RAHAT SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

AUDITORS' REPORT TO THE MEMBERS

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

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984.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(a) in our opinion, proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;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balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policy consistently applied;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, its comprehensive profit, 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.

The financial statements for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed unqualified opinion in their audit report dated September 28, 2016.

CHARTERED ACCOUNTANTS
MUHAMMAD AMIN

Lahore: 14 SEP 2017

RAHAT SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees Re-stated
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	4,556,245	1,870,957
Intangible assets	6	10,248,000	10,248,000
Long term investment	7	7,072,000	7,072,000
Long term loans and advances	8	39,600,000	31,700,000
Long term deposits	9	2,344,660	1,843,364
		63,820,905	52,734,321
CURRENT ASSETS			
Account receivables	10	19,354,973	14,372,047
Loan and advances	11	205,432	263,757
Investment at fair value through profit and loss	12	65,391,239	42,606,236
Trade deposits, short term prepayments and current account balance with statutory authorities	13	5,587,913	4,389,330
Cash and bank balances	14	48,532,127	31,989,497
		139,071,684	93,620,867
		202,892,589	146,355,188
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	37,500,000	25,000,000
Unappropriated profit		119,588,198	95,833,325
		157,088,198	120,833,325
NON CURRENT LIABILITIES			
Deferred taxation	16	-	-
CURRENT LIABILITIES			
Trade and other payables	17	45,804,391	25,521,863
CONTINGENCIES AND COMMITMENTS	18	-	-
		202,892,589	146,355,188

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED
TREC HOLDER 275

DIRECTOR

RAHAT SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees Re-stated
Brokerage and commission	19	9,931,744	5,735,984
Capital gain/(loss) on marketable securities		1,358,089	(953,172)
		11,289,833	4,782,812
Direct cost	20	1,210,407	562,032
		10,079,426	4,220,780
Operating expenses	21	9,138,452	9,417,461
OPERATING PROFIT /(LOSS)		940,974	(5,196,681)
Other operating income	22	23,198,443	20,620,084
Finance cost	23	17,590	17,046
PROFIT BEFORE TAXATION		24,121,827	15,406,357
Taxation	24	366,954	414,509
PROFIT FOR THE YEAR		23,754,873	14,991,848
EARNING PER SHARE - BASIC AND DILUTED	25	8.78	6.00

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED TREC HOLDER 275

DIRECTOR

RAHAT SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees Re-stated
Profit for the year	23,754,873	14,991,848
Items that will not be reclassified subsequently to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	23,754,873	14,991,848

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED
TREC
HOLDER
275

DIRECTOR

RAHAT SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees Re-stated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		24,121,827	15,406,357
Adjustments of items not involving movements of cash:			
Depreciation	5	502,172	256,368
Surplus on remeasurement of investment at fair value through profit or loss	12	(27,051,629)	(16,193,660)
Finance cost	23	17,590	17,046
		(26,531,867)	(15,920,246)
Operating cash Flows Before Working capital changes		(2,410,040)	(513,889)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Account receivables		(4,982,926)	(4,339,514)
Loan and Advances		58,325	
Trade deposits and short term prepayments		(56,814)	(105,557)
Increase / (decrease) in current liabilities			
Trade and other payables		20,282,528	(6,329,537)
		15,301,113	(10,774,608)
Cash Generated From Operations		12,891,073	(11,288,497)
Taxes paid		(1,508,723)	(476,583)
Mark - up / Interest paid		(17,590)	(17,046)
		(1,526,313)	(493,629)
Net cash Flows From Operating Activities		11,364,760	(11,782,126)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,187,460)	(100,200)
Short term investment		4,266,626	3,280,497
Long term loans and advances		(7,900,000)	-
Long term deposits		(501,296)	573,491
Net cash Flows From Investing Activities		(7,322,130)	3,753,788
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Flows From Financing Activities			
Shares issued		12,500,000	-
		12,500,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		16,542,630	(8,028,338)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		31,989,497	40,017,835
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	48,532,127	31,989,497

