

M/s Zahid Latif Khan Securities (Pvt) Ltd
Audited Financial Statements
As at
June 30, 2017



CPAAI

Nasir Javaid Maqsood Imran
Chartered Accountants
Islamabad – Lahore - Karachi



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Zahid Latif Securities (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.

Management's responsibility of Financial Statements

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

Auditor's responsibility

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:

Opinion

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

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904, 9th Floor, Q.M. House, Plot No. 11/2, Ellander Road, Opp. Shaheen Complex, Off. I.I Chundrigar Road, Karachi Pakistan
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b) In our opinion-

- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investment 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 the 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 cash flows and changes in equity and for the year then ended; and
- d) In our opinion, Zakat was not deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: *October 04, 2017*

Place: **Islamabad**


Nasir Javaid Maqsood Imran

Chartered Accountants


IMRAN UL HAQ, FCA

Zahid Latif Khan Securities (Private) Limited
Directors Report to the Shareholders

Asalam-o-Alaikum

Dear Shareholders on behalf of the Board of Directors I am pleased to present the Annual Report for the financial year ended June 30, 2017, together with the audited financial statements and auditor's report thereon.

A noticeable economic turnaround has been witnessed by Pakistan over the past few years following the implementation of a growth oriented agenda. The economic policies is having a positive impact on all major sectors.

Despite market-related challenges and country's economic condition, the company is focused on maintaining its growth momentum in the long run. Management is acutely monitoring its resources to reap the maximum benefits for its shareholders. This involves optimizing revenue generation from brokerage and fee based operations whilst at the same time rationalizing our cost base.

Financial Results

The company earned net income of Rs. 28.589 million from its operations viz a viz net income of Rs. 20.192 million in the comparative last year.

Future Outlook

There has been a significant improvement in the investor's confidence in the country, which is reflected from the performance of the financial sector.

The future prospectus of your company look outstanding on account of growing market volumes with our increasing market share. We are targeting to generate better volumes from our existing clients on account of our increasing relationship with fund managers and broker dealers. We are confident that the investment portfolio will keep delivering better results going forward as the market is still offering opportunities. Steps are also being taken to provide excellent research services to our clients to improve our business and reflect our brand's strong performance

Auditors

The present auditors of the company M/s Nasir Javaid Maqsood Imran Chartered Accountants retired and offer themselves for re-appointment for the year ending June 30, 2018. The board has suggested the re-appointment of the current auditors as auditors of the company for the ensuing year.

Acknowledgement

We would like to express our sincerest appreciation to our employees, clients and to our shareholders for the confidence they have entrusted on us.

We pray to Allah for the continued success of your company.

Karachi
October 04, 2017



(Ajmal Sultan)
Director

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

<u>Equity and liabilities</u>	<u>Note</u>	<u>2017</u> <u>(Rupees)</u>	<u>2016</u> <u>(Rupees)</u>
Share capital and reserves			
Share capital	4	55,000,000	55,000,000
TREC Value Reserve		1,000,000	1,000,000
Unappropriated profit		121,795,440	101,603,040
		177,795,440	157,603,040
Current liabilities			
Trade and other payables	5	147,331,276	109,594,996
Accrued interest	6	1,266,885	320,698
Short term bank borrowings	7	72,812,819	24,283,610
Provision for taxation	8	8,366,149	2,764,153
		229,777,130	136,963,457
Contingencies and commitments	9	-	-
		407,572,569	294,566,496
Property and assets			
Non - current assets			
Property and equipment	10	61,567,045	49,217,300
Long term deposits	11	1,520,000	520,000
Long term investments	12	30,346,030	30,346,030
Intangible assets	13	5,000,000	5,000,000
		98,433,075	85,083,330
Current assets			
Short term investment	14	102,193,476	33,550,000
Trade receivables	15	47,667,621	57,371,565
Loan and advances	16	6,912,084	5,724,230
Deposits, prepayments and other receivables	17	27,271,544	16,830,376
Cash and bank balances	18	125,094,769	96,006,995
		309,139,494	209,483,166
		407,572,569	294,566,496

