ABBASI & COMPANY PRIVATE LIMITED

Financial Statements

FOR THE YEAR ENDED
30th June 2017

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

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

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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984.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

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(a) in our opinion, proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;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balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

Parker Randall AJS

PARKER RANDALL A.J.S. Chartered Accountants

Date: October 05, 2017
Lahore:

Parker Randall - A.J.S.
Chartered Accountants
Engagement Partner: Faisal Iqbal Khawaja

ABBASI AND COMPANY (PRIVATE) LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Note	2017	2016
		Rupees	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4.	229,126,783	231,483,199
Intangible assets	5.	2,549,256	2,374,686
Long term deposits	6.	42,419,309	20,187,086
Long term investment	7.	1,360,000	1,360,000
		275,455,348	255,404,971
CURRENT ASSETS			
Trade debts - unsecured and considered good	8.	2,134,935	1,492,803
Short Term Investments	9.	47,112,335	38,116,650
Margin Deposit with PMEX		26,122,425	29,115,594
Advances, prepayments and other receivables	10.	16,464,679	4,906,325
Cash and bank balances	11.	309,447,153	335,912,175
		401,281,527	409,543,546
TOTAL ASSETS		676,736,875	664,948,517
EQUITY AND LIABILITIES			
CAPITAL & RESERVES			
Authorized Capital:			
20,000,000 (2016: 5,000,000) ordinary shares of Rs. 10 each		200,000,000	50,000,000
Issued, subscribed and paid up capital	12.	42,750,000	42,750,000
Reserves	13.	376,120,291	379,017,057
		418,870,291	421,767,057
NON CURRENT LIABILITIES			
Deferred liabilities	14.	7,138,713	3,734,763
		7,138,713	3,734,763
CURRENT LIABILITIES			
Trade and other payables	15.	235,731,827	228,245,617
Provision for taxation		14,996,044	11,201,079
		250,727,871	239,446,696
CONTINGENCIES AND COMMITMENTS	16.	-	-
TOTAL EQUITY AND LIABILITIES		676,736,875	664,948,517

The annexed notes from 1 to 36 form an integral part of these financial statements.

Muhammad Ismail

CHIEF EXECUTIVE

Abbasi

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		Rupees	
Brokerage revenue	17.	104,219,001	77,176,393
Capital gain on sale of investments - net		7,592,985	3,951,500
Dividend income	18.	3,444,638	2,369,356
		115,256,624	83,497,249
Finance cost	19.	(11,186)	(9,664)
Administrative and operating expenses	20.	(70,967,373)	(63,188,602)
Other income	21.	9,365,705	15,587,066
PROFIT BEFORE TAXATION		53,643,770	35,886,049
TAXATION	22.	(18,538,785)	(10,037,976)
PROFIT AFTER TAXATION		35,104,985	25,848,073
BASIC AND DILUTED EARNING PER SHARE	23.	8.21	6.05

The annexed notes from 1 to 36 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		Rupees	
PROFIT AFTER TAXATION		**35,104,985**	25,848,073
OTHER COMPREHENSIVE INCOME			
Items that may be re-classified subsequently to profit or loss account			
Available for sale financial assets:			
Net fair value gain/(loss) on re-measurement of investments arising during the year		**(6,427,924)**	531,201
Net unrealized fair value (gain)/ loss realized on disposal of investments now included in profit and loss account (reclassification adjustment)		**488,674**	(5,456,720)
		(5,939,250)	(4,925,519)
Items that will not be-classified subsequently to profit or loss account		-	-
TOTAL COMPREHENSIVE INCOME		**29,165,735**	20,922,554

The annexed notes from 1 to 36 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

Abbasi
DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES			TOTAL
	Issued, subscribed & paid up capital	Share Premium Reserve	General Reserve	Surplus / (Deficit) on remeasurement of investments available for sale	Un-appropriated Profit	
	---- (IN RUPEES) ----					
Balance as at 01 July 2015	42,750,000	98,350,000	200,000,000	7,447,975	52,296,528	400,844,503
Total comprehensive income						
Profit after taxation	-	-	-	-	25,848,073	25,848,073
Other comprehensive income						
- Fair value gain on re-measurement of investments held as "available for sale" to fair value	-	-	-	531,201	-	531,201
- Unrealized net fair value (gain) realized on disposal of investments held as "available for sale"	-	-	-	(5,456,720)	-	(5,456,720)
- Transferred to General Reserve						
	-	-	-	(4,925,519)	25,848,073	20,922,554
Balance as at 30 June 2016	42,750,000	98,350,000	200,000,000	2,522,456	78,144,601	421,767,057
Total comprehensive income						
Profit after taxation	-	-	-	-	35,104,985	35,104,985
Other comprehensive income						
- Fair value (loss) on re-measurement of investments held as "available for sale" to fair value	-	-	-	(6,427,924)	-	(6,427,924)
- Unrealized net fair value loss realized on disposal of investments held as "available for sale"	-	-	-	488,674	-	488,674
	-	-	-	(5,939,250)	35,104,985	29,165,735
Transaction With Owners						
- Interim Dividend @ Rs 7.5 per share					(32,062,501)	(32,062,501)
	-	-	-	-	(32,062,501)	(32,062,501)
Balance as at 30 June 2017	42,750,000	98,350,000	200,000,000	(3,416,794)	81,187,085	418,870,291

The annexed notes from 1 to 36 form an integral part of these financial statements.