A Cash and Cash Equivalents

	Note	2017 Rupees	2016 Rupees Re-stated
Cash and bank balances	14	48,532,127	31,989,497
		48,532,127	31,989,497

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

RAHAT SECURITIES LIMITED TREC HOLDER 275

CHIEF EXECUTIVE

DIRECTOR

RAHAT SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Paid up capital	Unappropriated profit	Total
	--------- (R	u p e e	s) ---------
Balance as at June 30, 2015	25,000,000	80,841,477	105,841,477
Profit after taxation	-	14,991,848	14,991,848
			-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	14,991,848	14,991,848
Balance as at June 30, 2016	25,000,000	95,833,325	120,833,325
Profit after taxation	-	23,754,873	23,754,873
Share capital issued	12,500,000	-	12,500,000
			-
Other comprehensive income	-	-	-
Total comprehensive income for the year	12,500,000	23,754,873	36,254,873
Balance as at June 30, 2017	37,500,000	119,588,198	157,088,198

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

CHIEF EXECUTIVE

RAHAT SECURITIES LIMITED
TREC HOLDER
275

DIRECTOR

1 COMPANY AND ITS OPERATION

The company is a public company incorporated in Pakistan under the Companies Ordinance 1984 (repealed). The registered office of the company is situated in room 617-618 Lahore Stock Exchange Building 19 Khayaban-e-Aiwan-Iqbal Road Lahore.

The company is Trading Right Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange and has also acquied membership of Pakistan Merchantile Exchange Limited The Principle activity of the Company is financial consultancy, brokerage, underwriting, portfolio management / acquisition of securities and securities research.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no. 17 dated July 20, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies. Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

3 AMENDMENTS / INTERPRETATION TO EXISTING STANDARDS AND FORTHCOMING REQUIREMENTS

3.1 Amendments to published standards that are effective in current year but not relevant to the Company.

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.

3.2 Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2017 or later periods:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

  Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. Accordingly, surplus on revaluation of fixed assets will be part of equity.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation.

Depreciation is charged on reducing balance method at the rates mentioned in note no.5 Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized.

Gain or loss on disposal of property and equipment, if any is taken to profit and loss account.

4.2 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount.

4.2.1 Membership card and offices

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

4.3 FINANCIAL ASSETS

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

4.3.1 Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

4.3.2 At fair value through profit and loss

Investments classified as held for trading are included in the category of financial assets at fair value through profit and loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit and loss account of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on balance sheet date.

4.3.3 Available-for-sale

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

4.3.4 Loans and Receivables

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

4.4 FINANCIAL LIABILITIES

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

4.5 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet date, where there is a legal enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.6 TRADE DEBTS AND OTHER RECIEVABLES

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

4.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at fair value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and short term running finances with bank.

4.8 SHARE CAPITAL

Ordinary shares are classified as equity and recognized at their face value.

4.9 BORROWINGS

Borrowings that are acquired for long term financing are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.10 TAXATION

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

The company accounts for deferred taxation using the liability method on all timing differences which are considered reversible in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

4.11 TRADE AND OTHER PAYABLES

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

4.12 PROVISIONS

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.14 IMPAIRMENT

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is charged to the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.15 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

4.16 BASIC AND DILUTED EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders. 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 year. 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, if any.

