REANDA
Reanda Haroon Zakaria & Company
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ALFA ADHI SECURITIES (PRIVATE) LIMITED** as at June 30, 2017, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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the above said financial statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984.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

We 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(a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;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the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

REANDA

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 14 SEP 2017

Engagement Partner:
Mohammad Iqbal

ALFA ADHI SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	**30,336,547**	7,913,452
Intangible assets	5	**4,400,786**	4,542,753
Long term investment	6	**41,163,833**	9,084,046
Long term deposits	7	**5,264,000**	3,764,000
		81,165,166	25,304,251
Current Assets			
Trade debts	8	**52,529,892**	41,127,866
Loans and advances	9	**582,550**	2,815,098
Deposits and other receivables	10	**31,979,393**	7,640,829
Short term investments	11	**10,547,224**	-
Income tax refunds due from government	12	**10,218,922**	4,836,024
Cash and bank balances	13	**61,964,256**	30,851,340
		167,822,237	87,271,157
Total Assets		**248,987,403**	112,575,408
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
10,000,000 Ordinary shares of Rs.10 each		**100,000,000**	100,000,000
Issued, subscribed and paid-up share capital	14	**50,490,000**	50,490,000
Reserves		**117,366,307**	17,501,087
Shareholders' equity		**167,856,307**	67,991,087
Surplus on revaluation of fixed asset	15	**11,038,324**	-
Non-Current Liabilities			
Deferred liabilities	16	**8,103,368**	2,183,413
Long term deposits	17	**542,287**	521,652
		8,645,655	2,705,065
Current Liabilities			
Trade and other payables	18	**60,767,372**	29,350,712
Mark up accrued		**679,745**	375,718
Short term bank borrowings	19	**-**	12,152,826
		61,447,117	41,879,256
Contingencies and Commitments	21	**-**	-
Total Equity and Liabilities		**248,987,403**	112,575,408

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

	Note	2017 Rupees	2016 Rupees
Operating revenue	22	**40,124,299**	19,080,018
Operating and administrative expenses	23	**26,665,007**	19,401,734
Operating profit / (loss)		**13,459,292**	(321,716)
Financial charges	24	**2,462,349**	973,874
Other operating expenses	25	**4,340,952**	1,249,625
		(6,803,301)	(2,223,499)
		6,655,991	(2,545,215)
Other income	26	**66,675,141**	3,559,678
Profit before taxation		**73,331,132**	1,014,463
Taxation	27	**(3,514,061)**	(718,417)
Profit after taxation		**69,817,071**	296,046

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

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

	2017	*2016*
	Rupees	*Rupees*
Profit after taxation	**69,817,071**	296,046
Other comprehensive income		
Items to be reclassified to profit and loss account in the subsequent periods		
Unrealized gain on remeasurement of available for sale investments	**37,530,215**	-
Total comprehensive income for the year	**107,347,286**	296,046

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

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

	2017 Rupees	2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**73,331,132**	1,014,463
Adjustment for:		
Depreciation	**917,891**	816,186
Provision in respect of employees gratuity fund	**500,195**	407,495
Reversal of provision for doubtful debts	**(902,605)**	(1,229,283)
Capital gain on disposal of investments	**(63,199,659)**	-
Mark up against margin financing	**877,741**	-
Financial charges	**2,462,349**	973,874
Remeasurement loss on investment	**1,719,829**	-
Amortization	**141,967**	159,967
	(57,482,292)	1,128,239
Cash generated from operating activities before working capital changes	**15,848,840**	2,142,702
(Increase) / decrease in current assets		
Trade debts	**(10,499,421)**	(9,214,743)
Loans and advances	**2,232,548**	(2,316,147)
Deposits and other receivables	**(20,728,037)**	(5,304,509)
Increase in current liabilities		
Trade and other payables	**24,823,926**	7,237,738
	(4,170,984)	(9,597,661)
Cash generated from / (used in) operations	**11,677,856**	(7,454,959)
Financial charges paid	**(2,158,322)**	(598,156)
Income taxes paid	**(8,248,989)**	(2,608,546)
Long term deposits received	**20,635**	521,652
Net cash generated from / (used in) operating activities	**1,291,180**	(10,140,009)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets expenditure incurred	**(7,439,438)**	(316,622)
Proceeds against disposal of long term investments	**62,835,760**	-
Short term investments made	**(105,256,929)**	-
Proceeds against disposal of short term investments	**94,315,935**	
Long term deposits paid	**(1,500,000)**	(300,000)
Net cash generated from / (used in) investing activities	**42,955,328**	(616,622)

	2017	2016
	Rupees	*Rupees*

C. CASH FLOWS FROM FINANCING ACTIVITIES

Short term borrowing (repaid) / received - net	**(12,152,826)**	12,152,826
Dividend paid	**(980,766)**	-
Net cash (used in) / generated from financing activities	**(13,133,592)**	12,152,826
Net increase in cash and cash equivalent (A+B+C)	**31,112,916**	1,396,194
Cash and cash equivalents at the beginning of the year	**30,851,340**	29,455,146
Cash and cash equivalents at the end of the year	**61,964,256**	30,851,340