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


Chief Executive


Director

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Note</u>	2017 (Rupees)	2016 (Rupees)
Revenue	19	137,179,818	42,218,120
Direct cost	20	(90,996,408)	(19,726,111)
Gross profit		<u>46,183,410</u>	<u>22,492,009</u>
Operating expenses	21	(12,029,831)	(6,473,012)
Operating Profit		<u>34,153,579</u>	<u>16,018,997</u>
Financial charges	22	(5,587,947)	(1,425,239)
Other income	23	23,413	164,106
Profit before taxation		<u>28,589,045</u>	<u>14,757,864</u>
Taxation	24	(8,396,645)	(2,827,728)
Profit after taxation		<u><u>20,192,400</u></u>	<u><u>11,930,136</u></u>

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



 Chief Executive


 Director

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Share Capital</u> <u>(Rupees)</u>	<u>Accumulated</u> <u>profit /(losses)</u> <u>(Rupees)</u>	<u>TREC Value</u> <u>Reserve</u> <u>(Rupees)</u>	<u>Total</u> <u>(Rupees)</u>
Balance as at June 30, 2015	30,000,000	89,672,904	-	119,672,904
Issuance of share capital	25,000,000	-	-	25,000,000
Total comprehensive income for the year	-	11,930,136	1,000,000	12,930,136
Balance as at June 30, 2016	55,000,000	101,603,040	1,000,000	157,603,040
Issuance of share capital	-	-	-	-
Total comprehensive income for the year	-	20,192,400	-	20,192,400
Balance as at June 30, 2017	55,000,000	121,795,440	1,000,000	177,795,440

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

Chief Executive



Director

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u> (Rupees)	<u>2016</u> (Rupees)
Profit for the year	20,192,400	11,930,136
Other comprehensive income	-	1,000,000
Total comprehensive income for the year	<u>20,192,400</u>	<u>12,930,136</u>

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



Chief Executive



Director

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u> (Rupees)	<u>2016</u> (Rupees)
Cash flow from operating activities		
Net profit before tax	28,589,045	14,757,864
Adjustments for:		
Depreciation	596,867	380,749
Loss on sale of asset	(13,757)	-
Unrealized gain on short term investment	(7,042,765)	1,940,000
	<u>(6,459,655)</u>	<u>2,320,749</u>
Operating profit before working capital changes	22,129,390	17,078,613
(Increase)/decrease in :		
Short term investment	(61,600,711)	206,314,165
Trade receivables	9,703,944	17,052,995
Loans and advances	(1,187,854)	(5,118,330)
Deposits, prepayments and other receivables	43,458	(2,476,538)
	<u>(53,041,162)</u>	<u>215,772,292</u>
(Decrease)/Increase in current liabilities	87,211,677	(160,006,516)
	<u>34,170,515</u>	<u>55,765,776</u>
Cash generated from operating activities	56,299,905	72,844,389
Income tax paid	(13,279,275)	(3,547,383)
Net cash (used)/generated from operating activities	43,020,630	69,297,006
Cash flow from investing activities		
Fixed capital expenditure	(13,332,856)	(46,906,144)
Sale of asset	400,000	-
Long term deposits	(1,000,000)	190,000
Net cash used in investing activities	(13,932,856)	(46,716,144)
Cash flow from financing activities		
Issuance of share capital	-	25,000,000
Net cash inflow from financing activities	-	25,000,000
Net increase/(decrease) in cash and cash equivalents	29,087,774	47,580,862
Cash and cash equivalent at the beginning of the year	96,006,994	48,426,131
Cash and cash equivalent at the end of the year	18 <u><u>125,094,769</u></u>	<u><u>96,006,994</u></u>

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


Chief Executive


Director

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 The Company and its operations

The company was incorporated in Pakistan on May 06, 1999 under the Companies Ordinance, 1984 as a private limited company. The company is a Trading Right Entitlement Certificate (TREC) holder of Islamabad Stock Exchange Limited and duly registered with the Securities and Exchange Commission of Pakistan (SECP). It started its commercial activities with effect from July 06, 1999.

The main object of the company is to carry on the business of broker in stocks, shares, securities under license or with the foreign permission or approval of any recognized association, authority, stock exchange, or other market in Pakistan or abroad. The registered office of the company is situated at Room No. 624-627, 6th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

2 Basis of preparation of financial statements

2.1) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2) Basis of measurement

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values except otherwise stated in relevant policies hereunder;

2.3) Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency.

2.4) Use of significant estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

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

Judgments made by management in the application of 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 the ensuing paragraphs.



ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

2.5) New and amended standards and interpretations

2.5.1 Standards that became effective and adopted:

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

2.5.2 Amendments To Approved Accounting Standards That Are Effective For Company's Accounting Periods Beginning After July 01, 2017

There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 1, 2017 but are considered not to be relevant or are not expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

In addition to this, changes have been made in respect of the disclosure and presentation of the financial statements through promulgation of Companies Act, 2017 (the Act) with effect from the May 30, 2017. However, the applicability of the Act in relation to the preparation of the financial statements has been deferred by the Securities and Exchange Commission of Pakistan through its Circular 17 dated July 20, 2017 for companies having financial closure on or before December 30, 2017.

3 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of these financial statements are:

3.1) Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. Company provides for the deferred taxation, if any, using the liability method. However no provision is made if it is estimated that this would not reverse in the foreseeable future.

3.2) Property and equipment

- i) These are stated at cost less accumulated depreciation and impairment losses, if any;
- ii) Depreciation on operating assets is charged on reducing balance method. A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal;
- iii) Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;
- iv) Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;
- v) The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.



ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

3.3) Impairment of non-financial assets

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

3.4) Intangible assets

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

3.5) Revenue recognition

Brokerage and commission is recognized as and when such services are provided.

3.6) Trade debts

These are stated at net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

3.7) 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 on current, saving and deposit accounts, short term running finance and other 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.

3.8) Financial instrument

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The company derecognizes the financial assets and liabilities when it ceases to be party to such contractual provisions of the instruments. Financial instrument mainly comprise investments, trade and other receivables, cash and bank balances, deposits, borrowings, trade and other payables, accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.9) Investments

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

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

Signature

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held for trading'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked-to-market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held-to-maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale'. Subsequent to initial measurement, available-for-sale investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed of or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of Term Finance Certificates, units of open end Mutual Funds and Government Securities are determined on the basis of rates notified by Mutual Fund Association of Pakistan for Term Finance Certificates, relevant redemption prices for the open-end Mutual Funds and quotations obtained from the PKRV sheets for Government Securities respectively. Unquoted securities are valued at cost.

3.10) Staff retirement benefits

The company operates a non-contributory, unapproved and unfunded gratuity scheme for its permanent employees, who have completed minimum period of five year service. No provision has been recorded for in these accounts as no permanent employee fulfill the minimum length of service requirement.

Signature

Signature

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u> (Rupees)	<u>2016</u> (Rupees)	
4 Share capital and reserves			
Authorized:			
1,100,000 (2016: 600,000) ordinary shares of Rs. 100/= each	<u>110,000,000</u>	<u>60,000,000</u>	
Issued, subscribed and paid up:			
550,000 ordinary shares of Rs. 100/= each	<u>55,000,000</u>	<u>55,000,000</u>	
5 Accrued and other liabilities			
Trade payables	135,985,695	103,773,288	
Other liabilities	6,230,647	4,719,071	
Sales tax payable	637,749	234,920	
Utilities	233,474	159,432	
CDC bill payable	191,261	159,264	
FED payable	384,439	131,548	
Commission payable	3,306,800	128,307	
Audit fee	125,000	100,000	
Payable to Islamabad Stock Exchange Limited/NCCPL	72,039	96,545	
Income tax payable	164,173	92,620	
	<u>147,331,276</u>	<u>109,594,996</u>	
6 Accrued interest			
MCB Bank Limited	848,842	320,698	
JS bank	418,043	-	
	<u>1,266,885</u>	<u>320,698</u>	
7 Short term bank borrowings			
MCB Bank Limited	7.1	51,432,109	24,283,610
JS bank	7.2	21,380,710	-
		<u>72,812,819</u>	<u>24,283,610</u>