4.17 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

4.18 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

5 Property and equipment

Particulars	Cost			Depreciation				WDV
	As at June 30, 2016	Additions	As at June 30, 2017	Rate %	As at June 30, 2016	Charge for the year	As at June 30, 2017	As at June 30, 2017
OWNED								
Furniture and fittings	1,149,417	-	1,149,417	10	849,375	30,004	879,379	270,038
Vehicles	727,000	3,128,460	3,855,460	20	647,262	276,653	923,915	2,931,545
Office equipment	4,578,400	-	4,578,400	10	3,266,087	131,231	3,397,318	1,181,082
Computers	2,263,436	59,000	2,322,436	30	2,084,572	64,284	2,148,856	173,580
Rupees	8,718,253	3,187,460	11,905,713		6,847,296	502,172	7,349,468	4,556,245
2016 Rupees	8,618,053	100,200	8,718,253		6,590,928	256,368	6,847,296	1,870,957

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		Note	2017 Rupees	2016 Rupees Re-stated
6	**INTANGIBLE ASSETS**			
	Trading right entitlement certificate	6.1	3,328,000	3,328,000
	Membership of Pakistan Merchantile Exchange Limited		250,000	250,000
	Rights of room		5,870,000	5,870,000
	Membership of Royal Palm Country Club		800,000	800,000
			10,248,000	10,248,000

6.1 It represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business and to meet partly, the Base Minimum Capital Requirement. It is carried at cost less impairment.

		Note	2017 Rupees	2016 Rupees
7	**LONG TERM INVESTMENT**			
	Available for sale investment			
	Unquoted - Shares of LSE Financial Services Limited			
	Cost as at July 01,	7.1	7,072,000	7,072,000
	Less: Impairment		-	-
			7,072,000	7,072,000

7.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Sock Exchange Limited, now LSE Financial Services Limited allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange Limited to fulfill the Base Minimum Capital requirement.Under the current circumstances where active market is not available for such shares net Asset Value has been considered for impairment testing.

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	Note	2017 Rupees	2016 Rupees Re-stated
8 LOANS AND ADVANCES			
Advance against room in NCEL building		2,500,000	2,500,000
Advance against office building	8.1	37,100,000	29,200,000
		39,600,000	31,700,000

8.1 The company has purchased office premises amounting Rs.50.00 Million from a dirctor of the company on installment basis.The title of the premises would be transferred in the name of the company on full payment of installments.

	Note	2017 Rupees	2016 Rupees Re-stated
9 LONG TERM DEPOSITS			
Deposits with:			
Pakistan Stock Exchange Limited		-	200,000
National Clearing Company of Pakistan Limited		500,000	300,000
Pakistan Merchantile Exchange Limited		1,674,660	921,620
Central Depository Company of Pakistan Limited		100,000	100,000
Others		70,000	321,744
		2,344,660	1,843,364

	Note	2017 Rupees	2016 Rupees
10 ACCOUNT RECEIVABLES			
Pakistan Merchantile Exchange Limited		4,217,113	-
Receivable from clients on account of			
Purchase of shares on behalf of clients	10.1&10.2	19,296,426	14,372,047
Less provision for doubtful debts	10.1.2	(4,621,138)	-
		14,675,288	14,372,047
Receivable from National Clearing Company of Pakistan Limited		462,572	-
		19,354,973	14,372,047

10.1 Aging Analysis

	Amount Rupees	Custody Value Rupees
Upto five days	6,606,435	27,038,880
More than five days	8,068,853	286,602,881
	14,675,288	313,641,761

	2017 Rupees	2016 Rupees
10.1.2 Movement is as follows		
Opening Balance	-	-
Provision made during the year	4,621,138	-
	4,621,138	-

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

10.2 This includes amounting Rs. 6,069,074 (2016: Rs.8,725) receivable from related parties i.e. directors and shareholders of the company against sale of shares.

	Note	2017 Rupees	2016 Rupees
11 LOANS AND ADVANCES			
Advances to: (Unsecured but considered good)			
Employees		205,432	263,757

12 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS			
Investment - listed companies			
Carrying value		38,339,610	26,412,576
Gain on remeasurement of fair value of investment as at June 30,		27,051,629	16,193,660
		65,391,239	42,606,236

This includes shares having carrying value of Rs. 11,246,465 (2016: 4,075,431) pledged with National Clearing Company of Pakistan Limited.

	Note	2017 Rupees	2016 Rupees Re-Stated
13 TRADE DEPOSITS, SHORT TERM REPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Limited		200,000	200,000
Pakistan Mercantile Exchange Limited		135,943	267,783
		335,943	467,783
Tax deducted at source		5,063,316	3,921,547
Prepayments		188,654	-
		5,587,913	4,389,330

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	Note	2017 Rupees	2016 Rupees
14 CASH AND BANK BALANCES			
These were held as under:			
Cash in hand		76,275	105,741
Cash at bank			
Current Accounts			
Pertaining to brokerage house	**14.1**	7,263,272	7,394,658
Pertaining to clients		41,192,580	24,487,926
		48,455,852	31,882,584
Deposit Account			
Pertaining to brokerage house	**14.2**	-	1,172
Peratining to clients'		-	-
		-	1,172
		48,455,852	31,883,756
		48,532,127	31,989,497

14.1 This includes balance amounting Rs.757,242 and Rs. 1,783 pertaining to client group account and proprietary account in Pakistan Mercantile Exchange Limited.

14.2 It carries markup @ 0% (2016: 6%) per annum

	Note	2017 Rupees	2016 Rupees
15 SHARE CAPITAL			
Authorized			
5,000,000 (2016:5,000,000) ordinary shares of Rs.10/- each		50,000,000	50,000,000
Issued, subscribed and paid up			
3,750,000 (2016:2,500,000) ordinary shares of Rs.10/- each fully paid in cash		37,500,000	25,000,000

15.1 Pattern of Shareholding:

	% age of Shares Held		Number of Shares Held	
	2017	2016	2017	2016
Categories of shareholders				
Individual				
Ch. Muhammad Afzal	21.71%	18.19%	814,250	454,750
Ch. Muhammad Ashraf	11.11%	16.67%	416,750	416,750
Ch. Muhammad Arshad	20.07%	15.74%	752,500	393,500
Ch. Muhammad Akhtar	20.70%	16.67%	776,250	416,750
Ch. Muhammad Amjad	20.70%	16.67%	776,250	416,750
Mrs humaira Afzal	0.13%	0.20%	5,000	5,000
Mr. Ahmed Erbaz Riaz	0.03%	0.04%	1,000	1,000
Raja Munir Ahmed	0.00%	5.00%	-	125,000
Arif Mehmood	0.48%	0.72%	18,000	18,000
Shafique Ahmed	0.48%	0.72%	18,000	18,000
Amir Rauf Majeed	0.48%	0.72%	18,000	18,000
Ishtiaq Ahmed	0.48%	0.72%	18,000	18,000
Ch Imran Bashir	0.48%	0.72%	18,000	18,000
Akhtar Ali	0.48%	0.72%	18,000	18,000
Shafqat Ali	0.23%	0.34%	8,500	8,500
Ms. Mina Arshad Chaudha	2.44%	3.66%	91,500	91,500
Syed Muhammad Raza	0.00%	2.50%	-	62,500
	100%	100%	3,750,000	2,500,000

	Note	2017 Rupees	2016 Rupees
16 DEFERRED TAXATION			
Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		200,079	106,930
Brought forward losses		(4,854,516)	(5,412,914)
		(4,654,437)	(5,305,984)
Balance as at July 01,		-	-
Add: charge/(reversal) for the year		-	-
		-	-

At year end net deductible temporary differences amounting Rs.15,514,787 (2016:17,116,080) which results in a net deferred tax asset of Rs. 4,654,437 (2016. 5,305,984) However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2018.

	Note	2017 Rupees	2016 Rupees Re-stated
17 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of client:	**16.1& 16.2**	41,163,830	23,663,399
Creditors PMEX		4,217,113	-
Payable to National Clearing Company of Pakistan Limited		-	- 812,479
Accrued expense		423,448	1,045,985
		45,804,391	25,521,863

17.1 The total value of securities pertaining to clients are Rs. 529,981,312 held in sub-accounts of the company. No client security is pledged with the financial institutions except with National Clearing Company of Pakistan amounting Rs. 156,100 for exposure margin.