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

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

Description	Share Capital	Reserves			Shareholders' equity
		Revenue	Capital reserves		
		Unappropriated Profit	Gain on remeasurement of Available for Sale investment	Total Reserves	
		Rupees			
Balance as at July 1, 2015	50,490,000	17,205,041	-	17,205,041	67,695,041
Net profit after taxation	-	296,046	-	296,046	296,046
Other comprehensive income	-	-		-	-
Balance as at June 30, 2016	**50,490,000**	**17,501,087**	-	**17,501,087**	**67,991,087**
Net profit after taxation	-	**69,817,071**	-	**69,817,071**	**69,817,071**
Other comprehensive income					
Unrealized gain on remeasurement of available for sale investments	-	-	**37,530,215**	**37,530,215**	**37,530,215**
Transaction with owners:					
Dividend @ Rs. 1.50 per share	-	**(7,573,500)**	-	**(7,573,500)**	**(7,573,500)**
Transfer from surplus on revaluation of property - net of deferred tax	-	**91,434**	-	**91,434**	**91,434**
Balance as at June 30, 2017	**50,490,000**	**79,836,092**	**37,530,215**	**117,366,307**	**167,856,307**

Unappropriated profit can be utilized for meeting any contingencies and distribution of profits by way of dividend.

Gain on re-measurement of AFS investment will be utilized for any purpose only after it is realized and transferred to profit and loss account.

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

Alfa Adhi Securities (Private) Limited (the 'Company') was incorporated in Pakistan on November 21, 1994 as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a corporate member of the Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal objects of the Company include share brokerage, money market transactions, consultancy services and underwriting etc. The registered office of the Company is situated at 308, 3rd floor, Landmark Plaza - I.I. Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 or directives of the repealed Companies Ordinance, 1984 shall prevail.

Considering the practical difficulties faced by the companies to comply with the requirements of the recently promulgated Companies Act, 2017, Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 17 of 2017 dated July 20, 2017, has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements 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 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 the judgments about the 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 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.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- Review of useful life and residual value of property, plant and equipment (note 3.1 and 4);
- Intangibles (note 3.2 and5);
- Assumptions and estimates used in calculating the provision for doubtful trade debts (note 3.4 and8);
- Revenue recognition (note 3.1 and 22); and
- Provision for taxation including deferred tax (note 3.8 and 27).

2.5 *Standards, interpretations and amendments applicable to financial statements*

2.5.1 *New Standards, Interpretations and Amendments*

The following new / revised standards are effective for the year ended June 30, 2017. These standards are, either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than certain additional disclosures:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements: Equity Method in Separate 'Financial Statements (Amendment)

The adoption of the above accounting standards did not have any effect on the financial statements.

2.5.2 *Annual Improvements*

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal.

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations does not have any material effect on the financial statements

2.5.3 *Standards, interpretations and amendments to approved accounting standards that are not yet effective*

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

Standard or Interpretation		*Effective Date (annual periods beginning on or after)*
IFRS 2	- Classification and Measurement of Share Based Payment Transactions (Amendments)	January 1, 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 (Amendment)	Not yet finalized
IFRS 7	- Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 1, 2017
IAS 12	- Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 1, 2018
IAS 40	- Investment Property: Transfers of Investment Property - (Amendments)	January 1, 2018
IFRIC 22	- Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	- Uncertainty over Income Tax Treatments	January 1, 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

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

Standard or Interpretation		*Effective Date (annual periods beginning on or after)*
IFRS 9	- Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14	- Regulatory Deferral Accounts	January 1, 2016
IFRS 15	- Revenue from Contracts with Customers	January 1, 2018
IFRS 16	- Leases	January 1, 2019
IFRS 17	- Insurance Contracts	January 1, 2021

3 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

3.1 *Property and equipment and depreciation*

Owned

These are initially stated at cost or revalued amounts. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation on fixed assets is charged to income by applying the reducing balance method at the rates specified in the relevant note.

Depreciation is charged from the month in which they are available for use and on deletions up to the month of deletion. Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals, if any, are capitalized.

The surplus on revaluation of property, plant and equipment is reversed to the extent of incremental depreciation and is transferred to accumulated profit.

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 asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit and loss account during the financial year in which they are incurred.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of fixed assets are included in profit and loss, except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated profit.

3.2 *Intangible assets*

Membership Card - Pakistan Mercantile Exchange Limited

This is stated at cost less impairment, if any. This is not amortized due to the fact that it has an indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the card. 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 the estimated recoverable amount, it is written down to its estimated recoverable amount.

Trading Rights Entitlement Certificate (TREC)

This is initially measured at apportioned value of carrying value of surrendered card which is apportioned between TREC and shares of Pakistan Stock Exchange PSX on the basis as fully described in note 6.1 to the financial statements. Subsequent to its initial recognition, it is measured at cost less impairment, if any. Impairment test is done to assess whether this is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amounts.

Softwares

Software are stated at cost less accumulated amortization and any identified impairment loss. Amortization on softwares is charged to income by applying straight line method at the rates specified in the relevant note. Amortization is charged from the month of acquisition of softwares, up to the month of deletion. The carrying value of softwares are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the softwares are written down to their recoverable amount.

3.3 Investments

All investments are initially recognized at cost, being the fair value of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

Available for sales - PSX shares

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available for sale financial assets are classified as long term investments in the balance sheet.

At balance sheet date the Company has its available for investment only in shares of PSX. These are initially measured at carrying value of surrendered card which is apportioned between TREC and Shares of PSX on the basis as fully described in note 6.1 to the financial statements. Subsequent to its initial recognition, these are valued at fair value.

Unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in "other comprehensive income" are included in the profit and loss account as gains and losses on disposal of long term investments. Dividends on available for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

At fair value through profit and loss

Investments are classified as held-for-trading if they are acquired for the purpose of generating profit from short term fluctuations in market price. Gains or losses on investments held-for-trading are recognized in profit and loss account. The fair value of such investments representing listed equity is determined on the basis of prevailing market prices.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost after deducting provision for bad debts, if any. A provision for bad debts is established when there is an objective evidence that the Company will not be able to collect all amounts due from clients according to the original terms of transactions. Trade debts and other receivables considered irrecoverable are written off.

3.5 Loans, advances and deposits

These are carried at cost which is the fair value of the consideration to be received / settled. Provision is made against balances considered doubtful. Balances considered irrecoverable are written off.

3.6 *Cash and cash equivalents*

It comprises of cash in hand and cash at bank which are carried at cost. For the purpose of cash flow statements, cash and cash equivalent include cash in hand, current and deposit account held with the banks.

3.7 *Trade and other payables*

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

3.8 *Taxation*

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

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.9 *Provisions*

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

3.10 *Revenue recognition*

Revenue from brokerage services

- Brokerage commission and advisory fees are recorded as and when services are provided and it is probable that the economic benefits associated with the transactions will flow to the Company.

Other revenue

- Profit on deposits and margin financing is recognized on a time proportionate basis, with reference to the principal outstanding and at the applicable effective interest rate.
- Gain on sale of fixed assets is recorded when title is transferred in favor of the transferee.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized gains / (losses) arising on revaluation of securities classified as 'financial assets at fair value through profit or loss are included in profit and loss account in the period in which they arise. While unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

- Gains / (losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.

- Miscellaneous income is recognized on occurrence of transactions.

3.11 *Staff retirement benefits*

Employees' gratuity

The Company operates an unfunded gratuity scheme for all its eligible employees who have completed their minimum qualifying period of service with the Company. Gratuity payable is accounted for on accrual basis. Provisions are made annually to meet the obligation on the basis of the product of employees' last drawn salary and the number of years served to date.

3.12 *Financial instruments*

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.13 *Offsetting of financial assets and financial liabilities*

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

3.14 *Borrowing cost*

Borrowing cost are recognized as expense in the period in which these are incurred.

3.15 *Impairment*

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Any impairment loss arising on financial assets is recognized in profit and loss account.

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 any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, 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. Value in use is ascertained through discounting the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. 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 has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4 PROPERTY AND EQUIPMENT

Particulars	Owned Asset					Total
	Office premises*	Computers	Office equipments	Furniture and fixtures	Vehicles	
	---------- Rupees ----------					
Year ended June 30, 2017						
Opening net book value	**5,730,820**	**884,762**	**523,426**	**654,433**	**120,011**	**7,913,452**
Additions during the year	**3,508,000**	**1,152,884**	**1,633,004**	**1,145,550**	**-**	**7,439,438**
Disposals during the year	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year	**(209,672)**	**(412,442)**	**(139,508)**	**(132,267)**	**(24,002)**	**(917,891)**
Revaluation*	**15,901,548**	**-**	**-**	**-**	**-**	**15,901,548**
Closing net book value	**24,930,696**	**1,625,204**	**2,016,922**	**1,667,716**	**96,009**	**30,336,547**
As at June 30, 2017						
Revalued amount* / cost	**25,140,368**	**7,429,438**	**2,947,363**	**3,029,662**	**1,643,205**	**40,190,036**
Accumulated depreciation	**(209,672)**	**(5,804,234)**	**(930,441)**	**(1,361,946)**	**(1,547,196)**	**(9,853,489)**
	24,930,696	**1,625,204**	**2,016,922**	**1,667,716**	**96,009**	**30,336,547**
Year ended June 30, 2016						
Opening net book value	6,032,442	1,110,244	393,168	727,148	150,014	8,413,016
Additions during the year	-	143,622	173,000	-	-	316,622
Disposals during the year	-	-	-	-	-	-
Depreciation charge for the year	(301,622)	(369,104)	(42,742)	(72,715)	(30,003)	(816,186)
Closing net book value	**5,730,820**	**884,762**	**523,426**	**654,433**	**120,011**	**7,913,452**
As at June 30, 2016						
Cost	9,758,357	6,276,554	1,314,359	1,884,112	1,643,205	20,876,587
Accumulated depreciation	(4,027,537)	(5,391,792)	(790,933)	(1,229,679)	(1,523,194)	(12,963,135)
	5,730,820	**884,762**	**523,426**	**654,433**	**120,011**	**7,913,452**
Rate of depreciation (%)	**5%**	**30%**	**10%**	**10%**	**20%**	

4.1 Had there been no revaluation, the written down value of office premises would have been amounted to 9.162 million.

5 INTANGIBLE ASSETS

	Note	2017 Rupees	2016 Rupees
Trading Right Entitlement Certificate (TREC)	5.1	**3,415,954**	3,415,954
Membership Card of PMEX		**250,000**	250,000
Microsoft Soft Ggwa Olp	5.2	**77,057**	92,468
Online Trading Software	5.3	**657,775**	784,331
		4,400,786	4,542,753

5.1 Based on the circular dated March 30, 2016, the notional value of TREC was determined at Rs. 5 million for calculation of base minimum capital while the Management has decided to maintain value of the TREC at reduced cost as as the above value do not meet the criteria of fair value in accordance with International Financial Reporting Standards.