7.1 The facility with MCB Bank Limited is available to the tune of Rs. 10 million (2016 : 20 million) against the running finance - I (RF-I) and running finance-II (RF-II) of Rs. 55 million (2016 : 45 million) for term finance at the markup below.

- RF - I & II TPMR 3 (Months Kibor + 2.75% p.a.)
SMR (TPMR + 5%) (which ever is higher)



ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

These facilities are secured by way of:

Running Finance - I

- Personal guarantees of all the directors covering the entire exposure;
- Pledge of activity traded shares in marketable lots (trading at not less than par value) of eligible listed companies registered with CDC as per MCB's eligible list for financing against shares.

Running Finance - II

- 1st Exclusive charge of Rs. 65 million over assets of the company;
- Hypothecation of receivables of the company.

Collateral (MCB)

- Personal guarantees of all the directors covering aggregate exposure must be held;
- Token registration mortgage of Rs. 0.100 million and rest against equitable mortgage of residential property bearing plot No. 07 & 09, Street No. 13, Sector C, Phase - I, admeasuring 1000 sq. yds situated at Defence Housing Authority Islamabad owned by chief executive of the company valuing Rs. 40.308 million (FSV: Rs. 34.262 million) as per valuation report of M/s Al-Hadi Financial & Legal Consultant dated 20.02.2014.

MCB facilities will expire on January 31, 2018.

7.2 The facility with JS Bank is available to the tune of Rs. 100 million against JS bank RF at the markup of 3 months Kibor + 250 bps

JS Bank RF

- Pledge of shares with minimum 35% margin on shares to be governed by the JSBL list approved by credit committee of JSBL.

Collateral (JSBL)

- Mortgage of customer's commercial property located at Room # 802, 8th floor, ISE towers, Blue Are, Islamabad having covered area 2,369 sq ft with 35% margin on its fair market value sufficient to cover banks lending exposure up to PKR 50 million only.
- Personal Guarantees of the directors.

JSBL facilities will expire on June 30, 2018



ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u> (Rupees)	<u>2016</u> (Rupees)
8 Tax Payable		
Opening provision	2,764,153	2,413,077
Tax expense during the year	8,396,645	2,827,728
Withholding tax adjusted during the year	(2,794,649)	(2,476,652)
Closing provision	8,366,149	2,764,153

9 Contingencies and commitments

a) Contingencies:

During the year, RTO Karachi created demand of Rs. 5,555,749 under section 161/205 of the income tax ordinance related to tax year 2011 to 2015. The company has deposited 25% of demand and is hopeful that the case will be decided in the favour of company.

b) Commitments:

Currently there are no commitments against the company in foreseeable future.

10 Property and equipment

Property and equipment	4,014,278	2,569,688
Advance for Purchases of building	57,552,768	46,647,612
	61,567,045	49,217,300