17.2 This includes amounting Rs.14,878 (2016: Rs.Nil) payable to related parties i.e. directors and shareholders of the company against sale of shares.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies as at balance sheet date were Rs. Nil (2016: Rs. Nil).

18.2 Commitments in respect of capital expenditures as at June 30, 2017 were amounting Rs.12.90 million (2016: Rs. 20.80 million)

	2017 Rupees	2016 Rupees Re-stated
19 BROKERAGE AND COMMISSION		
Proprietary Customers	41,572	46,746
Retail Customers	11,479,251	6,606,995
	11,520,823	6,653,741
Less: Sales Tax	(1,589,079)	(917,757)
	9,931,744	5,735,984

19.1 Commission earned from related parties i.e. directors and shareholders during the year is amounting Rs. 126,421 (2016: Rs.378)

	2017 Rupees	2016 Rupees Re-stated
20 DIRECT COST		
Commission paid	288,307	122,379
Pakistan Stock Exchange expenses	242,345	48,357
National Clearing Company's trade fee	106,294	128,649
Central Depository Company's charges	573,461	262,647
	1,210,407	562,032

	Note	2017 Rupees	2016 Rupees Re-stated
21 OPERATING EXPENSES			
Directors' remuneration		720,000	720,000
Staff salaries and benefits		4,309,916	4,434,542
Rent, rates and taxes		431,976	531,076
Communication expenses		498,698	285,575
Utility charges		313,872	507,570
Postage and courier charges		39,120	20,544
Printing and stationery		85,932	40,047
Repair and maintenance		178,824	888,575
Insurance		5,772	-
Legal and professional charges		260,750	144,000
Fee and subscription		731,080	36,000
Charity and donation		100,000	150,000
Books and newspapers		4,374	5,030
Entertainment		315,222	611,589
Travelling expenses		101,560	7,700
Vehicle running and maintenance		393,944	322,014
Advertisement		60,000	-
Depreciation	5	502,172	256,368
Others		85,240	456,831
		9,138,452	9,417,461

22 OTHER OPERATING INCOME/(EXPENSES)

	2017 Rupees	2016 Rupees
Income from financial assets		
Dividend income	699,777	4,394,229
Surplus on remeasurement of investment at fair value through profit or loss - Net	27,051,629	16,193,660
Interest Income	12,597	-
Provision for doubtful debts	(4,621,138)	-
Income from assets other than financial assets		
IPO Commission	55,578	32,195
	23,198,443	20,620,084

	2017 Rupees	2016 Rupees
23 FINANCE COST		
Bank charges	17,590	17,046

	2017 Rupees	2016 Rupees

24 TAXATION

Income tax:		
-Current	345,209	414,509
-Prior year	21,745	-
-Deferred	-	-
	366,954	414,509

24.1 Income tax assessment of the Company have been finalized up to tax year 2016.

24.2 No numeric tax rate reconciliation is presented in these financial statements as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance 2001.

25 EARNING PER SHARE - BASIC AND DILUTED

	2017	2016 Re-stated
Profit for the year-Rupees	23,754,873	14,991,848
Weighted average number of ordinary shares outstanding during the year-Numbers	2,705,479	2,500,000
Earning per share-Rupees	8.78	6.00

26 NUMBER OF EMPLOYEES

	2017	2016
	(N u m	b e r)
Total number of employees at the end of year	16	21
Average number of employees at the year end	16	21

27 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive and directors of the company is as follows:

	Chief Executive		Directors	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Managerial remuneration	180,000	180,000	540,000	540,000
Number of persons	1	1	3	3

The Chief Executive and director are entitled to free use of cars according to the company policy.