5.2 Microsoft GGWA OLP

	2017 Rupees	2016 Rupees
Opening net book value	**92,468**	107,879
Addition during the year	**-**	-
Amortization charge @ 10% on cost	**(15,411)**	(15,411)
Closing net book value	**77,057**	92,468
As at June 30, 2016		
Cost	**154,112**	154,112
Accumulated amortization	**(77,055)**	(61,644)
	77,057	92,468
Rate of amortization	**10%**	10%

5.3 Online Trading Software

	2017 Rupees	2016 Rupees
Opening net book value	**784,331**	910,887
Addition during the year	**-**	-
Amortization charge @ 10% on cost	**(126,556)**	(126,556)
Closing net book value	**657,775**	784,331
As at June 30, 2016		
Cost	**1,265,555**	1,265,555
Accumulated amortization	**(607,780)**	(481,224)
	657,775	784,331
Rate of amortization	**10%**	10%

	Note	2017 Rupees	2016 Rupees
6 LONG TERM INVESTMENT			
- Quoted shares			
Available for sales			
Pakistan Stock Exchange (PSX)			
Carrying value	6.1	**3,633,618**	9,084,046
Gain on remeasurement of available for sale investments		**37,530,215**	-
		41,163,833	9,084,046

6.1 This represents 1,602,953 (2016: 4,007,383) shares of Pakistan Stock Exchange Limited.

Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act), the ownership rights in a Stock Exchange was segregated from the right to trade on the exchange. Accordingly, the Company received equity shares of PSX and a Trading Right Entitlement certificate (TREC) in lieu of its Membership Card of PSX.

As per the arrangements, the authorized and paid-up capital of PSX was Rs. 10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX was equally allotted among 200 members of PSX by issuance of 4,007,383 shares at the face value of Rs. 10 each to each member including the Company in the following manner:

Initially, in the absence of an active market of the shares of KSEL (now PSX) and TREC, these shares were valued by allocating the carrying value of the Membership Card of Rs. 12.5 million between the shares (financial asset) and TREC (an intangible asset) on the basis of the value of ordinary shares of KSEL and the TREC assigned by the KSEL for minimum base capital requirement purposes applicable to the Stock Exchange brokers on May 03, 2013. Subsequently, at June 30, 2013, impairment was recorded to bring down the value of shares and TREC equal to their values announced by the KSEL for minimum base capital requirement.

1. 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder. These shares have been pledged with Pakistan Stock Exchange.

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

During the current financial year, the above mentioned 60% blocked shares have been disposed off by the PSX in the following manner:

Out of this 60% shares blocked with the PSX, 40% shares (1,602,953 shares) have been sold to the Chinese Consortium at the rate of Rs. 28 per share. Out of total sale proceeds amounting to Rs. 44.883 million, 90% of the proceeds have been transferred by the PSX to the Company while 10% of the proceeds amounting to Rs. 4.488 million have been withheld by the PSX in Escrow Account which will be disbursed to the Company after one year subject to the reduction, if any, which may be made in accordance with the Share Purchase Agreement executed amongst Chinese Consortium, Divestment Committee and the PSX.

Remaining 20% have been disposed off through book building process to High Net-Worth Individuals & institutional investors and thorough public subscription to general public. Price was determined through the book building mechanism amounting to Rs. 28 per share. After public subscription, shares of PSX were listed on June 29, 2017 at an initial price of Rs. 28 per share. Market value as on June 30, 2017 was Rs. 25.68 per share.

As on the balance sheet date, Company has 1,602,953 shares of PSX which have been marked as freezed by the CDC in accordance with the requirements of Sub-Regulation 1, 2 and 3 of Regulation 5 of Public Offering Regulations, 2017 promulgated by the SECP, according to which the Company has been considered as an initial subscriber or sponsor of the PSX and is required to retain the entire shareholding in the PSX for the period of twelve months from the last date of public subscription while at least 25% of the existing shareholding to be retained for the period of three financials years from the last date of public subscription.

	Note	2017 Rupees	2016 Rupees
7 LONG TERM DEPOSITS			
Deposits with			
Pakistan Mercantile Exchange Limited - for Office		**2,500,000**	2,500,000
Pakistan Mercantile Exchange Limited		**1,250,000**	750,000
Central Depository Company of Pakistan Limited		**-**	100,000
National Clearing Company of Pakistan Limited		**1,500,000**	400,000
Others		**14,000**	14,000
		5,264,000	3,764,000
8 TRADE DEBTS			
Considered good			
From Chief Executive and Director - related parties	8.1	**317,083**	759,866
From others	8.2	**52,212,809**	40,368,000
		52,529,892	41,127,866
Considered doubtful - from others		**714,872**	1,617,477
		53,244,764	42,745,343
Provision for considered doubtful		**(714,872)**	(1,617,477)
		52,529,892	41,127,866

8.1 The aging of receivables from related parties at the balance sheet date was: -

	2017	2016
Past due 1-90 days	**317,083**	759,866

8.2 This includes Rs. 34.893 (2016: Rs. nil) million receivable against margin financing facility offered to various clients at different Financing Participation Ratio ranging from 75% to 90% at the markup rates ranging from 9% to 12%.

