REANDA
Reanda Haroon Zakaria & Company
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Dawood Mohammed Securities (SMC-Private) Limited** as at June 30, 2017 and 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, prepare and present the above said statements in conformity with approved accounting standards and the requirements of the 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 the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a. In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

b. In our opinion:

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

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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 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 total comprehensive income, cash flows and changes in equity for the year then ended; and

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

Emphasis of matters

We draw attention to the contents of note 1.2 to the accompanying financial statements which indicate that the Company has applied on May 18, 2017 for the change of company's status from single member company to private company. However, till the date of authorization of these financial statements, the application for conversation of status is in process with registrar of companies.

Our opinion is not qualified in respect of this matter.

REANDA HAROON ZAKARIA & COMPANY CHARTERED ACCOUNTANTS

Reanda Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Engagement Partner:
Muhammad Yameen

Place: Karachi
Dated:

DAWOOD MOHAMMED SECURITIES (SMC-PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	**55,305**	61,450
Intangible asset	5	**5,000,000**	5,000,000
Long term investments	6	**41,163,833**	40,073,830
Long term deposits	7	**12,510,000**	514,809
Deferred tax asset	8	**-**	-
		58,729,138	45,650,089
Current Assets			
Short term investment	9	**41,230**	39,450
Tax refunds due from government	10	**44,549**	44,185
Other receivables	11	**4,612,614**	10,842
Bank balances	12	**54,854,759**	4,672,784
		59,553,152	4,767,261
Total Assets		**118,282,290**	50,417,350
EQUITY AND LIABILITY			
Share Capital and Reserve			
Authorized capital			
5,500,000 Ordinary shares of Rs.10 each		**55,000,000**	55,000,000
Issued, subscribed and paid-up capital			
5,400,000 Ordinary shares of Rs. 10 each	13	**54,000,000**	54,000,000
Reserves		**64,155,990**	(3,657,650)
Shareholders' equity		**118,155,990**	50,342,350
Current Liabilities			
Accrued liabilities		**126,300**	75,000
Total Equity and Liabilities		**118,282,290**	50,417,350

The annexed notes form an integral part of these financial statements

Director & Chief Executive

DAWOOD MOHAMMED SECURITIES (SMC-PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	***2017 Rupees***	*2016 Rupees*
Operating revenue	14	**1,049,255**	1,486,218
Capital gain on investment - net		**43,279,729**	-
Unrealized gain / (loss) on investment		**1,780**	(14,190)
		44,330,764	1,472,028
Operating and administrative expenses	15	**(1,409,162)**	(502,072)
Other charges	16	**(126,300)**	(5,075,000)
Profit / (loss) before taxation		**42,795,302**	(4,105,044)
Taxation	17	**(115,965)**	(230,177)
Profit / (loss) after taxation		**42,679,337**	(4,335,221)

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

Director & Chief Executive

DAWOOD MOHAMMED SECURITIES (SMC-PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Profit / (loss) for the year	**42,679,337**	(4,335,221)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss account		
Gain on re-measurement of investment available for sale	**25,134,303**	-
Total comprehensive profit / (loss) for the year	**67,813,640**	(4,335,221)

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

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Director & Chief Executive

DAWOOD MOHAMMED SECURITIES (SMC-PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**42,795,302**	(4,105,044)
Adjustment for:		
Depreciation	**6,145**	6,828
Capital gain on disposal of securities	**(43,279,729)**	-
Impairment of trading right entitlement certificate	-	5,000,000
(Loss) / profit before working capital changes	**(478,282)**	901,784
Changes in Working Capital:		
Decrease / (Increase) in current assets		
Interest receivable	-	11,487
Other receivable	**(4,601,772)**	(10,842)
(Decrease) / Increase in current liabilities		
Accrued expenses	**51,300**	19,100
	(4,550,472)	19,745
Cash (used in) / generated from operations	**(5,028,754)**	921,529
Long term deposits paid	**(11,995,191)**	(100,000)
Taxes paid	**(116,329)**	(210,095)
Net cash (used in) / generated from operating activities	**(17,140,274)**	611,434
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investments - net	**67,322,249**	(39,450)
Net cash generated from / (used in) investing activities	**67,322,249**	(39,450)
Net increase in cash and cash equivalents	**50,181,975**	571,984
Cash and cash equivalents at the beginning of the year	**4,672,784**	4,100,800
Cash and cash equivalents at the end of the year	**54,854,759**	4,672,784

The annexed notes form an integral part of these financial statements

Director & Chief Executive

DAWOOD MOHAMMED SECURITIES (SMC-PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

