

AAA SECURITIES (PRIVATE) LIMITED
Chartered Accountants

STATEMENT OF THE MEMBERS

As at June 30, 2017 and for the period ended June 30, 2017. The financial statements for the period ended June 30, 2017 are audited and the auditor's report is set out on page 10. The financial statements for the period ended June 30, 2016 are not audited and the auditor's report is set out on page 10. The financial statements for the period ended June 30, 2015 are not audited and the auditor's report is set out on page 10.

AAA Securities (Private) Limited
Audited Financial Statements
As at
June 30, 2017

The financial statements for the period ended June 30, 2017 are audited and the auditor's report is set out on page 10. The financial statements for the period ended June 30, 2016 are not audited and the auditor's report is set out on page 10. The financial statements for the period ended June 30, 2015 are not audited and the auditor's report is set out on page 10.

The financial statements for the period ended June 30, 2017 are audited and the auditor's report is set out on page 10. The financial statements for the period ended June 30, 2016 are not audited and the auditor's report is set out on page 10. The financial statements for the period ended June 30, 2015 are not audited and the auditor's report is set out on page 10.



AUDITORS' REPORT TO THE MEMBERS

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

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;

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b) In our opinion:

- i) the balance sheet and profit and loss account, statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved Accounting Standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, 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: October 06, 2017

Place: Islamabad


Nasir Javaid Maqsood Imran
Chartered Accountants

IMRAN UL HAQ, FCA

AAA SECURITIES (PRIVATE) LIMITED
BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	3,090,836	3,143,407
Intangible assets	5	5,000,000	5,000,554
Long term deposits	6	500,000	500,000
Long term investment	7	30,346,030	30,346,030
CURRENT ASSETS			
Account receivables	8	50,473	392,596
Short term investments	9	2,100,002	-
Withholding tax	10	42,480	-
Cash and bank balances	11	23,340,399	9,607,864
		25,533,354	10,000,460
TOTAL ASSETS		<u>64,470,221</u>	<u>48,990,451</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
3,500,000 (2016: 2,000,000) ordinary shares of Rupees 10 each		<u>35,000,000</u>	<u>20,000,000</u>
Issued, subscribed and paid up share capital			
3,069,500 (2016: 2,000,000) ordinary shares of Rupees 10 each	12	30,695,000	20,000,000
Reserves		17,336,724	17,681,027
		48,031,724	37,681,027
NON - CURRENT LIABILITIES			
Long term loan	13	-	7,695,031
CURRENT LIABILITIES			
Other payables	14	3,452,940	123,464
Payable to account holders	15	12,985,556	3,490,929
		16,438,497	3,614,393
Contingencies and commitments		-	-
TOTAL EQUITY AND LIABILITIES		<u>64,470,221</u>	<u>48,990,451</u>

The annexed notes 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

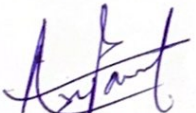
AAA SECURITIES (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Revenue	16	404,696	111,594
Direct Cost	17	<u>(115,453)</u>	<u>(131,795)</u>
Gross Profit		289,244	(20,201)
Administrative expenses Operating (loss)	18	<u>(649,986)</u>	<u>(606,617)</u>
Other income	19	<u>20,485</u>	<u>379,200</u>
(Loss) before tax		(340,256)	(247,618)
Taxation	10	(4,047)	(211,080)
Net (Loss)		<u><u>(344,303)</u></u>	<u><u>(458,698)</u></u>

The annexed notes 1 to 25 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, 2017

	Note	2017 Rupees	2016 Rupees
Net (loss) for the year		(344,303)	(458,698)
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Gain on remeasurement of TREC		-	1,000,000
Total comprehensive (loss)/income for the year		<u><u>(344,303)</u></u>	<u><u>541,302</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE



DIRECTOR

AAA SECURITIES (PRIVATE) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the year before taxation	(340,256)	(247,618)
Adjustments for non-cash charges and other items:		
Depreciation	71,424	76,936
Cash flows before working capital changes	(268,833)	(170,682)
Working capital changes:		
(Increase)/decrease in current assets		
Short term deposits and prepayments	342,123	158,541
Long term deposits	-	(100,000)
Increase/(decrease) in current liabilities		
Payable to account holders	9,494,627	(6,993,833)
Trade and other payables	3,329,476	(36,536)
	13,166,227	(6,971,828)
Cash (used in)/generated from operations	12,897,394	(7,142,510)
Taxes paid	(46,527)	(47,400)
Net cash from/(used in) operating activities	12,850,867	(7,189,910)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from issue of shares	3,000,000	-
Loan repaid to director	(31)	-
Investmnt in shares	(2,100,002)	-
Purchase of fixed assets	(18,300)	(10,500)
Net cash from /(used in) investing activities	881,668	(10,500)
Net increase/(decrease) in cash and cash equivalents	13,732,535	(7,200,409)
Cash and cash equivalents at the beginning of the year	9,607,864	16,808,272
Cash and cash equivalents at the end of the year	23,340,399	9,607,864

The annexed notes 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE

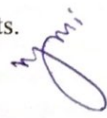

DIRECTOR

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

	Share capital Issued subscribed & paid up	Reserves			Total
		Fair value reserve	TREC value reserve	Un- appropriated profits/(loss)	
-----Rupees-----					
Balance as at July 1, 2015	20,000,000	18,346,030	-	(1,206,305)	37,139,725
Net loss for the year	-	-	-	(458,698)	(458,698)
Other comprehensive income	-	-	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
Balance as at July 1, 2016	20,000,000	18,346,030	1,000,000	(1,665,003)	37,681,027
Shares issued	10,695,000	-	-	-	10,695,000
Net loss for the year	-	-	-	(344,303)	(344,303)
Other comprehensive income	-	-	-	-	-
Balance as at June 30, 2017	30,695,000	18,346,030	1,000,000	(2,009,306)	48,031,724

The annexed notes 1 to 25 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 2017**

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 2017

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.

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.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

3.9 Settlement Date Accounting

All "regular way" purchases and sales of financial assets are recognized on settlement date, i.e. the date on which the asset is delivered to or by the Company. 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.

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:

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

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

3.13.2 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2017:

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

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

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.

4 PROPERTY AND EQUIPMENT

	Room In ISE	Furniture & Fixture	Computer Equipment	Total
COST	Rupees			
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
Balance as at June 30, 2016	2,500,000	1,313,250	296,450	4,109,700
Additions during the Year	-	-	18,300	18,300
Balance as at June 30, 2017	2,500,000	1,313,250	314,750	4,128,000
Balance as at June 30, 2017	2,500,000	1,313,250	314,750	4,128,000
DEPRICIATION				
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
Balance as at June 30, 2016	-	693,338	272,956	966,294
Charge for the year	-	61,991	8,878	70,870
Balance as at June 30, 2017	-	755,329	281,834	1,037,164
Balance as at June 30, 2017	-	755,329	281,834	1,037,164
Written down value as at June 30, 2016	2,500,000	619,912	23,494	3,143,407
Written down value as at June 30, 2017	2,500,000	557,921	32,916	3,090,836
Rate of Depreciation	0%	10%	30%	

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Rupees 2017	Rupees 2016
5 INTANGIBLE ASSETS			
Accounting software	5.1	-	554
Trading Right Entitlement Certificate	5.2	5,000,000	5,000,000
		<u>5,000,000</u>	<u>5,000,554</u>
5.1 Accounting Software			
Cost		40,000	40,000
Amortization for the year		(554)	(237)
Accumulated amortization - opening		<u>(39,446)</u>	<u>(39,209)</u>
Net book value		<u>-</u>	<u>554</u>
Amortization rate		30%	30%

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.

	Note	Rupees 2017	Rupees 2016
6 LONG TERM DEPOSITS			
CDC		100,000	100,000
PSX Clearing House		200,000	200,000
NCCPL		200,000	200,000
		<u>500,000</u>	<u>500,000</u>
7 LONG TERM INVESTMENT			
Available for sale			
Shares in ISE Towers REIT Management Company Ltd.	7.1	<u>30,346,030</u>	<u>30,346,030</u>

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 ISE-REIT and Trading Right entitlement Certificate (TREC) in lieu of membership card of PSX. The company entitlement in respect of ISE-REIT 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 ISE-REIT, 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.



AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 previous years, 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 changed to Real Estate Investment Trust (REIT) management company and KSE carried the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited.

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, 2017 as the information of observable inputs is not available yet.

	Note	Rupees 2017	Rupees 2016
8 ACCOUNT RECEIVABLES			
Receivable from clients		50,473	392,596
		<u>50,473</u>	<u>392,596</u>
9 SHORT TERM INVESTMENTS			
Investment at fair value through profit or loss:			
Investment in listed companies		2,100,002	-
		<u>2,100,002</u>	<u>-</u>
This represent investment in equity stock of various companies listed on Pakistan Stock Exchange.			
10 WITHHOLDING TAX			
Withholding tax opening balance		-	163,680
With held during the year		46,527	47,400
Taxation - current		(4,047)	(47,400)
- prior		-	(163,680)
		<u>(4,047)</u>	<u>(211,080)</u>
		<u>42,480</u>	<u>-</u>
11 CASH AND BANK BALANCE			
Cash in hand		12,762	2,707
Cash at bank on current accounts		23,327,637	9,605,156
		<u>23,340,399</u>	<u>9,607,864</u>