9 LOANS AND ADVANCES

	Note	2017 Rupees	2016 Rupees
Considered good			
- Loan			
Director	9.1	-	1,862,848
- Advances			
- to staff		**382,550**	352,250
- to Contractor	9.2	**200,000**	600,000
		582,550	952,250
		582,550	2,815,098

9.1 The loan has been settled during the current financial year.

9.2 Advance has been given to IT consultant for IT server upgradation.

10 DEPOSITS AND OTHER RECEIVABLES

	Note	2017 Rupees	2016 Rupees
Deposits			
With Pakistan Stock Exchange Limited			
- Against Future Trading Exposure		-	3,500,000
- Against Future Market losses		-	3,546,804
- Against Base Minimum Capital	10.1	**18,000,000**	200,000
		18,000,000	7,246,804
Other receivables - considered good			
- From NCCPL against future profit retained		**8,343,048**	-
- Markup receivable against margin financing		**877,741**	-
- CDC charges receivable		**270,336**	394,025
- From PSX against sale of shares	6.1	**4,488,268**	-
		13,979,393	394,025
		31,979,393	7,640,829

10.1 This represents deposit maintained by the Company, as a broker, with the PSX for its eligibility to trade through the Exchange Trading Systems to be calculated / prescribed as per Schedule I to Chapter 19 of the PSX Rule Book.

11 SHORT TERM INVESTMENTS

	2017 Rupees	2016 Rupees
- At fair value through profit and loss		
In shares of listed companies		
Carrying value	**12,267,053**	-
Loss on remeasurement of investments carried at fair value through profit and loss account	**(1,719,829)**	-
	10,547,224	-

11.1 At fair value through profit and loss Ordinary shares of listed companies

No. of shares 2017	No. of shares 2016		Market Value 2017 Rupees	Market Value 2016 Rupees
500	-	Attock Refinery Limited	**191,290**	-
6,000	-	Bawany Air Products Limited	**68,580**	-
2,500	-	Balochistan Glass Limited	**37,875**	-
1,000	-	Burshane LPG (Pakistan) Limited	**54,020**	-
1,000	-	Dewan Farooque Motors Limited	**33,790**	-
24,000	-	Dewan Farooque Spinning Mills Ltd	**120,000**	-
134,000	-	Dewan Salman Fibre Limited	**545,380**	-
8,000	-	Engro Foods Limited	**971,920**	-
500	-	Ferozsons Laboratories Limited	**193,255**	-
4,500	-	Fauji Foods Limited	**338,760**	-
3,000	-	Ghani Automobile Industries Limited	**35,010**	-
50	-	Ghandhara Industries Limited	**32,506**	-
6,000	-	Ghani Value Glass Limited	**123,000**	-
2,000	-	Hala Enterprises Limited	**16,960**	-
235	-	Husein Sugar Mills Limited - LOR	**4,573**	-
6,500	-	International Steels Limited	**831,285**	-
15,000	-	Kohinoor Spinning Mills Limited	**73,650**	-
64,000	-	Pakistan International Bulk Terminal Ltd	**1,482,240**	-
2,500	-	Pakistan Refinery Limited	**133,150**	-
2,000	-	Roshan Packages Limited	**112,340**	-
90,500	-	Treet Corporation Limited	**5,147,640**	-
373,785	-		**10,547,224**	-

	Note	2017 Rupees	2016 Rupees
12 INCOME TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundable	12.1	**10,218,922**	4,836,024
12.1 Balance as on July 01,		**4,836,024**	2,683,602
Taxes paid during the year		**8,248,989**	2,608,546
Tax liability for the year	27	**(2,866,091)**	(456,124)
Balance as on June 30,		**10,218,922**	4,836,024
13 CASH AND BANK BALANCES			
Cash in hand		**140,079**	36,784
Cash at banks			
- Own account			
Current accounts		**7,645,407**	1,257,672
PLS accounts	13.1	**1,711,049**	899,672
		9,356,456	2,157,344
- Client account			
Current accounts		**52,467,721**	28,657,212
		61,964,256	30,851,340

13.1 This amount carries markup ranging from 3.5% to 4.5% (2016: 4% to 6%) per annum.

14 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
Number of Shares			Rupees	Rupees
		Ordinary shares of Rs.10 each		
4,299,000	4,299,000	fully paid in cash	**42,990,000**	42,990,000
750,000	750,000	issued as bonus shares	**7,500,000**	7,500,000
5,049,000	5,049,000		**50,490,000**	50,490,000

14.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

14.2 PATTERN OF SHAREHOLDING:

S. No.	Names	No. of shares	Percentage
1	Muhammad Iqbal Adhi	**441,788**	**8.75%**
2	Mohsin	**378,675**	**7.50%**
3	Muhammad Aman	**504,900**	**10.00%**
4	Ayaz	**631,125**	**12.50%**
5	Ms. Armila	**504,900**	**10.00%**
6	Ms. Aisha	**504,900**	**10.00%**
7	Abdul Razzaq Jangda	**580,635**	**11.50%**
8	Muhammad Rafiq	**504,900**	**10.00%**
9	Others having less than 5% shareholding	**997,177**	**19.75%**
		5,049,000	**100%**

15 SURPLUS ON REVALUATION OF FIXED ASSET

	2017 Rupees	2016 Rupees
Balance as on July 01,	-	-
Revaluation during the year	**15,901,548**	-
Transferred to equity in respect of incremental depreciation charged during the year - net of deferred tax	**(91,434)**	-
Tax effect on incremental depreciation transferred to equity	**(41,079)**	-
	15,769,035	-
Less: Related deferred tax liability		
Opening balance	-	-
Revaluation during the year	**(4,929,480)**	-
Effect of change in tax rate by 1 %	**157,690**	-
Effect on incremental depreciation transferred to equity	**41,079**	-
Closing balance	**(4,730,711)**	-
Balance as on June 30 - net of deferred tax	**11,038,324**	-

15.1 The Company carried out revaluation of its office premises out under market value basis by an independent valuer, M/s. Zafar Iqbal & Company as on April 30, 2017, resulting in a surplus of Rs. 15,901,548, over book values which were credited to surplus on revaluation of fixed assets.