Description	*Issued, subscribed & paid up capital*	*Reserves*			*Total*
		Accumulated (loss) / profit	*Gain on remeasurement of available for sale investment*	*Total Reserves*	
		---------- *Rupees* ----------			
Balance as at June 30, 2015	**54,000,000**	**677,571**	**-**	**677,571**	**54,677,571**
Loss for the year	-	(4,335,221)	-	(4,335,221)	(4,335,221)
Balance as at June 30, 2016	**54,000,000**	**(3,657,650)**	**-**	**(3,657,650)**	**50,342,350**
Profit for the year	-	42,679,337	-	42,679,337	42,679,337
Other comprehensive income	-	-	25,134,303	25,134,303	25,134,303
Balance as at June 30, 2017	**54,000,000**	**39,021,687**	**25,134,303**	**64,155,990**	**118,155,990**

The annexed notes form an integral part of these financial statements

Director & Chief Executive

1 STATUS AND NATURE OF BUSINESS

1.1 Dawood Mohammed Securities (SMC-Private) Limited (the Company) was incorporated in Pakistan on April 12, 2013 as a single member private limited company under the Companies Ordinance, 1984 (the Ordinance). The Company is a corporate member of the Karachi Stock Exchange Limited. The principal objects of the Company include share brokerage, money market transactions, consultancy services, underwriting etc. The registered office and principal place of business is located at Pakistan Stock Exchange Building, Stock Exchange Road, Karachi.

1.2 The Company in accordance with S.R.O No. 213 (1)/2017 dated March 27, 2017 issued by Securities and Exchange Commission of Pakistan has applied on May 18, 2017 for the change of company's status from single member company to private company. However, till the date of authorization of these financial statements, the application for conversation of status is in process with Registrar of Companies.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of 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 recognised in the period in which the estimates are 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.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

Property and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortisation and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

Trade debts

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and establish provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows :

2.5.1 New standards

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

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)

IFRS 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 IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

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

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

Standards, amendments and improvements to approved accounting standards that are not yet effective

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

Standard or Interpretation	***Effective date (annual periods beginning on or after)***
IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)	01 January 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 finalised
IFRS 7 - Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income tax treatment	01 January 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on 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	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	01 January 2021

2.6 Correction of prior period errors

In previous year, inadvertently the short term investment were stated as 'Available for sale' instead of 'At fair value through profit or loss'. In current year, the short term investment has been correctly classified as 'Fair value through profit or loss'. The correction has no financial impact on the financial statement and does not require the restatement of previous years financial statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, equipment and depreciation thereon

Owned

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Maintenance and normal repairs are charged to income as and when incurred while major improvements, if any, are capitalized. Gains and losses on disposal of assets are included in the profit and loss account.

The depreciation is charged to income applying reducing balance method at the rates specified in relevant note. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

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.

3.2 Intangible Assets

Trading Rights Entitlement Certificate

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

3.3 Investments

The management of the company determines the appropriate classification of the investments at the time of purchase or increase in holdings and classifies/reclassifies its investment as at fair value through profit or loss and available for sale.

Unquoted investments, for which active market does not exist and fair value cannot be reasonably calculated are carried at cost, impairment in value, if any, is taken to profit or loss account currently.

Investments at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value (quoted market price). The investment 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. Realized and unrealized gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

At each reporting date, The Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss.

Investments 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 measured initially and subsequent to the initial recognition at fair value plus, in the case of initial recognition, transaction costs that are directly attributable to the acquisition of these investments.

Gain or loss from re-measurement to fair value are recognised directly in equity, except for impairment losses and, until the derecognision at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividend on these investment are recognised in profit and loss as per revenue recognition policy of the Company.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtful debts, if any. A provision for doubtful debt is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.5 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.

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

3.6 Taxation

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.

The carrying amount of all deferred tax assets, if arise, are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are recognised to the extent of income subject to normal taxation.

3.7 *Provisions*

A provision is recognized when The Company has an obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.8 *Revenue recognition*

Gain/ (loss) from dealing in securities

Gain or loss on sale of marketable and unquoted securities are recognised in the year in which it arises.

Brokerage

Brokerage are recognized as and when services are provided.

Others

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

Interest income is recognized on time proportion basis using effective interest rates.

Gain or loss from re-measurement of investment is recognized at year end.

3.9 *Cash and cash equivalents*

These include cash in hand and bank balances.

3.10 *Financial instruments*

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognision of the financial assets and financial liabilities are taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

3.11 *Off-setting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.12 *Impairment*

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A 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.

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 of 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.

3.13 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the admissible pricing method.

