

**ZILLION CAPITAL SECURITIES
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**



ZILLION CAPITAL SECURITIES (PVT) LTD.

TREC Holder : Pakistan Stock Exchange Limited.

(FORMERLY : KARACHI STOCK EXCHANGE LIMITED.)

October 09, 2017

DIRECTOR'S REPORT

To,

The Member,

The Directors of M/s Zillion Capital Securities (Pvt) Limited are pleased to present the Annual Report together with the company's Audited Financial Statement and Auditors Report of your company for the financial year ended June 30, 2017. The summarized results for the year ended June 30, 2017 are as under:

FINANCIAL RESULTS

2017

(Rupees)

Operating Revenue	1,6389,038
Profit before Taxation	30,933,533
Taxation	(613,384)
Profit after Taxation	30,320,149
Earnings per share (Rs.)	29.87

During the year under review, the company had a profit after tax was **Rs. 30,320,149**. Total expenditure during the year was **Rs. 24,617,751**. The road map development has inspired confidence amongst the investors which is reflected in the performance of the Capital Market.

AUDITORS:

The Auditors M/s UHY Hassan Naeem & Co. retire at the conclusion of the Annual General Meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Directors appreciate assistance and co-operation extended by our banks and financial institutions and efforts, dedication and commitment demonstrated by our valued customers and all the employees of the company.

For and on behalf of the Board

Imtiaz Ibrahim
Chief Executive/Director
Karachi



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED** "the company" 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 parts thereof (here-in-after referred to as the "financial statements"), for the year then ended. We state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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and present the above said statements in conformity with the approved accounting standards and the requirement of the repealed Companies Ordinance, 1984.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

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

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statement of the company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who issued unqualified opinion dated October 27, 2016.

DATE:
KARACHI

09 OCT 2017

UHY Hassan Naeem & Co.
Chartered Accountants
Imran Iqbal

ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	2,678,073	2,223,335
Intangible assets	5	5,250,000	5,250,000
Investment - available for sale	6	41,163,833	21,819,280
Long term deposits	7	27,438,268	6,454,809
		76,530,174	35,747,424
<u>CURRENT ASSETS</u>			
Trade debts	8	55,722,499	169,058,735
Short term investment	9	94,526,079	15,836,661
Advances, deposits, prepayments and other receivables	10	40,362,815	8,926,267
Cash and bank balances	11	7,816,879	17,212,638
		198,428,272	211,034,301
		274,958,446	246,781,725
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital	12.1	150,000,000	150,000,000
Issued, subscribed and paid-up capital	12.2	101,500,000	101,500,000
Surplus/(Deficit) - Investment available for sale		32,436,121	-
Unappropriated profit		55,554,556	25,234,407
		189,490,677	126,734,407
<u>LIABILITIES</u>			
<u>NON-CURRENT LIABILITIES</u>			
Long term loan	13	9,000,000	10,000,000
<u>CURRENT LIABILITIES</u>			
Trade and other payable	14	11,742,791	19,211,019
Short term running finance	15	63,424,978	90,836,299
Loan from Directors	16	1,300,000	-
		76,467,769	110,047,318
Contingencies and commitments	17	-	-
		274,958,446	246,781,725

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


 Chief Executive




 Director

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

	Note	2017 (Rupees)	2016 (Rupees)
Operating revenue	18	16,389,038	11,734,653
Operating and administrative expenses	19	<u>(16,541,325)</u>	<u>(19,677,115)</u>
Operating (Loss)		(152,287)	(7,942,462)
Provision for Bad Debts		(5,000,000)	-
Finance cost	20	(8,076,426)	(13,459,250)
Other income	21	<u>44,162,246</u>	<u>1,052,833</u>
NET PROFIT BEFORE TAXATION		30,933,533	(20,348,879)
Taxation	22	(613,384)	(332,359)
NET PROFIT AFTER TAXATION		<u>30,320,149</u>	<u>(20,681,238)</u>
Earning/(loss) per share-basic and diluted		<u>29.87</u>	<u>(20.36)</u>

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



Chief Executive





Director

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

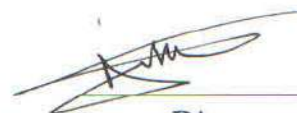
	2017 <i>(Rupees)</i>	2016 <i>(Rupees)</i>
Profit/(loss) for the year	30,320,149	(20,681,238)
Other comprehensive income:		
Unrealised gain on revaluation of investments available for sale	32,436,121	-
TOTAL COMPREHENSIVE INCOME	<u>62,756,270</u>	<u>(20,681,238)</u>

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

w



Chief Executive




Director

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

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Total
	<u>-----Rupees-----</u>		
Balance as at June 30, 2015	101,500,000	45,915,645	147,415,645
Net (loss) for the year	-	(20,681,238)	(20,681,238)
Balance as at June 30, 2016	101,500,000	25,234,407	126,734,407
Net profit for the year	-	30,320,149	30,320,149
Balance as at June 30, 2017	101,500,000	55,554,556	157,054,556


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

cy



 Chief Executive





 Director

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

	2017 (Rupees)	2016 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	30,933,533	(20,348,879)
<u>Adjustment for non-cash items:</u>		
Depreciation	458,433	427,126
Capital Gain - Investment available for sale	(53,790,215)	-
Dividend income	(2,435,862)	-
Capital Loss on short term investment	15,136,632	4,168,516
Gain on disposal of fixed assets	(398,215)	(550,000)
Finance cost	8,076,426	13,459,250
Provision for doubtful debts	5,000,000	-
Impairment-TREC	-	3,180,720
Operating profit before working capital changes	(27,952,801)	20,685,612
<u>Changes in working capital</u>		
Decrease in trade debts	108,336,236	67,799,553
(Increase) in advances, deposits and prepayments	(26,954,663)	(1,144,179)
(Increase) in long term deposits	(20,983,459)	(2,600,000)
(Decrease) in trade and other payable	(8,160,019)	(15,408,757)
Net changes in working capital	52,238,095	48,983,350
Finance cost paid	(7,384,635)	(13,459,250)
Taxes paid	(5,095,269)	(332,359)
Net cash generated from operating activities	42,738,923	35,191,742
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,214,956)	(1,897,000)
Proceeds from investment available for sale	66,881,783	-
Proceeds from sale of property and equipment	700,000	550,000
Dividend received	2,435,863	-
Short term investment	(93,826,050)	19,705,658
Net cash generated from investing activities	(25,023,360)	18,358,658
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from directors	300,000	10,000,000
Net cash generated from financing activities	300,000	10,000,000
Net increase in cash and cash equivalent	18,015,563	63,550,400
Cash and cash equivalent at beginning of the year	(73,623,662)	(137,174,061)
Cash and cash equivalent at end of the year	(55,608,099)	(73,623,662)

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


Chief Executive




Director

ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 Legal Status and Nature of Business

Zillion Capital Securities (Private) limited was incorporated under the repealed Companies Ordinance, 1984 on June 7, 2001 as a Private limited company. The Company is a corporate member of Pakistan Stock Exchange (Guarantee) Limited. The registered office of the company is located at room no. 727-729, 7th floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company are to carry on the business of share brokerage, under writing of public issues, investment and portfolio management.

2 Basis of Preparation

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Critical Accounting Estimates and Judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

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

y

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 New and Amended Standards and interpretations

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

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

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

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

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

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

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

Further, the following new standards have been issued by IASB which are yet to be notified by the

Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

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

3 Summary of Significant Accounting Policies

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

3.1 Taxation

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

3.1.1 Current

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

3.1.2 Deferred

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

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

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

3.2 Property and Equipment

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

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

3.3 Intangible Assets

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

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

3.4 Impairment

3.4.1 Financial Assets

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

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

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

3.4.2 Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the assets' recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an

y

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

3.5 Financial Instruments

3.5.1 Financial Assets

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

At fair value through profit or loss

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

Loans and receivables

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

Held to maturity

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

Available for sale

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

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

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

All financial assets are recognized at the time when the Company becomes a party to the contractual

y

provisions of the instrument. Regular way purchases and sales of investments are recognised and derecognised on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially 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 assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

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

3.5.2 Financial Liabilities

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

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

3.6 Trade and Other Receivables

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

3.7 Trade and Other Payables

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

3.8 Provisions

Provisions are recognized when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate

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

3.9 Revenue Recognition

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

3.12 Cash and Cash Equivalents

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

3.13 Related Party Transactions

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

y

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

4. PROPERTY AND EQUIPMENT

Particulars	Cost				Rate %	Depreciation				W.D.V. As at June 30, 2017
	As at July 01, 2016	Adjustment	Additions	(Deletions)		As at Jun 30, 2017	As at July 01, 2016	For the year	Deletion	
	-----Rupees-----					-----Rupees-----				
Office Premises	3,000,000		-	-	-	3,000,000	-			-
Office Equipments	963,889		109,956	-	1,073,845	707,849	54,899			762,748
Furniture & Fixtures	662,150		-	-	662,150	564,567	14,637			579,204
Vehicles	2,497,500		1,000,000	625,000	2,872,500	765,720	316,017	(323,215)		758,522
Computers	3,215,953		105,000	-	3,320,953	3,078,021	72,880			3,150,901
June 30, 2017	10,339,492		1,214,956	625,000	7,929,448	8,116,157	458,433	(323,215)		5,251,375
June 30, 2016	5,869,618	2,000,000	1,897,000	(427,126)	9,339,492	4,689,031	427,126	2,000,000		7,116,157
										2,223,335

2017 **2016**
(Rupees) *(Rupees)*

5. INTANGIBLE ASSETS

Trading Right Entitlement Certificate (TREC)	5.1	5,000,000	8,180,720
Impairment - TREC		-	(3,180,720)
		5,000,000	5,000,000
Membership card - Pakistan Mercantile Exchnage Limited		250,000	250,000
		5,250,000	5,250,000

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

6. INVESTMENT - AVAILABLE FOR SALE

Investment in shares of Pakistan Stock Exchange	6.1	41,163,833	21,819,280
---	-----	-------------------	------------

6.1 This respect 1,602,953 shares of Pakistan Stock Exchanges acquired in pursuance of Corporatisation, Demutualization and Integration Act, 2012. As per agreement each member received 4,007,373. Out of 4,007,373 the company already sold 2,404,430 shares to Chinese investors and in open Market.

		2017 (Rupees)	2016 (Rupees)
7 Long Term Deposits			
DFC Basic Deposit to NCCPL		500,000	-
Central Depository Company of Pakistan		100,000	100,000
National Clearing Company of Pakistan		200,000	200,000
Pakistan Stock Exchange Limited		100,000	304,809
Pakistan Mercantile Exchange Limited		750,000	750,000
Pakistan Mercantile Exchange deposits		100,000	100,000
Deposit for National Commodity Office		5,000,000	5,000,000
Basic Deposit For Ready Market		200,000	-
Base Minimum Capital Deposit		16,000,000	-
PSX Receivable	7.1	4,488,268	-
		<u>27,438,268</u>	<u>6,454,809</u>

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

8. TRADE DEBTS

Trade debts		60,722,499	169,058,735
Provision for doubtful debts	8.1	(5,000,000)	-
		<u>55,722,499</u>	<u>169,058,735</u>
8.1 Age analysis of trade debts			
More than 5 days	8.1.1	49,292,514	
Less than 5 days		11,429,985	
		<u>60,722,499</u>	

8.1.1 The company has recovered Rs 7,475,000 from old outstanding amount. The management is confident that full amount will be recovered. However, Rs 5,000,000 is provided as provision on prudent basis.

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

Investment in quoted securities	9.1	<u>94,526,079</u>	<u>15,836,661</u>
9.1 Investment in various equity shares carried at market value.			

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax - net		12,049,417	7,567,532
Advance to staff		245,431	279,931
Exposure deposit		9,414,349	1,069,351
MIS Exposure deposit		7,248,956	-
Receivables against margin financing		11,404,662	9,453
		<u>40,362,815</u>	<u>8,926,267</u>

11. CASH AND BANK BALANCES

	2017 (Rupees)	2016 (Rupees)
Cash in hand	60,000	63,939
Cash at bank- current	7,756,879	17,148,699
	<u>7,816,879</u>	<u>17,212,638</u>

12. SHARE CAPITAL

12.1 AUTHORIZED SHARE CAPITAL

	2017	2016		2017	2016
	Number of Shares			Rs. 100 each	
	<u>1,500,000</u>	<u>1,500,000</u>		<u>150,000,000</u>	<u>150,000,000</u>

12.2 ISSUED SUBSCRIBED AND PAID-UP CAPITAL

	2017	2016		2017	2016
	Number of Shares			Rs. 100 each fully paid in cash	
	<u>1,015,000</u>	<u>1,015,000</u>		<u>101,500,000</u>	<u>101,500,000</u>

PATTERN OF SHAREHOLDING

	No of shares	%
i Imtiaz Ibrahim (Director)	507,499	50.0%
ii Asif Ibrahim (Director)	1	0.0%
iii Abdul Aziz (Director)	50,750	5.0%
iv M.Irfan (Director)	126,875	12.5%
v Anis Haroon Kapadia (Shareholder)	76,125	7.5%
vi Muhammad Zafar (Shareholder)	126,875	12.5%
vii M Iqbal (Director)	126,875	12.5%
	<u>1,015,000</u>	

all changes in shareholding above 5 %

Share Issued

No Changes in shareholding during the year

13 Long Term Loan

From Director-Unsecured	13.1	<u>9,000,000</u>	<u>10,000,000</u>
-------------------------	------	------------------	-------------------

13.1 This represents unsecured subordinated loan from directors being repayable after two years interest will be charged at the rate of 8% per annum.

14. TRADE AND OTHER PAYABLE

Credit balances of clients	14.1.	7,457,426	16,522,423
Accrued Expenses	14.4.	4,285,365	2,688,596
		<u>11,742,791</u>	<u>19,211,019</u>
14.1 Credit balances of clients held by the company		<u>7,457,426</u>	
Value of Securities of client held by the company		<u>487,205,230</u>	

Number of Securities of client held by the company		<u>24,359,653</u>	
14.2 Securities of clients is pledged with Financial Institution.		<u>1,189,400</u>	
14.3 Securities of the company is pledged with Financial Institution.		<u>3,848,800</u>	
14.4 Accrued Expenses			
Telephone Bills Payable		17,250	-
Sales Tax Payable		70,223	-
Mark Up Payable on Long term loan		720,000	
Mark Up Payable on running finance		1,467,966	1,496,175
Audit Fees Payable		150,000	-
Other payable		1,859,926	1,192,421
		<u>4,285,365</u>	<u>2,688,596</u>
15 Short Term Running Finance- Secured			
Financing from Financial Institution.	15.1	<u>63,424,978</u>	<u>90,836,299</u>

15.1 Running finance facilities of Rs 250 Million (2016:250 Million) have been arranged from commercial banks under markup arrangement. The aggregate finance are secured against pledge of shares of listed companies and personal guarantee of directors of company. The markup charged on these facility ranges from 1 to 3 months KIBOR+2 % per annum on daily outstanding balances payable quarterly.

16 Loan from Director

This represents loan from director amounting to Rs 1.3 million to fulfil cash flow shortage and payable within a year.

17. CONTINGENCIES AND COMMITMENTS

17.1. There were no contingencies and commitments as at June 30, 2017.

		2017 (Rupees)	2016 (Rupees)
18. OPERATING REVENUE			
Brokerage income	18.1	16,112,902	11,734,653
IPO- Shares Application		99,188	-
Markup on Margin Financing		176,948	-
		<u>16,389,038</u>	<u>11,734,653</u>
18.1 Brokerage Income- gross		<u>18,207,945</u>	<u>13,240,607</u>
Sales tax		(2,095,043)	(1,505,954)
		<u>16,112,902</u>	<u>11,734,653</u>

	Turnover of Shares trade	Turnover of Value trade	Commission
Institutional customers	9,954,247	370,901,621	628,226
Proprietary trade	279,259,189	11,129,359,808	-
Retail customers	1,582,867,577	70,805,336,555	13,788,220
	<u>1,872,081,013</u>	<u>82,305,597,985</u>	<u>14,416,446</u>
Other charges			1,696,456
Brokerage income			<u>16,112,902</u>

	2017 (Rupees)	2016 (Rupees)
19. OPERATING AND OTHER EXPENSES		
Salaries and allowances	3,611,685	3,783,146
Director Remuneration	3,104,958	3,720,000
Printing, stationary and periodicals	639,085	448,450
Commission expense	-	295,541
Conveyance	465,745	497,500
Utilities	343,818	634,133
Communication Expense	645,131	384,408
Rent, rates and taxes	113,620	41,500
Transaction charges	2,790,427	2,074,219
Fee and subscription	228,155	575,675
Insurance	291,038	277,926
Entertainment	816,558	883,366
Repair and Maintenance	1,618,487	1,119,868
Legal and Professional	105,450	288,000
Depreciation	458,433	427,126
Auditor's remuneration	230,700	100,000
Markup Payable on Long term loan	720,000	-
Miscellaneous	178,445	389,637
Donations	179,590	555,900
	<u>16,541,325</u>	<u>16,496,395</u>
20 Finance cost		
Bank charges	544,556	446,145
Markup on running finance	7,531,870	13,013,105
	<u>8,076,426</u>	<u>13,459,250</u>
21. OTHER INCOME		
Capital Loss-Investment held for trading	(15,136,632)	(4,168,516)
Capital Gain Investment available for sale	53,790,215	1,596,732
Dividend Income	2,435,862	-
Gain on Sale of Fixed Assets	398,215	550,000
Markup on Exposure Deposit	131,980	-
Other Income	2,542,606	3,074,617
	<u>44,162,246</u>	<u>1,052,833</u>
22. TAXATION		
The Company has filed return for the tax year 2016. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.		
	2017 (Rupees)	2016 (Rupees)
Provision for taxation		
- Current year	613,384	332,359
- Deferred	-	-
Net tax charge	<u>613,384</u>	<u>332,359</u>

22.1 No deferred tax asset/liability is recorded as the future taxation of the company is not levied on accounting profit.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

23.1 Credit risk

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

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

	Carrying amount	
	Rupees	
Long term deposits	27,438,268	6,454,809
Trade debts	55,722,499	169,058,735
Investment - Available for sale	41,163,833	21,819,280
Short term investment	94,526,079	15,836,661
Advances, deposits, prepayments and other receivables	40,362,815	8,926,267
Cash and bank balances	7,816,879	17,212,638
	267,030,373	239,308,390

23.2 Liquidity risk

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

	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial Liabilities				
Trade and other payable	11,742,791	11,742,791	11,742,791	-
Loan to directors	10,300,000	10,300,000	9,000,000	1,300,000
Short term running finance	63,424,978	63,424,978	63,424,978	-
	2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial Liabilities				
Trade and other payable	19,211,019	19,211,019	19,211,019	-
Loan to directors	10,000,000	10,000,000	-	10,000,000
Short term running finance	90,836,299	90,836,299	90,836,299	-

23.3 Market risk

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

a) **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices of the most significant in comparison to overall assets of the company. The company has equity investment of Rs. 135 million which is significant and the company as is expose to price risk.

b) **Interest rate risk**

The company is not significantly exposed to interest rate risk as majority of financing is on variable interest rate.

24. TRANSACTION WITH RELATED PARTIES

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

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

	2017 (Rupees)	2016 (Rupees)
Remuneration to Directors	704,958	1,320,000
Remuneration to Chief Executive Officer	2,400,000	2,400,000
Loan Received from Director	10,300,000	11,000,000
Commission Received from Director	4,255,093	3,983,922
	<u>17,660,051</u>	<u>18,703,922</u>

25. NUMBER OF EMPLOYEES

	2017 (Number of employees)	2016 (Number of employees)
Total number of employees at 30th June.	<u>14</u>	<u>10</u>

26. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 09 OCT 2017 by the Board of Directors of the company.

27. GENERAL

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



Chief Executive





Director