	Note	2017 Rupees	2016 Rupees
16 DEFERRED LIABILITIES			
Employees' gratuity	16.1	**2,849,991**	2,349,796
Deferred tax liability / (asset)	16.2	**5,253,377**	(166,383)
		8,103,368	2,183,413

16.1 Employees' Gratuity

Opening balance	**2,349,796**	2,019,301
Provision for the year	**500,195**	407,495
Payment during the year	**-**	-
	2,849,991	2,426,796

16.2 This comprises of the following: -

Taxable temporary differences		
Accelerated depreciation for tax purposes	**6,322,836**	1,063,472
Deductible temporary differences		
Provision for employees gratuity	**(854,997)**	(728,437)
Provision for bad debts	**(214,462)**	(501,418)
	(1,069,459)	(1,229,855)
	5,253,377	(166,383)

17 LONG TERM DEPOSITS

Client deposits	**542,287**	521,652

18 TRADE AND OTHER PAYABLES

Trade payable	**52,467,721**	28,650,464
Accrued liabilities	**256,435**	283,666
Dividend payable	**6,592,734**	-
Withholding tax payable	**1,052,641**	58,533
Sindh Sales Tax on services payable	**397,841**	358,048
	60,767,372	29,350,712

19 SHORT TERM BANK BORROWINGS
- from banking company (secured)

	Note		
Running finance	20.1	**-**	12,152,826

20 BANKING FACILITIES

20.1 The Company has available running finance facility of Rs. 50 (2016: Rs. 50) million at markup of 3 month KIBOR plus 2% from a banking company to meet working capital requirements. At period end, the unavailed facility amounted to Rs. 50 (2016: Rs. 37.847) million.

20.2 The Company has available facility for bank guarantee amounting to Rs. 15 (June 30, 2016: Rs. 15) million of which Rs. 5 (June 30, 2016: Rs. 5) million is unavailed at the year end.

20.3 These facilities are secured against: -

- Equitable mortgage over properties of the Company with SECP registered charge.
- Pledge of shares against the banking facilities in CDC account amounting to Rs. 56,518,907 out of which Rs. 47,890,222 belong to customers. These are considered with a minimum margin of 30% on shares as per bank's approved list.
- Personal guarantees of all the Directors of the Company.

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 The Company has given irrevocable financial bank guarantee in favor of Pakistan Stock Exchange Limited amounting to Rs. 10 (2016: Rs. 10) million.

21.1.2 The Company has not recorded provision for Workers' Welfare Fund for the year ended June 30, 2014 amounting to Rs. 218,490 respectively on the ground that issue of chargeability of WWF on such companies is under litigation before the Honourable High Court of Sindh, whereby stay has been granted to various companies. However, the Company itself has not challenged the levy in the Court and may be required to pay the amount in case tax authorities issue any order in this respect.

21.2 Commitments

Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

	Note	***2017 Rupees***	*2016 Rupees*
For purchase of shares		**31,386,833**	40,650,535
For sale of shares		**42,954,737**	36,405,013

22 OPERATING REVENUE

	Note	2017	2016
Commission income - gross		**55,940,233**	26,373,297
Less: Sindh Sales Tax on services		**(6,850,411)**	(3,637,696)
		49,089,823	22,735,601
Less: Commission paid to agents		**(8,965,524)**	(3,655,584)
	22.1	**40,124,299**	19,080,018

22.1 This includes brokerage income amounting to Rs. 397,776 earned from an institutional client. Remaining brokerage income earned from retail customers.

	Note	2017 Rupees	2016 Rupees

23 OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2017 Rupees	2016 Rupees
Salaries, allowances and other benefits	23.1	**9,892,740**	7,169,918
Directors' remuneration	28	**5,115,000**	3,660,000
Postage and telephone		**1,263,988**	967,098
Fees and subscription		**1,733,705**	1,416,402
Depreciation	4	**917,891**	816,186
Amortization	5.1	**141,967**	159,967
Electricity charges		**733,571**	843,511
Computer expenses		**1,235,307**	1,312,017
Traveling expenses		**111,211**	44,450
Legal and professional charges		**272,400**	105,750
Repairs and maintenance expenses		**521,758**	228,205
CDC charges		**1,815,368**	1,267,806
Printing and stationery expenses		**155,708**	74,833
Entertainment expenses		**220,125**	156,401
Advertisement expenses		**148,139**	50,600
National clearing charges		**2,364,955**	981,255
Remote terminal charges		**-**	127,800
Water and sewerage		**21,174**	19,535
		26,665,007	19,401,734

23.1 This includes provision for gratuity amounting to Rs. 500,195 (2016 : Rs. 407,495).

	Note	2017 Rupees	2016 Rupees

24 FINANCIAL CHARGES

	Note	2017 Rupees	2016 Rupees
Bank charges		**312,473**	241,489
Mark-up on running finance		**2,149,876**	732,385
		2,462,349	973,874