Particulars	Office building	Furniture and fixtures	Air conditioners	Office equipments	Motor cycle	Electronic equipments	Computers	Generator	Telephone installation	Motor vehicle	TOTAL
	(RUPEES)										
Year ended 30 June, 2016											
Opening net book value	1,664,307	182,754	53,949	549	37,937	23,297	168,923	3,046	22,549	534,593	2,691,904
Additions during the year	-	-	-	-	-	-	258,532	-	-	-	258,532
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(166,431)	(27,413)	(8,092)	(82)	(5,691)	(3,495)	(85,517)	(457)	(3,382)	(80,189)	(360,749)
Closing net book value	1,497,876	155,341	45,856	467	32,247	19,802	341,938	2,589	19,166	454,404	2,569,687
At 30 June, 2016											
Cost	2,575,000	830,924	223,487	48,990	167,925	117,420	1,128,075	19,100	64,618	2,299,084	7,474,623
Accumulated depreciation	(1,077,124)	(675,583)	(177,631)	(48,523)	(135,678)	(97,618)	(786,137)	(16,511)	(45,452)	(1,844,680)	(4,904,936)
Net book value	1,497,876	155,341	45,856	467	32,247	19,802	341,938	2,589	19,166	454,404	2,569,687
Year ended 30 June, 2017											
Opening net book value	1,497,876	155,341	45,856	467	32,247	19,802	341,938	2,589	19,166	454,404	2,569,687
Additions during the year	-	823,376	170,620	15,700	-	360,465	911,135	-	146,404	-	2,427,700
Disposals during the year	-	-	-	-	-	-	-	-	-	(2,299,084)	(2,299,084)
Depreciation charge	(149,788)	(94,415)	(21,808)	(463)	(4,837)	(21,623)	(219,699)	(388)	(15,685)	(68,161)	(596,867)
Adjustment	-	-	-	-	-	-	-	-	-	1,912,841	1,912,841
Closing net book value	1,348,089	884,302	194,669	15,704	27,410	368,644	1,033,374	2,201	149,886	-	4,014,277
At 30 June, 2017											
Cost	2,575,000	1,654,300	394,107	64,690	167,925	477,885	2,039,210	19,100	211,022	-	7,603,239
Accumulated depreciation	(1,226,911)	(769,998)	(199,438)	(48,986)	(140,515)	(119,241)	(1,005,836)	(16,899)	(61,137)	-	(3,588,962)
Net book value	1,348,089	884,302	194,669	15,704	27,410	368,644	1,033,374	2,201	149,886	-	4,014,277
Depreciation rate	10	15	15	15	15	15	30	15	15	15	

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

		<u>2017</u> (Rupees)	<u>2016</u> (Rupees)
11 Long term deposits			
Security deposits with:			
National Clearing Company of Pakistan Limited		1,300,000	300,000
Islamabad Stock Exchange Limited		200,000	200,000
Mobile phones		20,000	20,000
		1,520,000	520,000
12 Long term investment			
ISE REIT Management company Limited	(12.1)	30,346,030	30,346,030
		30,346,030	30,346,030
12.1)	<p>Pursuant to the promulgation of the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 (The Act) the ownership in a Stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the company has received equity shares of ISEL and Trading Right Entitlement Certificate (TREC) in lieu of membership card of ISE. The company entitlement in respect of ISEL shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and the company has been allotted 3,034,603 shares of the face value of Rs 10/= each. These includes 60% shares of ISEL, held in separate CDC blocked account to restrict the sale of these shares by the members whereas stock exchange will dispose off these shares under the provisions of the Act, however the proceeds of these shares and right to dividend/bonus are vested with the company whereas voting rights attached to these shares are suspended.</p> <p>The company has recorded a surplus of Rs. 30.746 million on conversion of membership card of ISE to shares and TREC in the equity through profit and loss account during the year 2014-2015.</p>		
13 Intangible assets			
Trading Right Entitlement Certificate (TREC)	(13.1)	5,000,000	5,000,000
		5,000,000	5,000,000
13.1	<p>In the absence of an active market for TREC, the company has taken the cost of TREC at Rs 5.000 million, which is the value approved by the Board of Directors of ISEL and intimated to SECP. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investors' interest.</p>		
14 Short tem investment - available for sale			
Financial assets at fair value - Held for trading:			
Investment in quoted equity securities		102,193,476	33,550,000
		102,193,476	33,550,000

(Signature)

