

AAA Securities (Private) Limited

Audited Financial Statements

As at

June 30, 2016



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AAA Securities (Private) Limited** ("the Company") as at June 30, 2016 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 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 Companies Ordinance, 1984;
- b) In our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of 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

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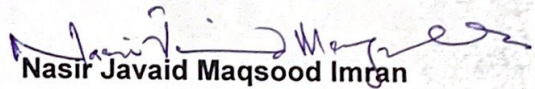


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- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved Accounting Standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the 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.

Date:

Place: **Islamabad**


Nasir Javaid Maqsood Imran

Chartered Accountants

IMRAN UL HAQ, FCA

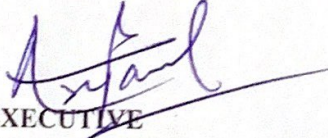


AAA SECURITIES (PRIVATE) LIMITED

BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	3,143,407	3,209,605
Intangible assets	5	5,000,554	4,000,791
Long term deposits	6	500,000	400,000
Long term investment	7	30,346,030	30,346,030
CURRENT ASSETS			
Short term deposits and receivables	8	392,596	551,137
Withholding tax	9	-	163,680
Cash and bank balances	10	9,607,864	16,808,272
		10,000,460	17,523,090
TOTAL ASSETS		48,990,451	55,479,517
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
2,000,000 ordinary shares of Rupees 10 each		20,000,000	20,000,000
Issued, subscribed and paid up share capital			
2,000,000 ordinary shares of Rupees 10 each		20,000,000	20,000,000
Unappropriated loss		(1,665,003)	(1,206,305)
Fair value reserve		18,346,030	18,346,030
TREC value reserve		1,000,000	-
		37,681,027	37,139,725
NON - CURRENT LIABILITIES			
Long term loan	11	7,695,031	7,695,031
CURRENT LIABILITIES			
Other payables	12	123,464	160,000
Payable to account holders	13	3,490,929	10,484,762
		3,614,393	10,644,762
CONTINGENCIES AND COMMITMENTS			
		-	-
TOTAL EQUITY AND LIABILITIES		48,990,451	55,479,517

The annexed notes 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Revenue	14	111,594	224,486
Administrative expenses	15	<u>(738,412)</u>	<u>(565,189)</u>
Operating profit / (loss)		(626,818)	(340,704)
Other income	16	<u>379,200</u>	<u>133,523</u>
Profit/(Loss) before tax		(247,618)	(207,180)
Taxation		(211,080)	-
Net (Loss)		<u><u>(458,698)</u></u>	<u><u>(207,180)</u></u>

The annexed notes 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Net (loss)		(458,698)	(207,180)
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Gain on remeasurement of TREC		1,000,000	-
Total comprehensive income/(loss) for the year		<u><u>541,302</u></u>	<u><u>(207,180)</u></u>

The annexed notes 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the year before taxation	(247,618)	(207,180)
Adjustments for non-cash charges and other items:		
Depreciation	76,936	85,791
Cash flows before working capital changes	(170,682)	(121,389)
Working capital changes:		
(Increase)/decrease in current assets		
Short term deposits and prepayments	158,541	979,212
Long term deposits	(100,000)	-
Increase/(decrease) in current liabilities		
Payable to account holders	(6,993,833)	4,290,816
Trade and other payables	(36,536)	80,000
	<u>(6,971,828)</u>	<u>5,350,028</u>
Cash generated from operations	(7,142,510)	5,228,639
Taxes paid	(47,400)	(13,705)
Net cash from operating activities	<u>(7,189,910)</u>	<u>5,214,934</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,500)	-
Net cash used in investing activities	<u>(10,500)</u>	-
Net (decrease)/increase in cash and cash equivalents	(7,200,409)	5,214,933
Cash and cash equivalents at the beginning of the year	16,808,272	11,593,340
Cash and cash equivalents at the end of the year	<u>9,607,864</u>	<u>16,808,272</u>