25 OTHER OPERATING EXPENSES

	Note	2017 Rupees	2016 Rupees
Auditors' remuneration	25.1	**135,000**	314,550
Research and development charges		**2,308,500**	709,677
Remeasurement loss on investments carried at fair value through profit and loss		**1,719,829**	-
Miscellaneous expenses		**177,623**	225,398
		4,340,952	1,249,625

25.1 Auditors' remuneration

	2017 Rupees	2016 Rupees
Statutory audit	**135,000**	95,000
Other assignments	**-**	219,550
	135,000	314,550

	Note	2017 Rupees	2016 Rupees
26 OTHER INCOME			
- from financial assets			
Mark up on PLS deposit accounts		**102,346**	245,159
Mark up on PSX deposits		**444,243**	147,957
Mark up against margin financing		**877,741**	-
Dividend from Pakistan Stock Exchange Limited		**440,811**	1,282,362
Capital Gain on disposal of investments - net	26.1	**63,199,659**	-
		65,064,800	1,675,478
- from other than financial assets			
Liabilities written back		**-**	-
Recovery against provision for bad debts		**902,605**	1,229,283
Commission on Book Building		**707,736**	654,917
		1,610,341	1,884,200
		66,675,141	3,559,678

26.1 Capital Gain on disposal of investments - net

Long term investment - PSX shares	**61,873,600**	-
Short term investments	**1,326,059**	-
	63,199,659	-

27 TAXATION

	Note	2017 Rupees	2016 Rupees
Current tax	27.1	**2,866,091**	456,124
Deffered tax	16	**647,970**	262,293
		3,514,061	718,417

27.1 Relationship between Current tax expense and accounting Profit for the year is as follows:

Profit before taxation	**73,331,132**	-
Enacted tax rate	**31%**	-
Tax at the enacted tax rate	**22,732,651**	-
Tax effect of income under FTR at reduced rate	**(1,210,736)**	-
Tax effect of exempt income / expenses allowed by FBR	**(19,110,704)**	-
Tax effect of inadmissible expenses	**454,880**	-
	2,866,091	-

Reconciliation between tax expense and accounting profit for the year ended June 30, 2016 has not been made as relationship between these could not be developed due to tax being arising under minimum tax regime u/s. 113 of the Income Tax Ordinance, 2001 owing to taxable losses.

Returns for the tax year up to 2016 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001, however the CIT has power to re-assess any of the five preceding tax years.

	Note	2017 Rupees	2016 Rupees

28 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Note	2017 Rupees	2016 Rupees
To Chief Executive Officer (One)			
Managerial remuneration		**504,000**	432,000
House rent		**168,000**	144,000
Conveyance allowance		**84,000**	72,000
Utilities		**84,000**	72,000
		840,000	720,000
To Directors (Four)			
Managerial remuneration		**1,951,200**	1,764,000
House rent		**650,400**	588,000
Conveyance allowance		**325,200**	294,000
Utilities		**325,200**	294,000
Bonus		**1,023,000**	-
		4,275,000	2,940,000
Total		**5,115,000**	3,660,000

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 Financial Instrument by Category

	Note	2017 Rupees	2016 Rupees
Financial Asset			
Available for sale			
Long term investment	6	**41,163,833**	9,084,046
Fair value through profit and loss			
Short term investments	11	**10,547,224**	-
Loans and receivables - at amortized cost			
Long term deposits	7	**5,264,000**	3,764,000
Trade debts	8	**52,529,892**	41,127,866
Loans and advances	9	**382,550**	2,215,098
Deposits and other receivables	10	**31,979,393**	7,640,829
Cash and bank balances	13	**61,964,256**	30,851,340
		152,120,091	85,599,133
		203,831,148	94,683,179
Financial Liabilities			
- At amortized cost			
Long term deposits	17	**542,287**	521,652
Trade and other payables	18	**59,316,890**	28,934,131
Mark up accrued		**679,745**	375,718
Short term bank borrowings	19	**-**	12,152,826
		60,538,922	41,984,326

29.2 Financial risk management

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 foreign exchange / currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risks without any material change from previous period in the manner described in the notes below.

The Company has exposures to the following risks from its use of financial instruments: -

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

29.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally out of receivables from customers, advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margin are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

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

	Note	***2017*** ***Rupees***	*2016* *Rupees*
Long term deposits	7	**5,264,000**	3,764,000
Trade debts	8	**52,529,892**	41,127,866
Loans and advances	9	**382,550**	2,215,098
Deposits and other receivables	10	**31,979,393**	7,640,829
Bank balances	13	**61,824,177**	30,814,556
		151,980,012	85,562,349

29.3.1 *Ageing of debtors and impairment losses*	***2017*** ***Rupees***	*2016* *Rupees*
The aging of trade debtors at the balance sheet date was:-		
Past due 1-5 days	**4,357,974**	30,343,957
Past due more than 5 days	**48,886,790**	12,401,386
Impaired - more than 5 days	**(714,872)**	(1,617,477)
	48,171,918	10,783,909
	52,529,892	41,127,866
Securities available for overdue receivables of more than 5 days after applying VAR based haircut	**313,793,155**	9,761,744

Based on the consideration of financial position and subsequent recovery / adjustment through trades, the Company believes that provision made for trade debts past due for more than 5 days is adequate and for rest of the receivables, the Company considers the amount to be fully recoverable and therefore, no further provision is made in these financial statements.

29.3.2 *Credit Rating of Company's Banks*

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows: -

Name of banks	*Rating Agency*	*Credit rating*	
		Short term	*Long term*
Bank Alfalah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
JS Bank Limited	PACRA	A1 +	AA-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA
National Bank Limited	JCR-VIS	A1+	AAA

29.3.3 Other financial assets do not require any provision as these mainly comprise of balances recoverable from the regulators.