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u> (Rupees)	<u>2016</u> (Rupees)
15 Trade receivables		
These are unsecured and considered good by the management.		
16 Loan and advances		
Advances - unsecured & considered good		
To staff against salary	6,912,084	5,724,230
	<u>6,912,084</u>	<u>5,724,230</u>
17 Deposits other receivables		
Deposits		
Advance tax	13,793,982	3,309,356
Security deposit - Office premises	270,000	60,000
Security deposit - Pakistan Stock Exchange Limited	10,600,000	9,600,000
Security deposit - Central Depository Company of Pakistan	75,000	75,000
	<u>24,738,982</u>	<u>13,044,356</u>
Other receivables		
Due from National Clearing Company of Pakistan Limited	2,298,675	2,225,840
Other receivable	233,887	1,560,180
	<u>2,532,562</u>	<u>3,786,020</u>
	<u>27,271,544</u>	<u>16,830,376</u>
18 Cash and bank balances		
Cash in hand	779,423	313,567
Cash at bank - current account	124,315,346	95,380,272
Cash at bank - special deposit account	-	313,155
	124,315,346	95,693,428
	<u>125,094,769</u>	<u>96,006,995</u>
19 Revenue		
Commission income	109,383,218	29,337,895
Profit on investment in shares	19,610,543	13,655,698
Unrealised gain on investment remeasurement	7,042,765	(1,940,000)
Dividend	284,963	966,428
IPO commission	21,307	198,100
Profit on Margin Deposit	837,022	-
	<u>137,179,818</u>	<u>42,218,120</u>

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ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u> (Rupees)	<u>2016</u> (Rupees)
19.1) <u>Unrealized gain on remeasurement of investments at fair value - held for trading (net)</u>		
Market value of investment in shares	102,193,476	33,550,000
Less: Cost of investment	<u>95,150,711</u>	<u>35,490,000</u>
Net unrealized gain in the value of investment	<u><u>7,042,765</u></u>	<u><u>(1,940,000)</u></u>
20 <u>Direct Expenses</u>		
Staff salaries and benefits	11,241,372	7,702,269
Commission	71,209,788	6,697,395
Directors' remuneration	4,624,074	4,216,137
Central Depository Company expense	311,530	231,674
ISEL/LSEL/NCCPL trading fee	2,218,147	6,000
Depreciation	596,867	380,749
Utilities - Internet	257,453	159,367
Utilities - Telephone	537,177	332,520
	<u><u>90,996,408</u></u>	<u><u>19,726,111</u></u>
21 <u>Operating expenses</u>		
Utilities - Other	2,399,524	1,485,339
Office rent	4,117,612	1,747,720
Entertainment	1,413,943	1,094,026
Fee and subscription	593,489	578,834
Miscellaneous	446,378	370,727
Printing and stationary	441,989	318,205
Postage and telegram	219,916	216,109
Travelling & Conveyance	360,397	198,792
Office repair and maintenance	160,265	186,354
Audit fee	125,000	100,000
Software expenses	487,742	98,000
Newspapers and periodicals	66,104	48,906
Legal and professional charges	22,000	30,000
Vehicle running and maintenance	826,816	-
Donations	104,500	-
Insurance	92,952	-
Advertisement	151,204	-
	<u><u>12,029,831</u></u>	<u><u>6,473,012</u></u>
22 <u>Financial charges</u>		
Markup on running finance facility	5,499,746	1,179,657
Bank charges	88,201	245,582
	<u><u>5,587,947</u></u>	<u><u>1,425,239</u></u>

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u> (Rupees)	<u>2016</u> (Rupees)
23 Other income		
Interest on bank deposits	9,656	164,106
Gain on disposal of asset	13,757	-
	<u>23,413</u>	<u>164,106</u>
24 Taxation		
Current tax	8,366,149	2,764,153
Prior year	30,496	63,575
	<u>8,396,645</u>	<u>2,827,728</u>

25 Financial instruments and related disclosures

25.1) Financial assets and liabilities

	At Amortized Cost		At Fair Value Through Profit & Loss		Available For Sale	
	2017	2016	2017	2016	2017	2016
Long term deposits	1,520,000	520,000	-	-	-	-
Short term investment	-	-	102,193,476	33,550,000	-	-
Long term investments	-	-	-	-	30,346,030	30,346,030
Trade debts	47,667,621	57,371,565	-	-	-	-
Deposits, prepayments and other receivables	13,477,562	13,521,020	-	-	-	-
Cash and bank balances	125,094,769	96,006,995	-	-	-	-
Loans and advances	6,912,084	5,724,230	-	-	-	-
	<u>194,672,036</u>	<u>173,143,810</u>	<u>102,193,476</u>	<u>33,550,000</u>	<u>30,346,030</u>	<u>30,346,030</u>