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	2017 Rupees	2016 Rupees
28 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets and financial liabilities		
Financial assets		
Financial instruments- available for sale		
Long term investment	7,072,000	7,072,000
Investment at fair value through profit and loss	65,391,239	42,606,236
Loans and receivables		
Long term deposits	2,344,660	1,843,364
Trade debts	19,354,973	14,372,047
Trade deposits and other receivables	335,943	467,783
Cash and bank balances	48,532,127	31,989,497
	70,567,703	48,672,691
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	45,804,391	25,521,863

29 FINANCIAL RISK MANAGEMENT

29.1 The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The company's exposure to financial risks, the way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the company and the manner in which each of these risks are managed is as follows:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral.

Exposure to Credit Risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities 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

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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, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	Note	2017 Rupees	2016 Rupees
Long term investment		7,072,000	7,072,000
Long term deposits		2,344,660	1,843,364
Trade debts	29.1.1	19,354,973	14,372,047
Short term deposits		335,943	467,783
Bank balances	29.1.2	48,455,852	31,882,584
		77,563,428	55,637,778

29.1.1 The maximum exposure to credit risk for trade debts is due from local clients and the aging of trade debts at the reporting date was:

	2017 Rupees	2016 Rupees
The aging of trade debts at the reporting date was:		
Upto 1 month	6,036,396	1,727,247
1 to 6 months	101,287	96,163
More than 6 months	13,217,290	12,548,637
	19,354,973	14,372,047

29.1.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. 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.

Geographically there is no concentration of credit

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

	Note rating	2017 Rupees	2016 Rupees
Cash at banks	A1+	48,455,852	31,879,934
	A1	-	3,822
		48,455,852	31,883,756

b) **Liquidity Risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2017			
	Carrying Amount	Contractual Cash Flows	Maturity Upto One	Maturity After One Year
	-------------R u p	e e s-------------		
Trade and other payables	45,804,391	45,804,391	45,804,391	-

	2016			
	Carrying Amount	Contractual Cash Flows	Maturity Upto One Year	Maturity After One Year
	-------------R u p	e e s-------------		
Trade and other payables	25,521,863	25,521,863	25,521,863	-

Liquidity Risk Management

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

c) **Market Risk**

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

i) **Foreign Currency Risk**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

ii) **Price Risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities and also the company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

Sensitivity Analysis

The table below summarizes Company's equity price risk as of 30 June 2017 and 2016 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices of investments through profit and loss as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair Value Rupees	Hypothetical Price Change	Estimated Fair Value After Hypothetical Change In Price Rupees	Hypothetical Increase/(Decrease) in Share Holders' Equity Rupees
June 30,	65,391,239	10% increase	71,930,363	6,539,124
		10% decrease	58,852,115	(6,539,124)
June 30,	42,606,236	10% increase	46,866,860	4,260,624
		10% decrease	38,345,612	(4,260,624)

iii) **Interest Rate Risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Sensitivity Analysis

Currently, the Company is not exposed to any interest rate risk as it does not hold any mark up/interest bearing financial instrument exposed to interest rate risk at the reporting date.

29.2 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically reprised.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2017		
	Level 1	Level 2	Level 3
	-----------------Rupees-----------------		
Financial assets			
Investment at fair value through profit and loss	65,391,239	-	-
Investments available for sale	-	7,072,000	-
	65,391,239	7,072,000	-

	2016		
	Level 1	Level 2	Level 3
	----------------Rupees----------------		
Financial assets			
Investment at fair value through profit and loss	42,606,236	-	-
Investments available for sale	-	7,072,000	-
	42,606,236	7,072,000	-

29.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has a gearing ratio of 0% (2016: 0%) as at the balance sheet date.