29.4 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, working capital and running finance facility from banks with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

	2017			
	Carrying Amount	**Contractual cash out flows**	**Up to one year**	**More than one year**
	------------ Rupees ------------			
Financial liabilities				
Long term deposits	**542,287**	**542,287**	**-**	**542,287**
Trade and other payables	**59,316,890**	**59,316,890**	**59,316,890**	**-**
Mark up accrued	**679,745**	**679,745**	**679,745**	**-**
Short term bank borrowings	**-**	**-**	**-**	**-**
	60,538,922	**60,538,922**	**59,996,635**	**542,287**

	2016			
	Carrying Amount	*Contractual cash out flows*	*Up to one year*	*More than one year*
	------------ Rupees ------------			
Financial liabilities				
Long term deposits	521,652	521,652	-	521,652
Trade and other payables	28,934,131	28,934,131	28,934,131	-
Mark up accrued	375,718	375,718	375,718	-
Short term bank borrowings	12,152,826	12,152,826	12,152,826	-
	41,984,326	41,984,326	41,462,674	521,652

29.5 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 risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

29.5.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

29.5.2 *Interest / mark up rate risk*

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:-

	2017	*2016*	*2017*	*2016*
	Effective interest rate (%)		*Carrying amounts*	
			Rupees	*Rupees*
Financial assets				
Bank Balances	**3.5 % to 4.5%**	4 % to 6%	**1,711,049**	899,672
Financial Liabilities				
Short term bank borrowings	**3 month KIBOR + 2%**	3 month KIBOR + 2%	**-**	12,152,826

Cash flow sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on same basis for 2016.

	Profit and loss 100 bp	
	Increase	***(Decrease)***
As at June 30, 2017		
Cash flow Sensitivity	**17,110**	(17,110)
As at June 30, 2016		
Cash flow Sensitivity	**(112,532)**	112,532

29.5.3 *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to price risk with respect to equity investment. Investments are monitored through continuous trend prevailing in the market for which an investment committee has been setup to take appropriate decision.

Sensitivity analysis

A 10% increase / (decrease) in share prices at year end would have increased / (decreased) the Company's unrealized gain / (loss) on remeasurement of available for sale investment through OCI and through profit and loss incase of investments at fair value through profit and loss to profit follows:

	OCI / Profit and loss	
	Increase	***(Decrease)***
As at June 30, 2017		
Available for sale investments through OCI	**4,116,383**	**(4,116,383)**
At fair value through profit and loss account	**1,054,722**	**(1,054,722)**

Analysis is not relevant for 2016 as the Company was not exposed to any price risk as on June 30, 2016.

29.6 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market price risk, interest rate risk and investing excessive liquidity.

29.7 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business activities and to sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2017.

Capital is monitored on the basis of gearing ratio. This is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings from financial institutions plus accrued markup less cash and bank balances.

	2017	*2016*
	Rupees	*Rupees*
Total borrowings	-	12,152,826
Accrued markup	**679,745**	375,718
Less: Cash and bank balances	**(61,964,256)**	(30,851,340)
Net debt	**(61,284,511)**	(18,322,796)
Shareholders' equity	**167,856,307**	67,991,087
Net debt and equity	**106,571,796**	49,668,291
Gearing ratio	**0.0%**	0.0%

Company has sufficient funds exceeding its total borrowings, therefore the gearing is shown as nil.

29.8 Fair Value of Financial Instruments

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

Fair value hierarchy

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and investments in terms of following fair value hierarchy:

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

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

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

Details of the Company's property and investments in terms of fair value hierarchy, explained above, at June 30, 2017 is as follows:

	Level 1	Level 2	Level 3
	---------- Rupees ----------		
Assets measured at fair value			
Operating fixed assets - Office premises	-	24,930,696	-
Long term investment	41,163,833	-	-
Short term investments	10,547,224	-	-
	51,711,057	24,930,696	-

30 RELATED PARTY TRANSACTIONS

Related parties comprises, directors and key management personnel. Year end balances of related parties are disclosed in the relevant notes to these financial statements. Details of remuneration and perquisites paid to Chief Executive and Directors during the year are disclosed in Note-28. Details of other significant transactions are as follows:

	2017 Rupees	2016 Rupees
Transactions through related parties		
Sales of shares on behalf of Chief Executive and Directors	44,626,652	61,862,970
Purchases of shares on behalf of Chief Executive and Directors	34,874,895	60,878,177
Commission earned from brokerage transactions with Chief Executive and Directors	131,349	204,796
Loan given to Director	-	1,690,897
Loan repaid by Director	1,862,848	-

31 CORRESPONDING FIGURES

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation. Major changes made during the year are as follows:

Reclassification from the caption component	Reclassification to the caption component	Note	Amount in Rupees
Long term deposits	Deposits and other receivables	9	200,000

32 GENERAL

32.1 Figures have been rounded off to the nearest Rupee.

32.2 Number of employees as on June 30, 2017 and average number of employees during the year were 34 (2016: 35) and 35 (2016: 35) respectively.

32.3 As on the balance sheet date, securities held on the name of sub-account holders (clients) amounting to Rs. 524,447,969 comprising of 65,491,243 shares.

33 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 14 SEP 2017 by the Board of Directors of the Company.

Chief Executive

Director