The annexed notes 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued Subscribed & Paid up Capital	Fair value reserve	TREC value reserve	Un- appropriated profits/(loss)	Total
Balance as at July 1, 2014	20,000,000	18,346,030	-	(999,125)	37,346,905
Net profit/loss for the year	-	-	-	(207,180)	(207,180)
Balance as at June 30, 2015	20,000,000	18,346,030	-	(1,206,305)	37,139,725
Balance as at July 1, 2015	20,000,000	18,346,030	-	(1,206,305)	37,139,725
Net profit/loss for the year	-	-	-	(458,698)	(458,698)
Other comprehensive income for the year	-	-	1,000,000	-	1,000,000
Balance as at June 30, 2016	20,000,000	18,346,030	1,000,000	(1,665,003)	37,681,027

The annexed notes 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

1 STATUS AND NATURE OF BUSINESS

AAA Securities (Private) Limited is a private company limited by shares and incorporated in Pakistan under the Companies Ordinance 1984 on June 23, 2004.

The company is engaged in stock brokerage business and registered as broker by SECP under Registration Number BRI - 60 dated September 27, 2004 situated at 709, 7th Floor, 55-B, ISE Towers, Jinnah Avenue, Blue Area, Islamabad.

2 STATEMENT OF COMPLIANCE

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation of Financial Statements

These accounts have been prepared under the historical cost convention without incorporating any adjustments of the effect of inflation or current values except for available for sale investment the valuation basis of which are disclosed in relevant notes.

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and financial reporting standards requires the management to make judgments, estimates and assumptions that effect the reporting amounts of assets and liability and income and expenses. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

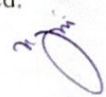
- i) Useful lives, pattern of economic benefits and impairments
- ii) Taxation
- iii) Fair values of investments

3.3 Property and equipment

a) Cost

Operating fixed assets are stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the year / period in which they are incurred.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

b) Depreciation

Depreciation is charged to income on reducing balance method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 4. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

c) Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year/period the asset is derecognized.

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. Trading Right Entitlement Certificate (TREC) which is granted by Pakistan Stock Exchange (PSX) in lieu of membership cards are valued initially at prescribed value by PSX.

3.5 Impairment

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.6 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash at bank in current accounts. It is carried in the balance sheet at book value which approximates its fair value.

3.7 Taxation

The charge for current taxation is based on taxable income at the current rates after taking into accounts the tax credits and tax rebates available.

In order to facilitate the process of demutualization and corporatization of Stock Exchanges any gain on transfer of capital assets of the existing stock exchanges to new corporatized stock exchange has been exempted under newly inserted clause (110A) of the Income Tax Ordinance, 2001, amended through Finance Act 2007. Similarly, any gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange for acquisition of shares or trading rights by such member in a newly corporatized stock exchange has also been exempted under clause (110B) of Part I of Second Schedule to the Income Tax Ordinance, 2001 as shown in statement of comprehensive income.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3.8 Investment at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition it is designated by the Company as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

3.9 Transaction Date Accounting

All "regular way" purchases and sales of financial assets are recognized on date of trade execution. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

3.10 Investments classified as Available-for-sale financial assets:

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

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as a reclassification adjustment.

Interest on available-for-sale securities, if any, is calculated using the effective interest method is recognized in the profit and loss account. Dividends on available for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment.

3.11 Revenue Recognition

Revenue is recognized as and when services are rendered:

Capital gains or losses on sale of investments are recognized in the year in which they arise.

Money market brokerage, consultancy and advisory fees are recognized as and when such services are provided.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3.12 Functional and presentation currency

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

3.13 New and amended standards and interpretations

3.13.1 Standards that became effective and adopted:

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

3.13.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

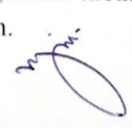
		Effective date (annual reporting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued	July 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/ disclosures.