Muhammad Ismail
CHIEF EXECUTIVE

S Abbasi
DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		53,643,770	35,886,049
Adjustments for:			
Depreciation		11,311,445	11,098,491
Amortization		293,430	68,314
Capital gain		(7,592,985)	(3,951,500
(Gain)/Loss on sale of property and equipment		(639,505)	(673,944
Cash flow from operating activities before working capital changes		57,016,155	42,427,410
Adjustments for working capital changes:			
(Increase)/ decrease In current assets			
Trade debts		(642,132)	363,286
Advances, prepayments & other receivables		(825,780)	25,093
(Decrease)/ increase In current liabilities			
Trade payables, accrued and other payables		11,294,338	30,625,154
Cash (used in) / generated from operating activities		9,826,426	31,013,533
Margin paid to PMEX		(814,959)	(51,963
Income tax paid		(22,072,446)	(7,021,551
Net cash (used in) / generated from operating activities		43,955,176	66,367,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposal of property and equipment		3,966,500	1,972,072
Additions in property and equipment		(12,282,024)	(17,506,278
Short term investments		(7,341,950)	21,968,416
Long term deposits		(22,232,223)	(11,018,515
Computer Software		(468,000)	(1,053,000
Net Cash (out flow) in Investing Activities		(38,357,697)	(5,637,305
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid		(32,062,501)	-
Net cash (out flow) from financing activities		(32,062,501)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(26,465,022)	60,730,123
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		335,912,175	275,182,052
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11.	309,447,153	335,912,175

The annexed notes from 1 to 36 form an integral part of these financial statements.

Muhammad Ismail

CHIEF EXECUTIVE

S Abbasi

DIRECTOR

ABBASI AND COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note

1. STATUS AND NATURE OF BUSINESS

The company was incorporated as a private limited company in Pakistan on February 13, 1999. The company is a TREC holder of Pakistan Stock Exchange Limited and had also acquired membership of the Pakistan Mercantile Exchange Limited (Formerly National Commodity Exchange Limited). It is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares, modaraba certificates, etc. The registered office of the company is situated at 6-Shadman, Lahore.

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. CLD/CCD/PR(11)/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 Standard Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. Wherever, the requirements of the repealed Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the repealed Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 *Basis of Measurement*

These financial statements have been prepared under the historical cost convention except otherwise stated in relevant notes.

2.3 *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Pakistan Rupee (Rs).

2.4 *New standards and amendments/interpretations to exiting standards that are effective in the current year*

There are amendments to published standards that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.5 *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 a applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation

Standard, amendment or interpretation	Effective Date (Annual periods begnning or after)
IAS 12 - Income Taxes - Recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 7 'Statement of Cash Flows'	January 01, 2017
IFRS 2 - 'Share-based Payment'	January 01, 2018
IAS 40 'Investment Property'	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	January 01, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 01, 2018
IFRS 12 'Disclosure of Interests in Other Entities'	January 01, 2017
IAS 28 'Investments in Associates and Joint Ventures'	January 01, 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

2.6 *Use of Estimate & Judgment*

The preparation of financial statements in conformity with International Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant areas requiring the use of management estimates in the financial statements relates to provision for doubtful balances, provision for income taxes, useful life and residual values of property plant and equipment etc. However, assumptions and judgment made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in next year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Tangible fixed assets - Property and Equipment and Depreciation

Property & equipment is stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate, at each balance sheet date. Any impairment loss, or its reversal, is also charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' carrying amount less the residual value over its estimated useful life. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit and loss account.

3.2 Intangible assets

These include computer software, membership cards and trading rights entitlement certificate.

a) Finite useful life

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated amortization and accumulated impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount. Intangible assets are amortized using the reducing balance method over their useful life.

b) Infinite useful life

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated impairment, if any. Cost on initial recognition in an acquisition transaction is determined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of asset acquisition. When there is an exchange of assets and the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

3.3 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. The cost of investments acquired in exchange transaction is measured at the carrying value of the asset with which it has been exchanged.

a) Available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement loans and receivables are subsequently measured at amortized cost using effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by the IFRS.

c) Available for sale - unqouted at cost

These are initially recognized at cost. Due to non availability of an active market, these are subsequently stated at cost as well.

3.4 Trade Receivables

These are stated net of provision. Full provisions are made against the debts considered doubtful. This includes receivable from members of stock exchange and customers.

3.5 Other receivables

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amount.

3.6 Revenue recognition

Brokerage fee are recognized as and when services are provided. Capital gains or losses on sale of investment are taken to income in the year in which they arise. Dividend income is recognized when the right to receive the dividend is established. Return on securities other than shares is recognized as and when it is due on accrual basis.

3.7 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

3.8 Foreign Currency Translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in profit and loss account for the year.

3.9 Trade & other payables

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

3.10 Taxation

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.11 Employees Retirement Benefits

a) Defined contribution plan:

The company operates a funded provident fund scheme covering permanent employees and monthly equal contribution is made to the trust @10% of basic pay both by the employer and the employees.

b) Provisions

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

3.12 Impairment

a) Financial Assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non- Financial Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. 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 Dividend & Appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognized in the financial statements in the period in which these are approved.

3.14 Cash and Cash Equivalents

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

3.15 Earning per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.16 Share Capital

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

3.17 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

3.18 Off Setting of Financial Assets and Financial Liabilities

A financial asset and a financial liability is off set 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 a net basis or to realize the asset and settle the liability simultaneously.

4. PROPERTY AND EQUIPMENT

	Freehold land	Building on freehold land	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
As at 01 July 2015							
Cost	164,257,807	52,112,577	2,180,866	13,591,228	13,182,439	34,661,987	279,986,904
Accumulated Depreciation	-	26,705,424	1,504,738	7,236,076	9,541,564	8,625,562	53,613,365
Net Book Value	164,257,807	25,407,153	676,128	6,355,152	3,640,875	26,036,425	226,373,539
Year ended 30 June 2016							
Opening Net Book Value	164,257,807	25,407,153	676,128	6,355,152	3,640,875	26,036,425	226,373,539
Additions	-	-	225,865	-	1,221,825	16,058,588	17,506,278
Disposals							
Cost	-	-	-	-	-	(4,136,439)	(4,136,439)
Accumulated Depreciation	-	-	-	-	-	2,838,312	2,838,312
	-	-	-	-	-	(1,298,127)	(1,298,127)
Depreciation	-	(2,540,715)	(72,656)	(635,515)	(1,262,742)	(6,586,954)	(11,098,491)
Closing Net Book Value	164,257,807	22,866,438	829,428	5,719,636	3,599,958	34,209,932	231,483,199
As at 30 June 2016							
Cost	164,257,807	52,112,577	2,406,731	13,591,228	14,404,264	46,584,136	293,356,743
Accumulated Depreciation	-	29,246,139	1,577,303	7,871,591	10,804,306	12,374,204	61,873,544
Net Book Value	164,257,807	22,866,438	829,428	5,719,636	3,599,958	34,209,932	231,483,199
Year ended 30 June 2016							
Opening Net Book Value	164,257,807	22,866,438	829,428	5,719,636	3,599,958	34,209,932	231,483,199
Additions	-	-	339,470	3,030,880	1,022,839	7,888,835	12,282,024
Disposals							
Cost	-	-	-	-	-	(6,932,549)	(6,932,549)
Accumulated Depreciation	-	-	-	-	-	3,605,554	3,605,554
	-	-	-	-	-	(3,326,995)	(3,326,995)
Depreciation	-	(2,286,644)	(105,097)	(675,005)	(1,112,961)	(7,131,738)	(11,311,445)
Closing Net Book Value	**164,257,807**	**20,579,794**	**1,063,801**	**8,075,511**	**3,509,836**	**31,640,034**	**229,126,783**
As at 30 June 2017							
Cost	164,257,807	52,112,577	2,746,201	16,622,108	15,427,103	47,540,422	298,706,218
Accumulated Depreciation	-	31,532,783	1,682,400	8,546,597	11,917,267	15,900,388	69,579,435
Net Book Value	**164,257,807**	**20,579,794**	**1,063,801**	**8,075,511**	**3,509,836**	**31,640,034**	**229,126,783**
Rate of Depreciation (%)	-	10%	10%	10%	30%	20%	

Statement of Disposal:

Sr#	Description	Buyer	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain / (Loss)
1.	Motor Car	3rd Party	Negotiation	1,967,650	1,435,054	532,596	750,000	217,404
2.	Motor Car	3rd Party	Negotiation	2,561,689	1,205,162	1,356,527	1,525,000	168,473
3.	Motor Car	3rd Party	Negotiation	2,278,710	860,659	1,418,051	1,655,000	236,949
4.	Motor Bike	3rd Party	Negotiation	65,500	50,993	14,507	26,500	11,993
5.	Motor Bike	3rd Party	Negotiation	59,000	53,687	5,313	10,000	4,687
				6,932,549	3,605,554	3,326,994	3,966,500	639,506

	Note	2017	2016
		Rupees	

5 INTANGIBLE ASSETS

	Note	2017	2016
Computer Software	5.1	1,159,256	984,686
Membership card	5.2	750,000	750,000
Trading rights entitlement certificate	5.3	640,000	640,000
		2,549,256	2,374,686