Signature

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
12 SHARE CAPITAL			
Issued, paid up and subscribed capital			
Opening shares		2,000,000	2,000,000
Issued shares for cash during the year		<u>1,069,500</u>	<u>-</u>
Closing shares		<u><u>3,069,500</u></u>	<u><u>2,000,000</u></u>
13 LONG TERM LOAN			
This loan is obtained from relatives of directors to manage liquidity. It is unsecured, interest free and its repayment terms were not decided, however this loan is converted into equity shares this year.			
		Rupees	Rupees
14 OTHER PAYABLES			
Audit fee		176,000	88,000
Payable to Director		3,200,000	-
Bills payable		<u>76,940</u>	<u>35,464</u>
		<u><u>3,452,940</u></u>	<u><u>123,464</u></u>
15 PAYABLE TO ACCOUNT HOLDER			
Payable to regular account holders		<u>12,985,556</u>	<u>3,490,929</u>
		<u><u>12,985,556</u></u>	<u><u>3,490,929</u></u>
16 REVENUE			
Brokerage commission		<u>404,696</u>	<u>111,594</u>
		<u><u>404,696</u></u>	<u><u>111,594</u></u>
17 DIRECT COST			
NCSS charges		4,226	12,945
CDC charges		12,923	16,765
Terminal display cost		-	16,150
Depreciation and amortization		71,424	76,935
PSX fee		15,000	-
Telephone		7,060	9,000
Annual IT charges		4,820	-
		<u><u>115,453</u></u>	<u><u>131,795</u></u>
18 ADMINISTRATIVE AND GENERAL EXPENSES			
Electricity		40,593	36,797
Telephone		17,010	22,526
Water charges		3,599	17,851
News papers & periodicals		4,628	4,845
Service charges		267,524	258,032
Miscellaneous expenses		36,883	108,856
Audit fee		88,000	88,000
Bank charges		403	60
Fee and taxes		183,205	61,915
Property tax		<u>8,141</u>	<u>7,735</u>
		<u><u>649,986</u></u>	<u><u>606,617</u></u>

AAA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

		Rupees	Rupees
	Note	2017	2016
19 OTHER INCOME			
Other income - write offs		20,485	-
Dividend income - Income from financial assets		-	379,200
		20,485	379,200

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

20.1 Financial assets as per balance sheet

	At Ammortized Cost		At Fair Value Through Profit & Loss		Available For Sale	
	2017	2016	2017	2016	2017	2016
	Long term deposits	500,000	500,000	-	-	-
Long term investment	-	-	-	-	30,346,030	30,346,030
Short term Investments	-	-	2,100,002	-	-	-
Receivable from clients	50,473	392,596	-	-	-	-
Cash and bank balances	23,340,399	9,607,864	-	-	-	-
	23,890,872	10,500,460	2,100,002	-	30,346,030	30,346,030

20.2 Financial liabilities as per balance sheet

	At Ammortized Cost		At Fair Value Through Profit & Loss	
	2017	2016	2017	2016
	Other payables	3,452,940	123,464	-
Payable to account holders	12,985,556	3,490,929	-	-
Long term loan	-	7,695,031	-	-
	16,438,497	11,309,424	-	-

20.3 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. Overall, risk arising from the company's financial assets and liabilities are limited.

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.

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e) 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 exposed to equity price in respect of short term investments.

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.

20.4 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 financial assets into the following three levels:

	(Rupees)		
	Level 1	Level 2	Level 3
As at June 30, 2017			
Long term investment			30,346,030
Short term investments	2,100,002		
Total	2,100,002	-	30,346,030
As at June 30, 2016			
Long term investment			30,346,030
Total	-	-	30,346,030

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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.

		Rupees 2017	Rupees 2016
21	RELATED PARTY TRANSACTIONS		
	Cash received from director - Arshad Saeed Malik	6,200,000	-
	Shares issued for cash to director - Arshad Saeed Malik	3,000,000	-
	Director loan converted into capital - Arshad Saeed Malik	7,695,000	-
	Loan repaid to director - Arshad Saeed Malik	(31)	-
22	Information required by regulation 34 of Securities Broker Regulations 2016	2017	2016
a)	- Customer shares in the central depository system	2,147,321	2,112,596
	- Customer's cash in bank account - PKR	12,985,557	3,490,929
b)	Securities pledged with financial institutions	Nil	Nil
c)	Turnover during the period from retail customers - PKR	404,696	111,594
d)	Pattern of shares:		
	Hammad Saeed Malik	200,000	200,000
	Arshad saeed malik	2,269,499	1,199,999
	Asif saeed malik	600,001	1
	Haider Sarfraz Abdi	-	600,000
	Total no of shares	3,069,500	2,000,000
e)	Changes in shareholding:		
	Shares issued during the year to Arshad Saeed Malik	1,069,500	-
f)	Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.		
g)	Aging analysis of amount due from customers		
	Due not more than 5 days - PKR	19,397	34,580
	Due more than 5 days - PKR	31,077	358,016
23	NUMBER OF EMPLOYEES	2017	2016
		Nil	Nil

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24 **DATE OF AUTHORIZATION FOR ISSUE**
These financial statements were authorized for issue on October 06, 2017 by the Board of Directors of the Company.

25 **GENERAL**
Figures have been rounded off to the nearest Rupee.
This year administrative and general expenses have been re-arranged into direct expenses and admin and general expenses


CHIEF EXECUTIVE


DIRECTOR