

	2017	2016
	Rupees	
Long term deposit	4,215,800	4,215,800
Trade debtors - Considered good and secured	74,817,424	90,170,743
Advances, deposits and other receivables	20,061,639	10,016,548
Bank balances	91,600,935	39,848,888
	<u>190,695,798</u>	<u>144,251,979</u>

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for already provided. None of the other financial assets are either past due or impaired.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities 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 stressed 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:

	Carrying value	Contractual cash flows		
		Total	Up to one year	More than one year
Directors' loan	2,500,000	(2,500,000)	-	-
Trade and other payables	87,315,350	(87,315,350)	(87,315,350)	-
Short term running finance	112,154,780	(112,154,780)	(112,154,780)	-
Markup accrued	1,762,994	(1,762,994)	(1,762,994)	-
June 30, 2017	<u>203,733,124</u>	<u>(203,733,124)</u>	<u>(201,233,124)</u>	<u>-</u>
Directors' loan	2,500,000	(2,500,000)	-	-
Trade and other payables	41,165,319	(41,165,319)	(41,165,319)	-
Short term running finance	99,856,762	(99,856,762)	(99,856,762)	-
Markup accrued	622,440	(622,440)	(622,440)	-
June 30, 2016	<u>144,144,521</u>	<u>(144,144,521)</u>	<u>(141,644,521)</u>	<u>-</u>

Contractual cash flows include tentative interest payments to be made up to the maturity of relevant facilities. The future interest related cash flows depend on the interest rates applicable at that time and the extent of utilization of running finance facilities.

### (iii) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and price risk.

#### (a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions denominated in foreign currencies. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

#### (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 short and long term borrowings from banks and term deposits with banks. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

	2017	2016	2017	2016
	Effective interest rate (%)		Carrying amounts (Rupees.)	
<b>Financial assets</b>				
Bank deposits - <i>pls account</i>	3.5% to 3.75%	4.5% to 5.5%	132,139	123,816
<b>Financial liabilities</b>				
Short term borrowings	6% to 8%	7% to 9%	112,154,780	99,856,762

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

A change of 100 basis points in interest rates at the reporting date would have increase / decrease profit / loss by 1.12 million (2016: 0.99 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings

#### (c) Price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in levels of Pakistan Stock Exchange-Index and the value of individual shares.

The table below summarises the Company's equity price risk as at June 30, 2017 and shows the effect of a hypothetical 5% increase or decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenario.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
June 30, 2017	<i>Rupees</i>	364,729,136	5% increase	382,965,593	18,236,457	15,500,988
June 30, 2016	<i>Rupees</i>	266,041,338	5% increase	279,343,405	13,302,067	11,306,757

### 23.2 Financial instruments by category

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	2017	2016
	Rupees	
<b>Financial Assets</b>		
<i>Investments - at cost</i>		
National Asset Management Company -cost	1,473,014	1,473,014
<i>Investments held at Available for Sale</i>		
Pakistan Stock Exchange Limited	41,152,751	21,829,150
CDC Trustee Alameen Fund	2,500,000	-
Short term investments	319,603,371	242,739,174
<i>Loans and Receivables</i>		
Long term deposit	4,215,800	4,215,800
Trade debtors - Considered good and secured	74,817,424	90,170,743
Advances, deposits, prepayments and other receivables	20,061,639	10,016,548
Cash and bank balances	91,600,935	39,848,888
<b>Financial liabilities - at amortised cost</b>		
Directors' loan	2,500,000	2,500,000
Trade and other payables	87,315,350	41,165,319
Short term running finance	112,154,780	99,856,762
Markup accrued	1,762,994	622,440

### 23.3 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either

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

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2017	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
<b>Financial assets</b>				
<i>Investments</i>	363,256,122	-	1,473,014	364,729,136
June 30, 2016	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
<b>Financial assets</b>				
<i>Investments</i>	264,568,324	-	23,302,164	287,870,488

During the year ended June 30, 2017, the Company did not acquire any new shares of investee companies classified in level 3. However, 60% shares of PSX were disposed and remaining 40% shares transferred from level 3 to level 1 after listing of PSX.

#### 24 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements. Furthermore, the Company finance its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise the risk.

Net capital and Liquid capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

#### 25 TURNOVER BREAKUP

Turnover from brokerage income during the period comprises of the following:

During the year ended June 30, 2017	Turnover in Value
Institution	3,406,596
Retail	57,014,581
<b>Total</b>	<b>60,421,177</b>

#### 26 NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 30 (2016: 35 ) and average number of employees during the year are 33 (2016: 36).

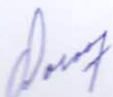
#### 27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on 05 OCT 2017.

#### 28 GENERAL

Figures have been rounded off to the nearest rupee and corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

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CHIEF EXECUTIVE



DIRECTOR