5.1 COMPUTER SOFTWARE - FINITE USEFUL LIFE

	2017	2016
As at July 1,		
Cost	6,034,279	4,981,279
Accumulated amortization	5,049,593	4,981,279
Net Book Value	984,686	-
Year ended June 30,		
Opening Net Book Value	984,686	-
Additions	468,000	1,053,000
Amortization	(293,430)	(68,314)
Closing Net Book Value	1,159,256	984,686
As at June 30,		
Cost	6,502,279	6,034,279
Accumulated amortization	5,343,023	5,049,593
Net Book Value	1,159,256	984,686
	20%	20%

5.2 MEMBERSHIP CARD - INFINITE USEFUL LIFE

	2017	2016
Pakistan Mercantile Exchange Limited	750,000	750,000
	750,000	750,000

5.3 TRADING RIGHTS ENTITLEMENT CERTIFICATE - INFINITE USEFUL LIFE

	Note	2017	2016
Pakistan Stock Exchange Limited - at cost	5.3.1	640,000	640,000
		640,000	640,000

5.3.1 This represents trading rights in Pakistan Stock Exchange (Previously Lahore Stock Exchange limited) which had replaced membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Subsequently from 11th January 2016 Lahore, Islamabad and Karachi Stock Exchanges have been integrated to form Pakistan Stock Exchange with the approval of SECP. Before demutualization in 2012 the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards were replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange. As a result 843,975 shares of Rs.10/- each were been allotted to the Company out of which 60% of the shares were blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% were available to members with no condition on their future sale. The Institute of Chartered Accountants of Pakistan in its 'selected opinion' concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however once sold it would not be sellable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stressed that any subsequent measurement of the shares and / or TREC would only be possible where reliable fair values can be measured. This would most likely happen when the blocked shares are sold to the strategic investor or to the general public through an IPO and an active market develops for the TREC.

Taking to account the above factors and in the absence of an active market for TREC and shares, the value of the TREC and shares was initially measured at the value of the membership card with which they were exchanged and subsequently carried at cost. For this purpose, the value of the membership card was allocated between TREC and Shares on proportionate basis at the initial ratio of 32:68 which was determined on the basis of the estimated values of LSE shares (Rs. 8.439 million) and TREC (Rs. 4.0 million). Resultantly the shares have been recognized at Rs. 1.360 million and TREC at Rs. 0.640 million. Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stated that the apportioned carrying value would be required to be tested for impairment as per IAS 36, if any. When the management and the auditor conclude that there is no impairment, they may continue to use the apportioned carrying value.

In the letter dated December 18, 2015 reference number SMD/SE/2(7)/2002 SECP the requirements of Base Minimum Capital are defined in light of integration of Stock Exchanges which took immediate effect on date of integration. In the notice dated September 29, 2016 reference number PSX/N-5328 the notional value of the TRE Certificate was Rs. 5 Million for the purposes of Base Minimum Capital. The base minimum capital being maintained by the company is regularly monitored by the SECP. In the notice no. PSX/N-3361 dated May 27, 2016 the Break up Value being used for determining the Base Minimum Capital for LSE shares is Rs. 18.29 based on accounts of 30 June 2017. LSE financial services has further provided bank gurantee to Pakistan Stock Exchange Ltd. from TREC holders Contribution Fund Trust and Investors protection fund Trust towards BMC shortfall of ex-TREC holders of former Lahore Stock Exchange Limited inducted as TREC holder of PSX.

	Note	2017	2016
		Rupees	

6. LONG TERM DEPOSITS

		2017	2016
Deposit with Central Depository Company of Pakistan Limited.		100,000	100,000
Deposit with LSE.		-	30,000
Mobile deposit		91,500	90,500
Electricity & Sui gas deposit		110,200	110,200
Deposit with NCCPL.		200,000	200,000
Building deposit with PMEX		2,500,000	2,500,000
Clearing deposit with PMEX.		15,787,609	5,626,386
Deposit for Sialkot and Faisalabad trading Floors & booth		130,000	130,000
Security Deposit LSE Clearing House Initial		200,000	400,000
Security Deposit (NCCPL) DFC		500,000	-
Deposit with PSO		300,000	-
Exposure deposit with PSX		22,500,000	11,000,000
		42,419,309	20,187,086

7. LONG TERM INVESTMENT

	Note	2017	2016
Available for sale - unquoted at cost:			
843,975 Ordinary shares of LSE Financial Services Limited (Previously Lahore Stock Exchange Limited)	7.1	1,360,000	1,360,000

7.1 This includes 506,385 shares that are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future.

8. TRADE DEBTS - UNSECURED AND CONSIDERED GOOD

	2017	2016
	2,134,935	1,492,803
	2,134,935	1,492,803

8.1 Aging Analysis

	Amount	Custody Value
	Rupees	
Upto five days	67,399	47,161,523
More than five days	2,067,536	724,559,920
	2,134,935	771,721,443