30 OPERATING SEGMENT

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

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

31 RESTATEMENT OF FUNDAMENTAL ACCOUNTING ERROR

During the previous year, gain on remeasurement of investment at fair value through profit and loss was erroneously charged directly to Statement of Comprehensive Income. It reduced profit after tax and Earning per share by Rs. 16,193,660 and Rs. 6.48 per share respectively. Adjustment had been made retrospectively in these financial statements as per the requirement of IAS - 8 (Accounting Policies, Changes in Accounting Estimates and Errors). Effect of the above mentioned restatement is as below;

	As - restated	As previously reported
	Rupees	Rupees
Effect on Profit and loss account		
Other Income	16,193,660	-
Effect on statement of comprehensive income	-	16,193,660

32 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever necessary for comparison purpose, however, there were no material reclassifications/rearrangements except the followings;

Head of Account	Previous	Current	Rupees
Pakistan Mercantile Exchange	Intangible Assets Rights of room	Long term loan and advances	2,500,000
Office at NCHS	Intangible Assets Rights of room	Long term loan and advances	37,100,000
Membership in Royal Palm	Long term Deposits	Intangible assets	800,000
Pakistan Mercantile Exchange	Long term Deposits	Trade Deposits Short term prepayments and current account balances with statutory authorities	267,783
Exposure margin with Pakistan Stock Exchange	Long term Deposits	Trade Deposits Short term prepayments and current account balances with statutory authorities	200,000

33 GENERAL

Figures have been rounded off to the nearest rupee.

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 14 SEP 2017 by the Board of Directors of the Company.

RAHAT SECURITIES LIMITED
TREC HOLDER 275

CHIEF EXECUTIVE **DIRECTOR**

Rahat Securities Limited

TREC HOLDER PAKISTAN STOCK EXCHANGE LIMITED.
UNIVERSAL MEMBER PAKISTAN MERCANTILE EXCHANGE LIMITED.
Head Office: Room # 617 & 618, Stock Exchange Building, Lahore.
Tel: 042 - 36303876 - 78, 36316208, 36315210 **Fax:** 042-36314253
E-mail: info@rahatonline.com Website: www.rahatonline.com

DIRECTOR'S REPORT

The Directors of your company welcome you to the Annual General Meeting and feel pleasure to present the annual report together with audit accounts for the year ended June 30, 2017.

The Financial results for the year under review are as under:

	2017 Rs.	2016 Rs.
(Loss) / Profit before Taxation	**24,121,827**	**15,406,357**
Taxation – Provision	**(366,954)**	**(414,519)**
Net (Loss)/Profit after Taxation	**23,754,873**	**14,991,848**
Balance brought forward from previous Year	**95,833,325**	**80,841,478**
Profit available for appropriation	**119,588,198**	**95,833,325**

COMPANY PERFORMANCE

The year under review shows continuous improvement and was quite prosperous for the company. The Financial results during the year show increasing results in terms of brokerage revenue. The Company earned pre-tax Profit of Rs. 24,121,827 as compared to previous year pre-tax profit of Rs. 15,406,357 for the year ended June 30, 2017. By virtue of constant efforts of our directors, company managed to keep itself away from the volatility of the market and kept the company safe from bigger losses.

FUTURE PROSTECTS

The Company expects better prospects in the coming year and directors hope that during the coming year brokerage income and capital gain of the company will increase with the constant ratio. The directors are making continuous efforts to expend its current market.

DIVIDEND

No dividend has been declared during the year as the management is planning to expand the business activities.

EPS

The EPS for the year under review is Rs. 8.78 in comparison to earning per share of Rs. 6.00 in the preceding year.

RAHAT SECURITIES LIMITED TREC HOLDER 275

Rahat Securities Limited

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E-mail: info@rahatonline.com Website: www.rahatonline.com

AUDITORS

The present auditors M/S AMIN, MUDASSAR & COMPANY, Chartered Accountants, retire being eligible offer themselves for re-appointing.

The Directors wish to express their appreciation for the services rendered by all employee of the Company during the year.

On behalf of the Board of Directors

Chaudhry Muhammad Afzal
Chief Executive

RAHAT SECURITIES LIMITED TREC HOLDER 275

Lahore: October 02, 2017.