	Note	2017 Rupees	2016 Rupees

4 PROPERTY AND EQUIPMENT

		2017 Rupees	2016 Rupees
Office furniture			
Net book value		**61,450**	68,278
Depreciation for the year		**(6,145)**	(6,828)
Net book value as at 30th June		**55,305**	61,450
Cost		**84,293**	84,293
Accumulated depreciation		**(28,988)**	(22,843)
Net book value as at 30th June		**55,305**	61,450
Rate of depreciation		**10%**	10%

5 INTANGIBLE ASSET

	Note	2017 Rupees	2016 Rupees
Trading Right Entitlement Certificate of Pakistan Stock Exchange Limited	5.1	**5,000,000**	5,000,000

5.1 This certificate is subject to hypothecation charge in favor of Pakistan Stock Exchange Limited.

6 LONG TERM INVESTMENTS

- Available for sale - at fair value - Quoted

2017 Number of Shares	*2016 Number of Shares*	*Name of Securities*	*Note*	*2017 Rupees*	*2016 Rupees*
1,602,953	4,007,383	Pakistan Stock Exchange Limited	6.1	**41,163,833**	40,073,830

6.1 Investment in shares of Pakistan Stock Exchange Limited is carried at the fair value. Sixty percent of the shares of Pakistan Stock Exchange Limited were sold during the year, while forty percent of the total shares have been credited to the Company's CDC account which are freezed.

7 LONG TERM DEPOSIT

	2017 Rupees	*2016 Rupees*
Deposit with National Clearing Company of Pakistan Limited	**400,000**	200,000
Deposit with Central Depository Company Limited	**100,000**	100,000
Deposit with Pakistan Stock Exchange Limited	**12,010,000**	214,809
	12,510,000	514,809

		2017 Rupees	2016 Rupees
8	***DEFERRED TAX***		
	Deferred tax assets	-	-
	Deferred taxation comprises differences relating to:		
	Debit arise in respect of the following:		
	Accelerated tax depreciation	**5,371**	3,002
	Credit arise in respect of the following:		
	Impairment of trading right entitlement certificate	**(1,500,000)**	(1,550,000)
	Tax losses	**(278,992)**	(108,238)
	Minimum tax impact	**(99,442)**	(22,948)
		(1,873,063)	(1,678,184)
	Unrecognised deferred tax asset	**1,873,063**	1,678,184
		-	-

8.1 The deferred tax asset of Rs. 2.617 million (2016 Rs.1.678 million) has not been recognized owing to uncertainty regarding future profitability against which deferred tax asset/ liabilities could be set off.

9 SHORT TERM INVESTMENT

- At fair value through profit or loss

2017	2016	Name of Securities	2017	2016
Number of Shares			*Rupees*	*Rupees*
1,000	1,000	Arif Habib Corporation Limited	**41,230**	39,450

10 TAX REFUNDS DUE FROM GOVERNMENT

	2017	2016
Opening tax liability / assets	**44,185**	64,267
Provision for the year	**(115,965)**	(200,826)
Taxes paid during the year	**116,329**	180,744
	44,549	44,185

10.1 Reconciliation between tax expense and accounting profit has not been made due to minimum tax applicable in accordance with the provision of Income Tax Ordinance, 2001.

	2017 Rupees	2016 Rupees
11 OTHER RECEIVABLES		
- Considered good		
Interest receivable	**124,346**	10,842
Chinese consortium	**4,488,268**	-
	4,612,614	10,842

12 BANK BALANCES

	Note	2017 Rupees	2016 Rupees
Current account		**24,982**	16,401
Deposit account	12.1	**54,829,777**	4,656,383
		54,854,759	4,672,784

12.1 Balance pertaining to

	2017 Rupees	2016 Rupees
- clients	**500**	5,980
- brokerage house	**54,854,259**	4,666,804
	54,854,759	4,672,784

12.2 Clients securities pledged

The total value of securities pertaining to clients are Rs. 136.45 million held in sub-accounts of the company. Among which securities of Rs. 0.79 million are pledged by client.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017 Number of Shares	2016 Number of Shares		2017 Rupees	2016 Rupees
		Ordinary shares of Rs.10 each fully paid:		
392,617	392,617	In cash	**3,926,170**	3,926,170
1,000,000	1,000,000	Against trading right entitlement certificate	**10,000,000**	10,000,000
4,007,383	4,007,383	Against shares of Pakistan Stock Exchange Ltd.	**40,073,830**	40,073,830
5,400,000	5,400,000		**54,000,000**	54,000,000

14 OPERATING REVENUE

	2017 Rupees	2016 Rupees
Equity brokerage income - retail	**480**	28,034
Dividend income	**443,312**	1,282,363
Bank profit	**605,463**	175,821
	1,049,255	1,486,218