9. SHORT TERM INVESTMENTS

	Note	2017	2016
Available for sale:			
Shares of listed companies - at fair value	9.1	47,112,335	38,116,650
		47,112,335	38,116,650

9.1 In Shares of quoted Company

Name of Securities	Number of Shares 2017	2016	2017 Rupees	2016
PAKISTAN REFINERY	-	29,500	-	1,214,810
SHAKARGANJ MILLS	-	86,000	-	1,343,320
ENGRO FOODS	150,000	126,000	18,223,500	20,579,580
SAIF POWER LIMITED	38,500	35,000	1,161,930	1,050,700
HI-TECH LUBRICANTS	11,000	-	1,199,110	-
OIL & GAS DEVELOPMENT	3,300	-	464,277	-
PAKISTAN PETROLEUM	3,000	-	444,420	
FECTO CEMENT	-	18,000	-	2,079,000
NATIONAL BANK	-	100,000	-	5,781,000
PACKAGES LIMITED	2,500	3,000	1,738,950	1,908,660
BESTWAY CEMENT (PAKCEM)	10,000	100,000	2,191,200	1,766,000
ASKARI BANK LIMITED	-	100,000	-	1,868,000
BURSHANE LPG PAKISTAN	-	3,000	-	160,530
POWER CEMENT	-	35,000	-	365,050
ENGROPOLYMER & CHEMICAL	132,500	-	4,836,250	-
FAUJI FERTILIZER	20,500	-	1,694,120	-
GENERAL TYRES & RUBBER	14,200	-	4,309,700	-
KOT ADDU POWER CO.	100,000	-	7,202,000	-
P.N.S.C	1,500	-	188,850	-
TARIQ GLASS INDUSTRIES	20,300	-	2,248,428	-
TRIPACK FILMS LIMITED	5,400	-	1,209,600	-
			47,112,335	38,116,650

	Note	2017	2016
		Rupees	

10. ADVANCES, PREPAYMENTS OTHER RECEIVABLES

Advances to employees		1,052,000	816,000
Advance Income tax		14,818,707	4,086,134
Other advances		11,616	4,191
Prepayments		582,356	-
		16,464,679	4,906,325

11. CASH AND BANK BALANCES

Cash in hand		2,399,405	8,004,387
Cash at bank			
-In Current accounts	11.2	207,515,184	198,378,913
-In Saving accounts	11.1 & 11.2	99,532,565	129,528,875
		307,047,748	327,907,788
		309,447,153	335,912,175

11.1 This carries profit rate of 6.15% (2016: 6.15%) per annum.

11.2 Cash at bank

-House Account		64,217,055	90,418,570
-Client Account		204,908,239	194,320,375
-PMEX Account		37,922,454	43,168,843
		307,047,748	327,907,788

12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

3,875,000 Ordinary share of Rs. 10/- each fully paid in cash.		38,750,000	38,750,000
400,000 Ordinary share of Rs. 10/- each issued for consideration other than cash.		4,000,000	4,000,000
		42,750,000	42,750,000

13. RESERVES

Capital reserve			
Share premium reserves		98,350,000	98,350,000
Revenue reserve			
General Reserve		200,000,000	200,000,000
Unrealized gain on re-measurement of available for sale investments	13.1	(3,416,794)	2,522,456
Un-appropriated profit		81,187,085	78,144,601
		277,770,291	280,667,057
		376,120,291	379,017,057

13.1 Un-realized (loss) / gain on available for sale investments

Opening balance		2,522,456	7,447,975
Add: Gain due to change in fair value		(6,427,924)	531,201
Less: (Gain) reclassified to profit and loss account on sale of Investments		488,674	(5,456,720)
		(3,416,794)	2,522,456

14. DEFERRED LIABILITIES

Deferred taxation	14.1	7,138,713	3,734,763

14.1 Deferred tax liability comprises of the following taxable temporary differences:

Accelerated tax depreciation		7,138,713	3,734,763
		7,138,713	3,734,763

15. TRADE AND OTHER PAYABLES

Creditors		204,908,239	194,320,375
Accrued expenses		450,904	663,887
Margin with PMEX payable to clients		25,255,503	29,063,631
Other liabilities		5,117,181	4,197,724
		235,731,827	228,245,617

16. CONTINGENCIES AND COMITTMENTS

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

	Note	2017	2016
		Rupees	
17. BROKERAGE REVENUE			
Brokerage Income	17.1	82,294,291	62,477,671
PMEX Income		21,924,710	14,698,722
		104,219,001	77,176,393

17.1

Proprietary Trade	88,396	44,434
Retail Customers	82,205,895	62,433,237
	82,294,291	62,477,671