Financial Liabilities as per balance sheet

	At Amortized Cost		At Fair Value Through Profit & Loss	
	2017	2016	2017	2016
Trade payables	135,985,695	103,773,288	-	-
Short term bank borrowings	72,812,819	24,283,610	-	-
Accrued and other liabilities	12,612,466	6,142,406	-	-
Provision for taxation	8,366,149	2,764,153	-	-
	<u>229,777,130</u>	<u>136,963,456</u>	<u>-</u>	<u>-</u>

25.2) Financial risk management objectives and policies

The companies activities expose it to a variety of financial risk: capital risk , credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/markup rate risk and price risk). The company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on financial performance. Overall, risk arising from the company's financial assets and liabilities are limited.

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ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

a) Capital risk management

The company's policy is to maintain a strong capital base so as to maintain investor, credit and market confidence and to sustain future development of the business. Additionally, to safeguard the company's ability to continue as a going concern in order to provide returns to share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

b) Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. All financial assets except cash in hand, are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and ability to close out market positions due to dynamic nature of the business. The company finances its operations through equity borrowing and the managements of working capital with a view to maintain an appropriate mix between various source of finance to minimize risk. The company's treasury aims at maintaining flexibility in funding by keeping regular committed credit lines. Management closely monitors the company's liquidity and cash flow position.

d) Market risk

Market risk means that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks; foreign exchange or currency risk, interest/mark-up rate risk and price risk. The market risk associated with the company's business activities are discussed as under.

- **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the company did no transaction in foreign currencies nor have any foreign currency loans.

- **Interest mark-up rate risk**

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

Signature

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

- **Price risk**

Price risk represents the risk that fair value of future cash flow of financial instrument will fluctuate because of changes in market price (other than those arising from interest mark - up rate risk of currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trade in the market. The company is exposed to equity price risk but associated risk is minimal.

e) **Fair value of the financial instruments**

Fair value is the amount for which an asset can be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transactions. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

**26 Information required by regulation 34 of Securities
 Broker Regulations 2016**

a)	- Customer shares in the central depository system	2,076,778,653	1,761,043,605
	- Customer's cash in bank account - PKR	134,888,939	105,293,428
b)	Securities pledged with financial institutions-customer	-	96,611
	Securities pledged with financial institutions-house	1,685,000	112,000
c)	- Turnover during the period from retail customers	2,200,791,465	745,483,155
	- Turnover during the period from propriety accounts	35,643,000	11,886,000
	Pattern of shares:		
d)	Zahid Latif Khan (CEO/Director)	549,000	549,000
	Ajmal Sultan (Director)	500	500
	Muhammad Atif Khan (Director)	500	500
	Total no of shares	550,000	550,000
e)	Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.		
	Aging analysis of amount due from customers		
f)	Due not more than 5 days - PKR	7,672,015	10,325,313
	Due more than 5 days - PKR	39,995,606	47,046,251

27 Chief Executive and Executive' remuneration

Description	2017			2016		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	8,500,000.00	2,166,451	6,668,929	3,000,000	1,216,137	1,230,000
	8,500,000	2,166,451	6,668,929	3,000,000	1,216,137	1,230,000
Numbers	1	2	5	1	2	5

ZAHID LATIF KHAN SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

28 Number of employees

Total number of employees at year ended June 30, 2017 are 44 (2016: 29).

Average number of employees for the year ended June 30, 2017 are 40 (2016: 30)

29 Date of authorization for issue

These financial statements have been authorized for issue on October 04, 2017 by the board of directors of the company.

Handwritten initials



Chief Executive



Director