15 OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2017 Rupees	2016 Rupees
Salaries and other benefits		**610,000**	420,000
Utility expenses		**14,387**	8,738
Fees and subscription		**59,335**	55,506
Legal and professional charges		**654,295**	10,800
Entertainment expense		**43,000**	-
Travelling and conveyance		**10,000**	-
Office service charges		**12,000**	200
Depreciation	4	**6,145**	6,828
		1,409,162	502,072

	Note	2017 Rupees	2016 Rupees

16 OTHER CHARGES

	Note	2017 Rupees	2016 Rupees
Auditors' remuneration	16.1	**126,300**	75,000
Impairment of trading right entitlement certificate		**-**	5,000,000
		126,300	5,075,000

16.1 Auditors' remuneration

	2017 Rupees	2016 Rupees
Statutory audit fee	**75,000**	50,000
Other certification fee	**51,300**	25,000
	126,300	75,000

17 TAXATION

	2017 Rupees	2016 Rupees
Prior	**-**	29,351
Current	**115,965**	200,826
	115,965	230,177

18 PATTERN OF SHAREHOLDINGS

Following are the shareholders having more than 5% holding as at June 30, 2017:

Sr. No.	Name of Shareholder	Note	No. of Shares Held	Percentage %
1	Mohammad Dawood	1.2	**5,400,000**	**100%**
			5,400,000	**100%**

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

FINANCIAL ASSETS AND LIABILITIES

	2017 Rupees	2016 Rupees
Financial assets		
Long term deposits	**12,510,000**	514,809
Long term investments	**41,163,833**	40,073,830
Short term investments	**41,230**	39,450
Bank balances	**54,854,759**	4,672,784
Financial Liabilities		
Accrued liabilities	**126,300**	75,000

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest / mark-up rate risk and price 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 risk without any material change from previous period in the manner described in notes below.

19.1 Risk managed and measured by the Company are explained below: -

a) Credit risk
b) Liquidity risk
c) Market Risk

The Board of Director 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.

a) 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.

The carrying amount of following financial assets represents the maximum credit exposure: -

	2017	*2016*
	Rupees	*Rupees*
Long term investments	**41,163,833**	40,073,830
Long term deposits	**12,510,000**	514,809
Other receivables	**4,612,614**	10,842
Short term investment	**41,230**	39,450
Bank balances	**54,854,759**	4,672,784

The credit quality of the receivables can be assessed with reference to the historical performance with no or some defaults in recent history, however, no loses. The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows: -

Bank	***Rating agency***	***Short term ratings***
Habib Metropolitan Bank Limited	PACRA	A1+

b) *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, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The table below summarises the maturity profile of the Company's financial liabilities.

	2017			
	Carrying amount	Contractual cash flows	Less than one year	More than one year
	------------- Rupees -------------			
Financial Liabilities				
Accrued liabilities	**126,300**	**126,300**	**126,300**	-

	2016			
	Carrying amount	Contractual cash flows	Less than one year	More than one year
	------------- Rupees -------------			
Financial Liabilities				
Accrued liabilities	75,000	75,000	75,000	-

c) *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 will affect the Company's income or the value of its financial instruments.. 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:-

(i) 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.

(ii) 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. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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

	2017	*2016*
	Carrying Amount	*Carrying Amount*
Financial assets		
Bank balances	**54,829,777**	4,656,383

Sensitivity analysis

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss, if 100 bps	
	increase	*decrease*
As at June 30, 2017		
Cash flow sensitivity - Variable rate financial instruments	**6,055**	**(6,055)**
As at June 30, 2016		
Cash flow sensitivity - Variable rate financial instruments	1,758	(1,758)

(iii) Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to any equity price risk since it has no investments in quoted equity securities.

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 in arm's length transaction.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

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).

	Level 1	*Level 2*	*Level 3*
		Rupees	
June 30, 2017			
'Available for sale' investments	**41,163,833**	-	-
At fair value through profit or loss	**41,230**	-	-
June 30, 2016			
'Available for sale' investments	-	-	40,073,830
At fair value through profit or loss	39,450	-	-

20 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 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.

The Company monitors capital by effective control over expenses and investment therefore no debt is taken by the company.

21 RELATED PARTY TRANSACTIONS

The related parties comprise director of the Company and key management employees. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions. During the year, no related party transaction has been under taken.

22 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company at June 30, 2017 are located in Pakistan.

23 NUMBER OF EMPLOYEES

	Number of employees as at June 30, 2017	*Average number of employees June 30, 2016*
No. of employees	**3**	3
Average number of employees	**3**	3

24 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 04 OCT 2017.

25 GENERAL

Figures have been rounded off to the nearest rupee.

Director & Chief Executive