3.13.3 There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 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.

3.14 Financial instruments

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.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4 PROPERTY AND EQUIPMENT

	Room In ISE	Furniture & Fixture	Computer Equipment	Total
COST	Rupees			
Balance as at June 30, 2014	2,500,000	1,313,250	285,950	4,099,200
Additions during the Year	-	-	-	-
Balance as at June 30, 2015	2,500,000	1,313,250	285,950	4,099,200
Balance as at June 30, 2015	2,500,000	1,313,250	285,950	4,099,200
Additions during the Year	-	-	10,500	10,500
Balance as at June 30, 2016	2,500,000	1,313,250	296,450	4,109,700
DEPRICIATION				
Balance as at June 30, 2014	-	547,926	256,216	804,143
Charge for the year	-	76,532	8,920	85,452
Balance as at June 30, 2015	-	624,459	265,136	889,595
Balance as at June 30, 2015	-	624,459	265,136	889,595
Charge for the year	-	68,879	7,819	76,698
Balance as at June 30, 2016	-	693,338	272,956	966,293
Written down value as at June 30, 2015	2,500,000	688,791	20,814	3,209,605
Written down value as at June 30, 2016	2,500,000	619,912	23,494	3,143,407
Rate of Depreciation	0%	10%	30%	

	Note	Rupees 2016	Rupees 2015
5 INTANGIBLE ASSETS			
Accounting Software	5.1	554	791
Trading Right Entitlement Certificate	5.2	5,000,000	4,000,000
		<u>5,000,554</u>	<u>4,000,791</u>
5.1 Accounting Software			
Cost		40,000	40,000
Amortization for the year		(237)	(339)
Accumulated amortization - opening		(39,209)	(38,870)
Net book Value		<u>554</u>	<u>791</u>
Amortization rate		30 %	30 %

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AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

5.2 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges Corporatisation, Demutualization and Integration) Act, 2012 (The Act). The company has also received shares of ISE Towers REIT Management Company Limited after completion of the demutualization process. The TREC have been recorded at Rs. 5.00 million. For details, refer to note 7.1. The Board of Directors of PSX has implemented the requirement of the creating charge /hypothecation on TREC in compliance of the regulation 2.1 of the risk management regulation.

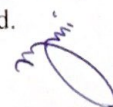
			Rupees 2016	Rupees 2015
6	LONG TERM DEPOSITS	Note		
	CDC		100,000	100,000
	ISE Clearing House		200,000	100,000
	NCCPL		200,000	200,000
			500,000	400,000
7	LONG TERM INVESTMENT			
	Available for sale			
	Shares in Islamabad Stock Exchange Limited	7.1	30,346,030	30,346,030

7.1 Pursuant to promulgation of the Stock Exchange (Corporatization, demutualization and Integration Act), 2012 "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 include 60 % shares if ISEL, held in separate CDC blocked account to restrict the sale of these shares by the members whereas stock exchange will dispose of these shares under the provisions of this 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.

In 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 PSX and intimated to SECP for the base minimum capital. This fact indicates an acceptable level of value for TREC which is also used by the stock exchange for risk management and to safeguard investors 'interest.

Consequently the company has recorded a surplus of Rs. 18,346,030/- on conversion of membership card of ISE to shares and TREC in equity through Statement of Comprehensive Income.

During the period, a memorandum of understanding was signed between Karachi Stock Exchange (KSE), the Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the Stock Exchanges (Corporatization, Demutualization) Act, 2012 (XV of 2012) vide SECP's order 01/2016 dated 11 January 2016. As a consequence of the integration scheme, the business model of ISE would change to Real Estate Investment Trust (REIT) management company and KSE would carry the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

The company as per policy, carried out the valuation of the aforementioned entities after considering the latest available financial information, recent market development, effect of integration and new scope of business to be carried by ISE Towers REIT Management Company Limited. Management estimates that current fair value of shares of aforementioned entities is approximate to that of June 30, 2015 as the information of observable inputs is not available yet.