	Note	2017	2016
18. DIVIDEND INCOME			
		3,444,638	2,369,356
		3,444,638	2,369,356
19. FINANCE COST			
Bank charges		11,186	9,664
		11,186	9,664
20. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' remuneration		6,444,900	6,403,900
Salaries and other benefits		25,087,015	20,004,934
Provident Fund		808,188	753,387
Utility expenses		3,802,695	4,269,053
Travelling and conveyance		14,870	8,499
Agent commission		4,858,968	3,548,892
L.S.E. MCF charges		-	2
Investor protection fund		34,607	65,747
Clearing house fee		143,858	273,359
Fax & Internet expenses		1,905,859	1,565,955
Postage and telegram & SMS charges		404,840	249,696
Parcels		208,512	164,446
Insurance		618,379	1,525,881
Auditors' Remuneration		395,000	250,000
Legal and professional charges		403,000	483,200
Vehicle running and maintenance		3,042,349	2,798,204
Newspapers and periodicals		100,706	49,591
Printing and stationery		672,793	334,627
Repair and maintenance		3,186,963	3,496,602
Fee and subscription		1,986,836	1,272,214
Rent, Rates & Taxes		971,463	682,556
Donation	20.1	2,107,669	453,971
Entertainment		1,092,418	682,730
Computer expenses		949,271	1,636,680
Other expenses		121,338	1,047,673
Amortization	5.1	293,430	68,314
Depreciation	4.	11,311,445	11,098,491
		70,967,373	63,188,602

20.1 None of the directors and their spouses have any interest in donee's fund to which donations are made.

	Note	2017	2016
21. OTHER INCOME			
Income from financial assets			
Interest / profit			
- on deposits with banks		6,497,185	14,558,599
Income from non financial assets			
Miscellaneous income		15,070	121,665
Gain on sale of property, plant and equipment		639,505	673,944
Client facilitation & services		1,402,982	17,403
Return on PSX Exposure deposit & PMEX deposit		810,964	215,455
		9,365,705	15,587,066

	Note	2017	2016
		Rupees	

22. TAXATION

	Note	2017	2016
Current			
- For the year		14,996,044	11,201,079
- Prior years		138,791	46,412
Deferred			
- For the year		3,403,950	(1,209,515)
	22.1	18,538,785	10,037,976

22.1 Reconciliation of income tax expense for the year

	2017	2016
Profit before taxation	53,643,770	35,886,049
Applicable tax rate	31%	32%
Tax calculated as the applicable tax rate	16,629,569	11,483,536
Tax effect of :		
- Tax effect of amounts that are admissible for tax purposes	(7,978,241)	(9,275,494)
- Tax effect of amounts that are inadmissible for tax purposes	3,601,185	3,694,191
- Tax effect relating to prior years	138,791	46,412
- Tax effect of timing differences	3,403,950	(1,209,515)
- Tax credits	(653,377)	(145,271)
- Others	3,396,909	5,444,117
	18,538,785	10,037,976

23. BASIC AND DILUTED EARNING PER SHARE

There is no dilutive effect on the basic earning per share of the company, which is based on :

	2017	2016
Profit after taxation	35,104,985	25,848,073
Weighted average number of Ordinary shares	4,275,000	4,275,000
Earnings per share (Rupees)	8.21	6.05

24. REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

The aggregate amount charged in the accounts during the year for remuneration including benefits to Executives is as follows:

	30-Jun-17			30-Jun-16		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Remuneration	2,599,800	3,845,100	12,319,416	2,445,800	3,958,100	9,755,207
Provident Fund	129,600	193,602	327,000	122,004	180,006	273,393
	2,729,400	4,038,702	12,646,416	2,567,804	4,138,106	10,028,600
Number of Persons	1	2	9	1	2	8

No meeting fee has been paid to any director of the company during the year (2016: Rs. Nil). Five Executives are provided with company maintained car for business and personal use.

25. RELATED PARTY DISCLOSURES

Related parties comprise entities with common directorship or under influence, directors and key management personnel. Details of transactions with related parties during the year have specifically been disclosed elsewhere in these financial statements, where applicable.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

26.1 *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

A Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by Internal Audit department. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

26.2 *Financial assets and liabilities by category and their respective maturities*

	30 June 2017		30 June 2016	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
	------------------- Rs. -------------------			
Financial Asset				
Loans and Receivable at Amortised Cost				
Long term deposits	-	42,419,309	-	20,187,086
Long term investment	-	1,360,000	-	1,360,000
Trade debts - unsecured and considered good	2,134,935	-	1,492,803	-
Advances, prepayments and other receivables	1,063,616	-	820,191	-
Margin Deposit with PMEX	26,122,425	-	29,115,594	-
Cash and bank balances	309,447,153	-	335,912,175	-
Available for Sale at Fair Value				
Short Term Investments	47,112,335	-	38,116,650	-
Total	385,880,464	43,779,309	405,457,412	21,547,086

	30 June 2017		30 June 2016	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
	------------------- Rs. -------------------			
Other Financial Liabilities at Amortised cost				
	-	-	-	-
Trade Payables	204,908,239	-	194,320,375	-
Accruals	450,904	-	663,887	-
Margin with PMEX payable to clients	25,255,503	-	29,063,631	-
Other payables	5,117,181	-	4,197,724	-
Total	235,731,827	-	228,245,617	-

26.3 *Fair Values estimate*

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

i) Fair value at initial recognition

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long term deposits, Long term investment, and Employee Vehicle Scheme the fair value of financial assets and financial liabilities recognised in these financial statements equals the transaction price at initial recognition. Due to immaterial effect the fair value of the long-term deposits, long term investment and employee vehicle scheme has not been determined and their carrying value has been assumed to be equal to their fair value.

ii) Valuation techniques and inputs used

For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

iii) Fair value of the Company's financial assets and liabilities that are measured at fair value on recurring basis after initial recognition

The company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgement and estimation. The short term investments held for trading has been categorised as level 1.

iv) Fair value of the Company's financial assets and liabilities that are not measured at fair value after initial recognition

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values. Fair values of financial assets and liabilities carried at amortized cost.

	Level	June 30, 2017 Carrying Value	June 30, 2017 Fair Value	June 30, 2016 Carrying Value	June 30, 2016 Fair Value
			---------------- Rupees	----------------	
Financial assets carried at Fair Value:					
Short Term Investments	Level 1	47,112,335	47,112,335	38,116,650	38,116,650

v) Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods;

a) Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

26.4 *Financial Risk Factors*

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

- Credit Risk
- Liquidity Risk
- Market Risk

26.5 *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 to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would causes their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, deposits, long term investments and short term investments 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 net worth and proper margins 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 Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

	Note	2017	2016
		Rupees	
The carrying amount of financial assets represent the maximum credit exposure, as specified below;			
Loans & Receivables			
Long term deposits		42,419,309	20,187,086
Long term investment		1,360,000	1,360,000
Trade debts - unsecured and considered good		2,134,935	1,492,803
Advances, prepayments and other receivables		1,063,616	820,191
Margin Deposit with PMEX		26,122,425	29,115,594
Bank balances		307,047,748	327,907,788
Available for Sale			
Short Term Investments		47,112,335	38,116,650
		427,260,368	419,000,111

i) Credit quality and impairment:
Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Counterparties, with the exception of long-term deposits, long term investment, trade debts and other receivables have external credit ratings determined by various credit rating agencies.

a) Counterparties without external credit ratings:
The counterparties for which external credit ratings are not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations. These mainly include long-term deposits, long term investment, trade debts and other receivables which are considered good.

b) Counterparties with external credit ratings:
These include banking companies and financial institutions which are counterparties to cash deposits, term deposits & margin deposits thereon etc.

Following are the credit ratings of the counterparties with external credit ratings:

Bank Name	Agency	ST Rating	LT Rating		
MCB Bank Ltd	PACRA	AAA	A1+	6,887,628	5,257,146
Allied Bank Ltd	PACRA	AA+	A1+	201,381	250,008
Habib Bank Ltd	JCR-VIS	AAA	A1+	17,856	17,856
Bank Al Habib Ltd	PACRA	AA+	A1+	299,914,402	322,318,923
Bank Alfalah Ltd	PACRA	AA	A1+	26,482	63,856
				307,047,749	327,907,788

26.6 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. The 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 following are the contractual maturities of the financial liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity up to One Year:		
Trade Payables	204,908,239	194,320,375
Accruals	450,904	663,887
Margin with PMEX payable to clients	25,255,503	29,063,631
Other payables	5,117,181	4,197,724
	235,731,827	228,245,617

26.7 MARKET RISK

Market risk means that fair value of 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 rate risk and price risk. The market risk associated with the company's business activities are discussed as under:

Foreign Exchange Risk Management

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. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The company's interest rate risk arises from short term cash finance facility. The company analyzes its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available.

Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 47.112 Million (2016: Rs. 38.116) Million at the balance sheet date. The company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

Sensitivity analysis

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

27. CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders: and to maintain strong capital base to support the development of its business.

The company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the company may adjust amount of dividend paid to shareholders or issue new shares. The company is not subject to externally imposed capital requirements.

28. NUMBER OF EMPLOYEES

Number of employees at year end	50	52
Average number of employees during the year	51	50

29. PROVIDENT FUND TRUST

The Company has maintained an employees' provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984 and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2017:

Size of Fund		**11,859,848**	9,776,564
Cost of Investments made	29.1	**-**	11,848
Percentage of Investments made		**0.00%**	0.12%
Fair value of investments		**-**	20,456

29.1 These represent investments in shares of listed equity securities and funds.

29.2 Balance in Scheduled Banks Saving Account	**11,859,848**	9,764,716

30. DETAIL OF SECURITIES AS PER BACK OFFICE RECORD AND CDC RECORD

As per Back Office Record	Own Account	Client Account	As per CDC Record	Own Account	Client Account
	No. of Shares		No. Of Shares		
Securities Held	512,700	168,545,259	Securities Available	384,200	113,276,943
			Securities Pledged with PSX.	128,500	115,000
			Securities Pledged with Banks	-	53,643,784
			Securities Freeze with CDC	-	1,320,500
			Pre-Settlement Delivery	-	-
			Reconciling Entries:		
			1-Physical Securities.	-	-
			2-Transfer Sec. For CDC.	-	189,032
				-	-
Total	512,700	168,545,259	Total	512,700	168,545,259

31. DETAIL OF SECURITIES PLEDGED

	No. of Shares	Amount
-House Account	128,500	17,046,690
-Client Account	53,758,784	1,393,531,705
	53,887,284	**1,410,578,395**

31. PATTERN OF SHARE HOLDING

CATEGORIES OF SHAREHOLDERS			
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	SHAREHOLDERS	SHARES HELD	PERCENTAGE
NAME:-	5	4,275,000	21.38%
1 - Syed Muhammad Ismail Abbasi		2,979,750	69.70%
2 - Syed Awais Ali Abbasi		2,137	0.05%
3 - Syed Farooq Ali Abbasi		641,638	15.01%
4 - Mrs. Yasmeen Ismail		551,475	12.90%
5 - Syed Muhammad Umar Abbasi		100,000	2.34%
Associated Companies, Undertakings and related	NIL	NIL	NIL
Executives	NIL	NIL	NIL
Public Sector Companies and Corporations	NIL	NIL	NIL
Banks, Development Finance Institutions, Non-	NIL	NIL	NIL
Others	NIL	NIL	NIL
TOTAL	5	4,275,000	100.00%

SHAREHOLDERS HOLDING 5% OR MORE.		
NAME	SHARES HELD	PERCENTAGE
Syed Muhammad Ismail Abbasi	2,979,750	69.70%
Syed Farooq Ali Abbasi	641,638	15.01%
Mrs. Yasmeen Ismail	551,475	12.90%

32. **TURNOVER FOR THE PERIOD**

	BUY QUANTITY	BUY AMOUNT	SELL QUANTITY	SELL AMOUNT
CLIENTS	236,411,595	11,366,856,087	229,267,799	11,595,297,674
PROPERIETARY	1,121,400	78,844,644	1,155,600	71,591,071
	237,532,995	**11,445,700,731**	**230,423,399**	**11,666,888,745**

33. **DIVIDEND**

After approval from its Board of Directors, the Company paid dividend to its shareholders at Rs. 7.50 per share, i.e 75% amounting to Rs. 32,062,501.

34. **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 05 October 2017 by the Board of Directors of the Company.

35. **CORRESPONDING FIGURES**

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Rearrangements have been made in these financial statements for better presentation of the financial statements.

36. **GENERAL**

- Figures have been rounded off to the nearest rupee.

Muhammad Ismail

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR'S REPORT

The Directors of the Company take pleasure in presenting director's report together with the company's audited annual financial statements for the year ended June 30, 2017.

FINANCIAL RESULTS

The operating results for the year ended review are as under:

	2017	2016
	Rupees	
Profit Before Taxation	53,643,770	35,886,049
Taxation	(18,538,785)	(10,037,976)
Profit After Taxation	35,104,985	25,848,073
Un-appropriated Profit Brought Forward	78,144,601	52,296,528
Interim Dividend 75% (Rs.7.50 Per Share)	(32,062,501)	NIL
Un-appropriated Profit Carried Forward	81,187,085	78,144,601
Earning Per Share	8.21	6.05

COMPANY PERFORMANCE

The year under review shows a progressive year for the Company. The financial results during the year show increase in terms of Brokerage revenue as compared to last year.

DIVIDEND

The Board of Directors recommended interim dividend have already been paid @ 75% dividend for the year ended June 30, 2017.

FUTURE PROSPECTS

The company expects better prospects in the coming years and the Directors by the Grace of Allah hope that during the coming years brokerage income and capital gain of the company will increase. The Directors are making continuous efforts to expand its current customer base.

AUDITORS

The present statutory auditors of the company **M/S PAKER RANDALL INTERNATIONAL** Chartered Accountants retire and being eligible have offered them self for appointment.

ACKNOWLEDGEMENT

The Board of Directors appreciates the hard work of the entire team of employees of the Company and applauds the cordial relationship that exists between the employees and the management.

We bow, beg and pray to Almighty Allah, Rahman-e-Rahim, in the name of our beloved Prophet, Muhammad, peace be upon Him, for continued showering of His Blessings, Guidance, and Prosperity on us, our company and our beloved country Pakistan. Ameen.

For and on behalf of the Board of Directors

Muhammad Ismail

Syed Muhammad Ismail Abbasi
Chief Executive

Abbasi & Company (Pvt) Ltd. Stock Share Dealer 6-Shadman Lahore.

Lahore.
October 05th, 2017