	Note	Rupees 2016	Rupees 2015
8 SHORT TERM DEPOSITS AND RECEIVABLES			
Receivable from clients		392,596	471,137
Exposure margin deposits - ISE		-	80,000
		<u>392,596</u>	<u>551,137</u>
9 WITHHOLDING TAX			
Withholding tax opening balance		163,680	149,975
With held during the year		47,400	13,705
Taxation - current		(47,400)	-
- prior		(163,680)	-
		<u>(211,080)</u>	<u>-</u>
		<u>-</u>	<u>163,680</u>
10 CASH AND BANK BALANCE			
Cash in hand		2,707	1,940
Cash at bank on current accounts		9,605,156	16,806,332
		<u>9,607,864</u>	<u>16,808,272</u>
11 LONG TERM LOAN			
This loan is obtained from relatives of directors to manage liquidity. It is unsecured, interest free and its repayment terms have not been decided yet.			
12 OTHER PAYABLES			
Audit fee		88,000	160,000
Electricity expense payable		4,558	-
News paper bill payable		418	-
Service charges payable		30,488	-
		<u>123,464</u>	<u>160,000</u>
13 PAYABLE TO ACCOUNT HOLDER			
Payable to regular account holders		3,490,929	10,484,762
		<u>3,490,929</u>	<u>6,193,946</u>
14 REVENUE			
Brokerage Commission		111,594	224,486
		<u>111,594</u>	<u>224,486</u>

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Rupees 2016	Rupees 2015
15 ADMINISTRATIVE AND GENERAL EXPENSES			
Electricity		36,797	34,935
Telephone		31,526	20,277
Water charges		17,851	2,871
News papers & periodicals		4,845	4,370
NCSS charges		12,945	6,525
CDC charges		16,765	29,418
SECP Fee		50,000	50,025
Terminal Display cost		16,150	30,000
Depreciation and amortization		76,935	85,791
Service Charges		258,032	170,000
Miscellaneous Expenses		108,856	14,262
Audit Fee		88,000	80,000
Bank Charges		60	170
Fee and Taxes		11,915	28,810
Property Tax		7,735	7,735
		<u>738,412</u>	<u>565,189</u>
16 OTHER INCOME			
Dividend income		379,200	133,523
		<u>379,200</u>	<u>133,523</u>

17 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

17.1 Financial assets as per balance sheet

	At Ammortized Cost		At Fair Value Through Profit & Loss		Available For Sale	
	2016	2015	2016	2015	2016	2015
	Long term deposits	500,000	400,000	-	-	-
Long term investment	-	-	-	-	30,346,030	30,346,030
Receivable from clients	392,596	551,137	-	-	-	-
Cash and bank balances	9,607,864	16,808,272	-	-	-	-
	<u>10,500,460</u>	<u>17,759,409</u>	<u>-</u>	<u>-</u>	<u>30,346,030</u>	<u>30,346,030</u>

17.2 Financial liabilities as per balance sheet

	At Ammortized Cost		At Fair Value Through Profit & Loss	
	2016	2015	2016	2015
	Other payables	123,464	160,000	-
Payable to account holders	3,490,929	10,484,762	-	-
Long term loan	7,695,031	7,695,031	-	-
	<u>11,309,424</u>	<u>18,339,793</u>	<u>-</u>	<u>-</u>

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17.3 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.

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 companies ability to continue as a going concern in order to provide returns to share holders and benefit for others 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. 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 commitment from management. 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 is not exposed to any such risk.

- **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 not yet exposed to equity price risk.

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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.

17.4 Recognized fair value measurement - financial assets

(i) Fair value hierarchy

Judgments and estimates are made for financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

As at June 30, 2016	Level 1	Level 2	Level 3
Rupees.....		
Long term investment			30,346,030
Total financial assets	-	-	30,346,030

As at June 30, 2015	Level 1	Level 2	Level 3
Rupees.....		
Long term investment			30,346,030
Total financial assets	-	-	30,346,030

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of assets and liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between any level during the year.

18 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

	2016	2015
19 NUMBER OF EMPLOYEES	Nil	Nil

20 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2016 by the Board of Directors of the Company.



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21 GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR