HORIZON SECURITIES LIMITED

Financial Statements
For the Year Ended on 30 June, 2017

BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HORIZON SECURITIES LIMITED** (the Company) as at **30 June 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, the requirements of the Companies Ordinance, 1984 and the Securities Brokers (Licensing and Operations) Regulations 2016. 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 accounts have been kept by the company as required by the Securities Brokers (Licensing and Operations) Regulations 2016 and 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 Securities Brokers (Licensing and Operations) Regulations 2016 and the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
   i. the expenditure incurred during the year was for the purpose of the Company's business; and
   ii. 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 and the Securities Brokers (Licensing and Operations) Regulations 2016, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

OTHER MATTERS

a) The financial statements for the year ended 30 June 2016 were audited by another firm of Chartered Accountants whose audit report dated 07 October 2016 expressed an unqualified opinion thereon.

b) In accordance with the requirements of the Securities Brokers (Licensing and Operations) Regulations 2016, we report on the following matters:

   i. The Company has maintained throughout the financial year systems adequate to enable us to identify with reasonable accuracy the assets held on behalf of customers and distinguish such assets from the proprietary assets of the Company;
   ii. The Company was in compliance with the requirements of Section 78 of the Securities Act, 2015 and the relevant requirements of those regulations at the date on which the balance sheet is prepared;
   iii. Internal control system and compliance function commensurate with the size and nature of services performed by the Company was implemented during the year; and
   iv. The compliance officer performed its function with efficiency during the year.

Bakertilly MIQ

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Engagement Partner: Siraj Ahmad
Date: 4 October 2017
Place: Islamabad

Directors' Report

On behalf of the Board of Directors of Horizon Securities Limited, we are pleased to present the Audited Annual Financial Statements of your Company for the year ended on June 30, 2017 together with auditor's report thereon.

Economic Review

During the year 2017 the Pakistani economy remained on stable nodes with as most macroeconomic indicators, other than the balance of payments, generally remained stable. Moderate inflation, rising per capita income, better energy availability and improved law and order situation supported the economic and business sentiment. The economy grew by 4.7%, while inflation has remained around 4.2%. The Large-Scale Manufacturing (LSM) grew by 5.6%, which is a 4-year high. Notable sectors which exhibited strong output growth were Iron & Steel, which increased by 20%, electronics grew by 17%, Automobiles production enhanced by 11% and Food, beverages & tobacco advanced by 11%. Private sector credit grew by 17% to reach PKR 5.2 trillion. The implementation of China-Pakistan Economic Corridor (CPEC) has increased development activities in the country with a consequent surge in the import of machinery, while the economic growth has resulted in an increased import of raw materials, as well as fossil fuels. On the other hand, there is a decline in exports, as well as in remittances from Pakistanis living abroad. The combined effect of higher imports and lower foreign exchange earnings has caused the current account deficit to grow sharply to 4.0% of GDP. For the coming year, GDP growth and inflation are expected to touch 5.5% and 5.0%, respectively. Foreign exchange reserves are expected to stay at a comfortable level owing to inflow of loans from multilateral institutions and from the international market, as well as increased FDI in the wake of CPEC, thus, supporting a stable foreign exchange regime. Stock Market

Equity Market Review

The Pakistan stock market remained one of the best performing markets in Asia during the financial year, whereby the benchmark KSE100 index delivered a strong return of 23.24% to close at 46,565 points, vis-à-vis a 9.84% return in in the previous year. The highest yielding sectors during the year were i) Engineering (215%) ii) Auto Assemblers (126%), iii) Automobile parts and Accessories (119%), iv) Chemicals (90%) and v) Glass and Ceramics (79%). The performance of the index during the year can be attributed to i) a run up in anticipation of the reclassification into MSCI EM index, ii) Attractive valuations, iii) flush of liquidity available with the local investors, iii) continuing economic growth, iv) and iv) progress in Chinese investment in Pakistan's energy and infrastructure (under CPEC). However, foreign selling in during the financial year was recorded at USD 631million, as compared with net selling of USD 282 million last year Volumes traded during the year increased averaging at 350 million shares, as compared with 209 million shares last year, meanwhile, the value traded improved significantly by 76% to the equivalent of USD 186 million. Towards the last quarter of the financial year, the market recorded a slight negative return of 3.3% for the quarter. The negative sentiment can be attributed to i) uncertainty over the political issues, ii) less than expected emerging market inflows and iii) the Federal Budget being termed unfavorable for the equity market.

Financial Performance

Company's Financial Overview

Following are the comparative financial results for the year 2017 and 2016

	2017 Rs.	2016 Rs.
Gross Revenue	122,510,041	(386,622)
Profit / (Loss) before tax	56,537,318	(34,470,577)
Profit/ (Loss) after tax	53,369,891	(36,275,104)
Total Equity	198,709,619	60,580,104
Earning/(Loss) per share	9.66	(6.60)

We are delighted to have achieved with an extraordinary growth of 79% in our brokerage revenue resulted to the Rs 28,835,222 for the year. This exceptional performance in equity brokerage has been achieved through significantly improved relationships nurtured with existing and new high net worth individuals clients. The Company's portfolio investments also performed well with the total gain of Rs. 36,904,032. We are also pleased to report that your company has also performed exceptional in the Corporate Financing Consultancy by earning a revenue of Rs. 50.00 ml. On other hand the increase in the administrative expenses is due to regulatory provisions of Rs. 20,304,810 recorded during the year. In last we have the pleasure to report yearly profit after tax of Rs. 53,369,891 as compared to the loss of Rs.(36,275,104)

Keeping in view the funds requirement of the Company the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves.

Corporate and Financial Reporting Framework

The directors are pleased to report that :

- The following were directors of the Company during the year
  - Dr. Zafar Iqbal
  - Mr. Afraz Zafar
  - Mrs. Abida Zafar
- Risks are innate in the financial services business and include elements such as liquidity, market, credit, operational, legal, regulatory and reputational risks. HSL risk management governance starts at the Board, which plays an integral role in reviewing and approving risk management policies and practices. Accordingly, the Management, with the approval of the Board has initiated comprehensive risk management processes through which it monitors, evaluates and manages the risks that are assumed in conducting the activities. A rigorous framework of limits is applied to control risk across multiple transactions, products, businesses and markets in which the Company carries out transactions. This includes setting credit and market risk limits at a variety of levels and monitoring these limits on a regular basis
- During the year there have been no change in the nature of the business of the Company
- The auditor's report doest not contain any reservation, observation, qualification or any adverse remarks.
- The pattern of shareholding as on June 30, 2017 is attached
- The earnings per share is of Rs. 9.66 as compared to loss per share of Rs. 6.60 of last year
- The future prospects of your Company are very encouraging on account of the Management's efforts in increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes from its existing clientele as well as prospective, by expanding and growing relationships with them through the Company's premium suite of services. The Management is buoyant that the Company's investment portfolio will continue to demonstrate lucrative results, as the economy and the market continues to offer rewarding investment opportunities.

- The company has not made or likely to be made any default in the payments of its debts or obligations
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There have been no material changes since June 30, 2017 and the company has not entered into any commitment, which would affect its financial position at the date.
- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of acccount have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- There are no significant doubts upon the Company's ability to continue as going concern.
- There is not material statutory payment outstanding on account of taxes, duties, levies and charges.

Auditors

The auditors appointed on last AGM resigned from their office and M/s Baker Tilly Mehmood Idrees Qamar & CO Chartered Accountants, was appointed to fill the casual vacancy. They will retire on the conclusion of Annual General Meeting and being eligible, have offered themselves for reappointment. The BOD has recommended their reappointment as auditors of the Company for the year ending on June 30, 2018, at a fee to be mutually agreed.

Acknowledgement

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We also record our appreciation and thanks to our Bankers, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan, National Clearing Company of Pakistan Limited and the Management of Pakistan Stock Exchange Limited for their continued support and guidance for the growth of the company.

Dr. Zafar Iqbal
Chairman& CEO

Place: Lahore
Date: October 04, 2017

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR THE SECURITIES BROKER FOR THE YEAR ENDED ON JUNE 30, 2017

This statement is being presented to certify the compliance with the Corporate Governance Code for Securities Broker ("Code") contained in annexure D of the Securities Broker (Licensing and Operations) Regulations, 2016 for the purpose of establishing a framework of good governance, whereby a securities broker is managed in compliance with the best practices of corporate governance. We hereby confirm that during the year ended on June 30, 2017 the Company has made the compliance of all material principles contained in the Code

Dr. Zafar Iqbal
Chairman& CEO

Place: Lahore
Date: October 04, 2017

HORIZON SECURITIES LIMITED

TRE CERTIFICATE HOLDER: Pakistan Stock Exchange Limited

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I, Dr. Zafar Iqbal Chief Executive Officer of the Horizon Securities Limited, hereby certify that there were no transactions entered into by the Horizon Securities Limited during the year ended on June 30, 2017 which were fraudulent, illegal or in violation of any securities market laws

Dr. Zafar Iqbal
Chairman& CEO

Place: Lahore
Date: October 04, 2017

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HORIZON SECURITIES LIMITED

Balance Sheet

As at 30 June, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	6	6,768,175	7,799,986
Intangible asset	7	5,000,000	11,804,810
Long term investments	8	15,005,783	14,896,159
Long term deposits	9	1,396,508	756,500
		28,170,465	**35,257,455**
Current Assets			
Trade debts - net	10	15,328,476	55,592,207
Advances	11	2,297,129	1,911,159
Deposits and other receivables	12	50,227,850	6,151,194
Income tax refundable	13	5,571,234	3,680,195
Short term investments	14	178,345,466	132,990,633
Cash and bank balances	15	47,572,204	24,492,559
		299,342,359	**224,817,947**
		327,512,824	**260,075,402**
Equity and Liabilities			
Share capital and reserves			
Share capital	16	139,650,000	55,000,000
Unappropriated profit		72,249,026	18,879,135
Surplus on remeasurement of available for sale investments		(13,189,407)	(13,299,031)
Total equity		**198,709,619**	**60,580,104**
Advance against issue of shares	17	-	74,650,000
		198,709,619	**135,230,104**
Non-Current Liabilities			
Liabilities against assets subject to finance lease	18	661,221	2,148,055
Current Liabilities			
Trade and other payables	19	23,463,547	16,902,915
Accrued markup		2,540,710	1,979,708
Short term borrowings	20	98,566,531	101,757,471
Current portion of liabilities against assets subject to finance lease	18	1,451,713	1,288,015
Provision for Taxation	26	2,119,483	769,134
		128,141,985	**122,697,243**
Contingencies and commitments	21		
		327,512,824	**260,075,402**

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

HORIZON SECURITIES LIMITED

Profit and Loss Account

For the Year ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees
Operating Revenue	22	35,470,109	26,167,057
Gain/(Loss) on sale of short term investments - net		12,257,563	(17,395,220)
Fair value Gain/(Loss) on remeasurement of investments through profit or loss		24,646,469	(9,263,459)
Other Income	23	50,135,900	105,000
		122,510,041	(386,622)
Operating and administrative expenses	24	(52,901,306)	(26,077,404)
Financial charges	25	(13,071,418)	(8,006,551)
Profit / (loss) before taxation		**56,537,318**	**(34,470,577)**
Taxation	26	(3,167,426)	(1,804,527)
Profit/ (loss) for the year		**53,369,891**	**(36,275,104)**
Earning/ (Loss) per share - basic	27	**9.66**	**(6.60)**

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

HORIZON SECURITIES LIMITED

Statement of Comprchensive Income

For the year ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees
Profit/ (Loss) for the year		53,369,891	(36,275,104)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Fair value gain on remeasurement of available for sale investments	*8*	109,624	5,106,049
Items that will not be reclassified subsequently to profit or loss		-	-
Total comprehensive income/ (loss) for the year		**53,479,515**	**(31,169,055)**

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

HORIZON SECURITIES LIMITED

Cash Flow Statement

For the Year Ended 30 June, 2017

	Note	2017 Rupees	2016 Rupees
Cash flows from operating activities			
Profit before taxation		56,537,318	(34,470,577)
Adjustments for non cash items:			
Depreciation		1,522,512	1,685,533
Impairment on TREC		6,804,810	-
Regulatory Provision		13,500,000	-
Unrealized (gain)/loss on short term investments		(24,646,469)	9,263,459
Fiancial charges		13,040,172	7,838,068
		10,221,024	18,787,060
Operating profit before working capital changes		66,758,342	(15,683,517)
(Increase)/decrease in current assets			
Trade debts - net		26,763,731	(4,944,524)
Advances		(385,970)	402,217
Deposits and other receivables		(44,076,656)	(2,700,000)
Short term investments		(20,708,364)	57,333,433
Increase/(decrease) in current liabilities			
Trade and other payables		6,560,632	(53,249,037)
Short term borrowings		(3,190,940)	13,738,974
		(35,037,566)	10,581,063
Cash generated from operations		31,720,775	(5,102,454)
Financial charges paid		(12,479,169)	(7,838,068)
Taxes paid		(3,708,117)	(698,641)
		(16,187,286)	(8,536,709)
Net cash from operating activities		15,533,489	(13,639,163)
Cash flows from investing activities			
Acquisition of property and equipment		(490,700)	(311,960)
Sale of fixed assets		-	-
Movement in long term deposits		(640,008)	680,000
Net cash used in investing activities		(1,130,708)	368,040
Cash flows from financing activities			
Proceeds from issue of shares		10,000,000	-
Capital portion of liabilities against assets subject to finance lease		(1,323,136)	635,331
Loan from Directors		-	(10,310,600)
Net cash generated from financing activities		8,676,864	(9,675,269)
Net (decrease)/increase in cash and cash equivalents		23,079,645	(22,946,392)
Cash and cash equivalents at the beginning of the year		24,492,559	47,438,952
Cash and cash equivalents at the end of the year	15	47,572,204	24,492,559

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

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HORIZON SECURITIES LIMITED

Statement of Changes in Equity

For the Year ended 30 June, 2017

	Share capital	Revenue Reserve	Capital Reserve	
	Paid up ordinary share capital	Unappropriated profit/ (loss)	Fair value gain/(loss) on remeasurement of available for sale investments	Total equity
	Rupees	Rupees	Rupees	Rupees
Balance as at 1 July 2015	55,000,000	55,154,239	(18,405,080)	91,749,159
Total comprehensive income for the year				
Loss for the year	-	(36,275,104)	-	(36,275,104)
Other comprehensive loss	-	-	5,106,049	5,106,049
	-	(36,275,104)	5,106,049	(31,169,055)
Balance as at 30 June 2016	55,000,000	18,879,135	(13,299,031)	60,580,104
8,465,000 ordinary shares having face value of Rs. 10 each issued at par fully paid in cash during the year	84,650,000	-	-	84,650,000
				-
Total comprehensive income for the year				
Profit for the year	-	53,369,891	-	53,369,891
Other comprehensive Income/(loss)	-	-	109,624	109,624
	-	53,369,891	109,624	53,479,515
Balance as at 30 June 2017	139,650,000	72,249,026	(13,189,407)	198,709,619

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

HORIZON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

Horizon Securities Limited (the Company) was incorporated in Pakistan on January 08, 2007 as a Single Member Company under the Companies Ordinance, 1984. The Company was incorporated pursuant to the corporatisation policy of the Securities and Exchange Commission of Pakistan to enable the individual members of Stock Exchanges to transfer their membership along with all entitlements related thereto to a corporate entity. The status of the Company was first converted into a Private Limited Company with effect from May 27, 2011 and then a Public Limited Company with effect from June 27, 2011. The Company is subsidiary of Bakhsh Holdings (Pvt) Limited.

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 or the directives issued under the Companies Ordinance, 1984 and the Securities Brokers (Licensing and Operations) Regulations 2016. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 and the Securities Brokers (Licensing and Operations) Regulations 2016 shall prevail.

3 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilties, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the cricumsatnces, the result of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods in other cases. Judgements made by management in application of the approved accounting standards that have significant on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

(i) Estimates of useful life of property, plant and equipment (Note 6)
(ii) Estimate of useful life intangible assets (Note 7)
(iii) Provisions and contigencies
(iv) Impairment of non-financial assets
(v) Provision for taxation (Note 20)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and obligations for staff retirement gratuity and pension which are carried at present values of defined benefit obligation net of fair value of plan assets

4.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company oerates. These financial statements are presented in Pak Rupees, which is the Compnay's functional currency.

4.3 Taxation

Income tax expense comprises current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.4 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except freehold land and capital work in progress, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a written down value basis and charged to profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 15. Depreciation on addition in property, plant and equipment is charged from the date when the asset becomes available for use upto the date of its disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

4.5 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial assets

Financial assets are assessed at each reporting date except trade recievables to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Trade recievables which are overdue for more than 5 days are fully provided for to the extent of amount not covered by the collatreral after applying haircuts in accordance with Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016

4.6 Investments

4.6.1 Available for sale investments

These are initially measured at their fair value plus directly attributable transaction cost and at subsequent reporting dates measured at fair values and gains or losses from changes in fair values other than impairment loss are recognized in other comprehensive income until disposal at which time these are recycled to profit or loss. Impairment loss on investments available for sale is recognized in the profit or loss.

4.6.2 Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as fair value through profit or loss and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in profit or loss.

4.6.3 Loans and receivables

Investments are classified as loans and receivables which have fixed or determinable payments and are not quoted in an active market. These investments are initially measured at fair values plus directly attributable transaction costs. Subsequent to initial recognition, these are stated at their amortized cost using the effective interest method, less any impairment losses.

4.7 Foreign currency transaction and translation

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

4.8 Trade and settlement date accounting

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

4.9 Revenue recognition

Revenue is recognized when significant risk and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement and the amount of revenue can be measured reliably.

Revenue is recognized as follows in following cases:

(a) Brokerage and commission are accrued as and when due.

(b) Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

(c) Interest income is recognized as it accrues in profit or loss, using effective interest method.

(d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.

4.10 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit and loss account.

4.11 Research and development cost

Research and development costs are charged to income as and when incurred.

4.12 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.13 Dividend and reserve appropriation

Dividend is recognized as a liability in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

4.14 Financial instruments

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies non-derivative financial assets as available for sale, held for trading, loans and other receivables. Loans and receivables comprise investments classified as loans and receivables, cash and bank balances and trade and other receivables.

Trade debts, other receivables and other financial assets

Trade debts and other receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current, saving/ deposit accounts, short term running finance and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Non-derivative financial liabilities

The Company initially recognizes non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities comprise markup bearing borrowings including obligations under finance lease, short term borrowing and trade and other payables.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to setoff the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.15 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gain on disposal of available-for-sale financial assets and changes in fair value of investments held for trading.

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using effective interest method.

Foreign currency gains and losses are reported on a net basis.

5 APPLICABILITY OF STANDARDS

5.1 Changes in accounting policies and disclosures resulting from adoption of amendments and interpretations during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

Amended standards and interpretations

The Company has adopted the following accounting standards and amendment which became effective during the year:

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Annual Improvements 2012-2014 Cycle

Disclosure Initiative (Amendments to IAS 1)

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The adoption of the above amendment and accounting standards did not have any effect on the financial statements.

5.2 Standards, amendments to accounting standards and improvements to accounting standards that are not yet effective.

The following amendments to the approved accounting standards, as applicable in Pakistan, will be effective from the dates mentioned below against the respective standard:

Standard		**Effective date (annual periods beginning on or after)**
IAS 7	- Statement of Cash Flows (Amendments) - Disclosure Initiative	1 Januay 2017
IAS 12	- Income Taxes (Amendment) - Recognition of Deffered Tax Assets for unrealized losses.	1 Januay 2017
Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12		1 Januay 2017

IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	1 Januay 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	1 Januay 2019
Transfers of Investment Property (Amendments to IAS 40)	1 Januay 2018

The Company expects that the adoption of the above amendments to the standards will not affect the Company's financial statements, in the period of initial application.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standard	**IASB Effective date (annual periods beginning on or after)**
IFRS 1 - First-time adoption of International Financial Reporting Standards	Jul-09
IFRS 14 - Regulatory Deferral Accounts	1 Januay 2016
IFRS 9 - Financial Instruments	1 Januay 2018
IFRS 15 - Revenue from Contract with Customers	1 Januay 2018
IFRS 16 - Leases	1 Januay 2019
IFRS 17 - Insurance Contracts	1 Januay 2021

6 PROPERTY AND EQUIPMENT

	Cost					Accumulated Depreciation						
	As at 1 July 2016	Transferred from leased to owned assets	Additions	Deletions	As at 30 June 2017	As at 1 July 2016	Transferred from leased to Owned	For the Year	Adjustments	As at 30 June 2017	Net book value as at 30 June 2017	Rate of depreciation
Owned						Rupees						%age
Furniture and fixtures	935,199		18,400	-	953,599	507,515		44,608	-	552,123	401,476	10%
Office equipment	1,026,451		344,500		1,370,951	486,516		61,619		548,135	822,817	10%
Electrical Installations	472,917		-		472,917	247,985		22,493		270,478	202,439	10%
Computers	1,272,810		127,800	-	1,400,610	895,066		147,853	-	1,042,919	357,691	30%
Vehicles	1,963,332		-	-	1,963,332	1,352,155		122,235	-	1,474,390	488,942	20%
Leased												
Vehicles	7,867,594				7,867,594	2,249,080		1,123,703		3,372,783	4,494,811	20%
	13,538,303	-	490,700	-	14,029,003	5,738,317	-	1,522,512	-	7,260,829	6,768,175	

2016

	Cost					Accumulated Depreciation						
	As at 1 July 2015	Transferred from leased to Owned	Additions	Deletions	As at 30 June 2016	As at 1 July 2015	Transferred from leased to owned	For the Year	Adjustments	As at 30 June 2016	Net book value as at 30 June 2016	Rate of depreciation
Owned						Rupees						%age
Furniture and fixtures	935,199	-	-	-	935,199	459,995		47,520	-	507,515	427,684	10
Office equipment	954,451	-	72,000	-	1,026,451	433,857		52,659	-	486,516	539,935	10
Electrical Installations	472,917	-		-	472,917	222,992		24,993	-	247,985	224,932	10
Computers	1,032,850	-	239,960	-	1,272,810	781,399		113,667	-	895,066	377,744	30
Vehicles	-	1,963,332			1,963,332	-	1,313,956	38,199		1,352,155	611,177	20
										-	-	
Leased										-	-	
Vehicles	7,173,412	(1,963,332)	2,657,514		7,867,594	2,154,541	(1,313,956)	1,408,495		2,249,080	5,618,514	20
	10,568,829	-	2,969,474	-	13,538,303	4,052,784	-	1,685,533	-	5,738,317	7,799,986	

7 INTANGIBLE ASSET

		2017	2016
		----Rupees----	
Trading Right Entitlement Certificate (TREC) - Pakistan Stock Exchange Limited	7.1	11,804,810	11,804,810
Impairment loss	7.2	(6,804,810)	-
		5,000,000	11,804,810

7.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies (referred to as "corporatization") along with separation of ownership rights from members' trading rights (referred to as "demutualization"). As a result of demutualization, membership cards were replaced by shares in LSE Financial Services Limited being financial asset classified under "long term investment" and trading rights entitlement certificates of LSE (TREC) representing rights to trade on the Exchange being an intangible asset. The value represents cost of membership allocated to TREC based on fair value of TREC and shares in the Exchange at a split-off date and subsequent impairment loss, if any. TREC has indefinite useful life. TREC of LSE issued on demutulization was replaced with TREC of PSX which came into existence as a result of integration of stock exchanges on 11 January, 2016. TREC has been pledged with Pakistan Stock Exchange Limited (PSX), to meeet Base Minimum Capital (BMC), requirement.

7.2 The resultant impairment loss has been recognized during the current year with reference to notional value of TREC notified by PSX amounts to Rs. 5.00 million.

	Note	2017	2016
		Rupees	
8 LONG TERM INVESTMENTS			
Investments available for sale			
Investment in LSE Financial Services Limited (unquoted) - at fair value	8.1	28,195,190	28,195,190
Adjustment for remeasurement to fair value	8.2	(13,189,407)	(13,299,031)
		15,005,783	14,896,159

8.1 This represents 843,975 shares LSE Financial Services valued at Rs. 17.65 (2016: Rs. 17.65) each which were alloted to the Company subsequent to demutualization of stock exchanges as referred in Note 7.1 to the financial statements. The Company received 337,590 shares being 40% of total shares alloted to the Company. Remaining 60% of the shares i.e. 506,385 were transferred to CDC sub-account in the Company's name under LSE's participant IDs with the CDC which will remain blocked until these are sold to strategic investors, general public and financial institutions. TRE Certificate of Pakistan Stock Exchange Limited (PSE) and 337,590 ordinary shares of LSEFSL shares are pledged with PSX to meet BMC requirements.

8.2 These shares do not have a quoted market price in an active market and fair value cannot be estimated reliably which was previously remeasured by management with reference to break-up value notified by PSX. Current year shares have been valued on the basis of latest available LSEFSL net asset value per share of Rs.17.80 as at March 31, 2017. This value was determined by the available financial statements of LSE Financial Services Limited.

		Note	2017 Rupees	2016 Rupees
9	**LONG TERM DEPOSITS**			
	Deposit with LSE Financial Services Limited		-	200,000
	CDC deposit		100,000	100,000
	NCCPL deposit		1,000,000	300,000
	Other security deposits		296,508	156,500
			1,396,508	756,500
10	**TRADE DEBTS**			
	Trade Debts - Net			
	Less than 5 days		177,315	55,592,207
	More than 5 days	*10.1*	15,151,161	
			15,328,476	**55,592,207**
10.1	**Trade Debts- More than 5 days**			
	Trade Debts- More than 5 days	*10.3*	**28,651,161**	-
	Less: Regulatory Provision	*10.4*	(13,500,000)	-
			15,151,161	-
10.2	**Trade Debts - Gross**			
	Less than 5 days		177,315	-
	More than 5 days		28,651,161	-
	Total	*10.5*	**28,828,476**	55,592,207

10.3 Market value of securities held in CDC sub-accounts against these trade debts amount to Rs. 30,976,039.

10.4 The movement in provision can be analysed as under:

	Note	2017 Rupees	2016 Rupees
Opening balance as at 1 July		-	-
Charge to profit and loss	*10.4.1*	**13,500,000**	-
		13,500,000	-
Amounts written-off during the year		-	-
Closing balance as at 30 June		**13,500,000**	-

10.4.1 This represents Provision as per requirements of securities broker (licensing and Operations) regulations 2016 Clause # 34(2)(h)(i)

10.5 This includes Rs. 8.58 million (2016: Rs 10.42 million) due from Proprietary/Related Parties Accounts.

10.6 For the treatment of amount receivable from the clients the company provides the provision against receivable more than 5 days.

		2017 Rupees	2016 Rupees
11	**ADVANCES**		
	Staff advances - unsecured	1,657,129	1,911,159
	Subscription against issue of right shares	640,000	-
		2,297,129	**1,911,159**
12	**DEPOSITS AND OTHER RECEIVABLES**		
	Exposure margin with NCCPL	12,911,556	2,700,000
	Proprietary MTS margin	4,242,350	
	Balance due from NCCPL against Margin Trading System	-	809,782
	Balance due from NCCPL	-	2,641,413
	Other receivables	33,073,944	-
		50,227,850	**6,151,194**

	Note	2017 Rupees	2016 Rupees

13 INCOME TAX REFUNDABLE

	Note	2017 Rupees	2016 Rupees
Advance income tax		5,571,234	3,680,195
		5,571,234	3,680,195

14 SHORT TERM INVESTMENTS

	Note		
Investments at fair value through profit or loss			
Investment in listed securities	14.1	178,315,433	132,961,940
Mutual funds (MCB Cash Management Optimizer)	14.2	30,033	28,693
		178,345,466	132,990,633

14.1 At fair value through profit or loss - Quoted

Number of Shares		Name of the Company	Market Value	
2017.	2016		2017	2016
20	20	Archroma Pakistan Ltd. (formerly Clariant Pakistan Ltd.)	14,256	9,747
20,350	350	Arif Habib Ltd.	1,636,344	15,792
305	7,267	Askari General Insurance Ltd.	9,104	149,773
1,010,000	-	Asia Steel Mills Limited	20,543,400	-
461	-	Al Shaheer Corporation Limited	18,491	-
-	100,000	Century Paper & Board Mills Ltd.	-	5,204,000
1,000	1,000	Dawood Hercules Chemicals Ltd.	136,360	148,870
1,000	14,000	Engro Corporation Ltd.	325,910	4,661,580
-	70,000	Engro Fertilizers Ltd.	-	4,513,600
1,000	1,000	Engro Foods Ltd.	121,490	163,330
110	110	Engro Polymer & Chemicals Ltd.	4,015	935
-	1,500	Engro Power Gen Qadirpur Ltd.	-	43,380
-	212,500	Fauji Food Ltd.	-	22,325,250
-	15,000	Fauji Food Ltd. - non voting shares	-	1,196,100
100	100	Gadoon Textile Mills Ltd.	21,100	12,859
540	2,540	Ghani Gases Ltd.	14,202	49,759
25	525	Ghani Glass Ltd. XD	2,086	49,550
100	100	Glaxosmithkline Pakistan Ltd.	19,692	20,711
1,030	-	Glaxo Health Care	215,280	-
-	500	Ibrahim Fibres Ltd.	-	28,340
172,004	-	IGI Life Insurance	18,872,279	-
8,538,500	5,936,500	JS Bank Ltd.	81,884,215	35,262,810
142	-	Jubilee General Insurance Co.	14,058	
-	210,000	Jahangir Siddiqui & Co. Ltd.	-	4,158,000
-	25,000	Japan Power Generation Ltd.	-	99,750
-	83,500	Kot Addu Power Co. Ltd.	-	7,452,375
-	127,000	Mughal Steel	-	8,533,130
55	55	Murree Brewery Co. Ltd.	42,446	33,991
100	-	Mirpur Khas Sugar Mills Ltd.	15,794	-
42,000	-	National Refinery Limited	30,491,580	-
300	800	Nishat Power Ltd.	14,172	40,408
-	110,000	Nishat Chunian Power Ltd.	-	5,781,600
2,500	503,500	ORIX Leasing Pakistan Ltd.	100,625	24,888,005
290	-	Pak gen Power ltd	5,864	-
200	-	Pakistan Services Limited	180,500	-
43	-	Searle Pakistan Limited	22,015	
-	500	Pakistan Gum & Chemicals Ltd.	-	56,690
-	200,000	Pakistan Intl. Bulk Terminal Ltd.	-	6,414,000

			Note	2017 Rupees	2016 Rupees
-	2,000	Pakistan Intl. Container Terminal Ltd.		-	673,000
-	290	Pakgen Power Ltd.		-	6,975
-	50,000	Pakistan Telecommunication Co. Ltd.		-	751,500
-	36	The Searle Co. Ltd.		-	19,301
51	51	Shell Pakistan Ltd.		29,344	14,801
-	500	Sitara Chemical Industries Ltd.		-	182,000
522	-	United Insurance Corporation of Pakistan		8,745	
100,000	-	United Bank Limited		23,552,000	
1	1	United Distributors Pakistan Ltd.		67	28
9,892,749	7,676,245			178,315,433	132,961,940

- 101,800 shares amounting to Rs. 29,182,052 pledged for margin with NCCPL.
- 8,562,550 share of amounting to Rs.119,795,445 pledged with banks against short term borrowings.
- No shares of clients were pledged with any bank or financial institutions.
- The 433,250 shares of clients amounting to Rs. 11,955,090 were in held the Company's CDC MF Account against Margin Financing provided by the Company to Clients

14.2 At fair value through profit or loss - mutual fund

2017 No. of Units	2016 No. of Units		2017	2016
		MCB cash Management Optimizer		
284.133	272.814	Balance at the beginning of the year	28,693	27,644
14.651	11.319	Add: Bonus	1,473	1,136
			30,166	28,780
		Balance at the end of the year		
		Adjustment arising from remeasurement to fair value	(133)	(87)
298.784	284.133		30,033	28,693

15 CASH AND BANK BALANCES

	Note	2017 Rupees	2016 Rupees
Cash in hand		-	-
Cash at bank			
Current accounts			
- Pertaining to brokerage house		28,128,280	4,715,134
- Pertaining to Clients	15.1	19,443,924	19,777,425
		47,572,204	24,492,559
		47,572,204	24,492,559

15.1 The amount pertaining to clients has been placed in designated bank account. Further 13,535,940 shares of the clients are in their CDC sub accounts.

	Note	2017 Rupees	2016 Rupees

	Note	2017 Rupees	2016 Rupees
16 SHARE CAPITAL			
Authorized			
20,000,000 (2016: 11,000,000) Ordinary shares of Rs. 10 each fully paid-up		200,000,000	110,000,000
Issued, subscribed and paid up			
9,965,000 (2016: 1,500,000) ordinary shares of Rs.10/- fully paid in cash		99,650,000	15,000,000
4,000,000 (2016: 4,000,000) ordinary shares of Rs.10/- fully paid for consideration other than cash		40,000,000	40,000,000
		139,650,000	**55,000,000**

16.1 Details of shareholders holding more than 5% shares in the Company an change their in during the year are as follows

	%age 2017	Shareholding %age 2016	Change
Dr. Zafar Iqbal - 5,499,000 (2016: 5,499,000) shares	39.3770%	99.9818%	-60.6%
Mrs. Abida Zafar - 500 (2016: 500) shares	0.0036%	0.0091%	0.0%
Mr. Afraz Zafar - 500 (2016: 500) shares	0.0036%	0.0091%	0.0%
Bakhsh Holdings (Pvt) Limited - 8,465,000 (2016: Nil) shares	60.6158%	0.000%	60.6%

16.2 MOVEMENT IS SAHRES		
Opening shares	5,500,000	5,500,000
Right Share issued during the year	8,465,000	-
Closing shares	13,965,000	5,500,000

17 ADVANCE AGAINST ISSUE OF SHARES			
Loan from directors - unsecured	17.1	-	74,650,000

17.1 This represented interest free loans obtained from the directors of the Company which were repayable at the option of the Company. Pursuant to TR-32 issued by the Institute of Chartered Accountants of Pakistan, these were classified as advance against issue of shares. During the year, further advance amounting to Rs. 10 million was received from the directors. The Company issued 8,465,000 shares at par, fully paid in cash, to M/s Bakhsh Holdings (Private) Limited as the directors ceded their right to receive the loan repayment or convert the aforementioned loan into shares.

	Note	2017 Rupees	2016 Rupees
		2017	**2016**
		Rupees	**Rupees**

18 LIABILIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017	2016
Present Value of Minimum Lease Payments	2,112,934	3,436,062
Less: Current Portion shown under Current Liabilities	(1,451,713)	(1,288,015)
	661,221	2,148,047
Minimum lease rentals payable		
Not later than one year	1,646,156	1,635,876
Later than one year and not later than five years	697,031	2,392,024
	2,343,187	4,027,900
Less: Future financial charges	(230,252)	(591,838)
Net lease obligation	2,112,934	3,436,062

18.1 The Company has acquired vehicles under finance lease arrangements from a commercial bank and a leasing Company in the name of its Chief Executive Officer. The liabilities under the lease agreements are repayable in monthly instalments and during the year carried mark-up at the rate of 11.29% to 13.00% (2016: 11.98% to 15.54%) per annum. These lease finance facilities are secured against title of the leased vehicle in the name of lessor.

19 TRADE AND OTHER PAYABLES

	Note	2017	2016
Trade creditors	*19.1*	19,384,775	13,894,389
Divident payable		290,477	252,328
Payable to NCCPL		920,501	-
Withholding taxes payable		262,665	157,743
Capital Value Tax payable		6,802	
Punjab Sales Tax Payable		205,276	271,674
Accrued and other payables		2,393,052	2,326,781
		23,463,547	**16,902,915**

19.1 This includes Rs. 1.06 million (2016: Rs 0.036 million) due to Proprietry/Related Parties Accounts.

	Note	2017 Rupees	2016 Rupees

20 SHORT TERM BORROWINGS

	Note	2017 Rupees	2016 Rupees
From:			
Banking companies - secured	20.1	77,016,531	72,057,471
Others - unsecured			
Mrs. Maria Amir	20.2	3,700,000	3,700,000
Mr. Shahzad Ahmad	20.3	2,000,000	2,000,000
Mr. Zafar-ul-haq	20.4	10,000,000	10,000,000
Mr. Amjad iqbal	20.5	-	5,500,000
Ms. Faiza	20.8	850,000	-
Mr. Zafar	20.8	5,000,000	-
Ms. Tasmia Saif	20.6	-	3,000,000
Mr. Haroon Munawar	20.7	-	5,500,000
		98,566,531	101,757,471

20.1 Short term finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.150 million (2016: Rs.180 million). These facilities, during the year, carried mark-up at the rates ranging from 8.85% to 12.01% (2016: 10.50% to 15.18%) per annum payable on quarterly basis. These facilities are secured against pledge of shares acceptable to bank in CDC account with 30% to 50% margin against shares or as per SBP whichever is higher and personal guarantee of all directors of the Company.

20.2 The Company entered into a loan agreement with Mrs. Maria Amir dated April 22, 2015 in respect of a loan obtained amounting Rs.3.700 million. This loan carries mark-up at the rate of 15% (2016: 15%) per annum payable on monthly basis. As per agreement the principal amount was repayable in lump sum on expiry of 5 years after April 21, 2020, but on the year end the management has classified it into short term loan and subsequently has paid fully.

20.3 The Company entered into a loan agreement with Mr. Shahzad Ahmad Zafar dated April 13, 2016 in respect of a loan obtained amounting Rs.2 million. This loan carries mark-up at the rate of 17% (2016: 17%) per annum payable on monthly basis. As per agreement the principal amount was repayable in lump sum on expiry of 5 years after April 12, 2021, but on the year end the management has classified it into short term loan and subsequently has paid fully.

20.4 The Company entered into a loan agreement with Mr. Zafar ul Haq dated April 12, 2016 in respect of a loan obtained amounting Rs.10 million. This loan carries mark-up at the rate of 17% (2016: 17%) per annum payable on monthly basis. As per agreement the principal amount was repayable in lump sum on expiry of 5 years after April 11, 2021, but on the year end the management has classified it into short term loan and subsequently has paid fully.

20.5 The Company entered into a loan agreement with Mr. Amjad Iqbal dated June 30, 2016 in respect of a loan obtained amounting Rs.5.5 million. This loan carries mark-up at the rate of 17% (2016: 17%) per annum payable on monthly basis. As per agreement the principal amount was repayable in lump sum on expiry of 5 years after June 29, 2021.During the year this loan has been paid fully

20.6 The Company entered into loan agreement with Ms. Tasmia Saif in respect of a short term loan obtained amounting to Rs.3 million in the last year. The loan carried mark-up at the rate of 16.8% per annum. During the year this loan has been paid fully.

20.7 The Company entered into a loan agreement with Mr. Haroon Munawar to obtain short term loan amounting Rs.5.5 million. The loan did not carry interest. During the year this loan has been paid fully.

20.8 The Company entered into loan agreements with Mr. Zafar & Mrs. Faiza to obtain LongTerm Loan @ 17% but on the year end the management has classified it into short term loan and subsequently has paid fully.

	Note	2017 Rupees	2016 Rupees

21 CONTINGENCIES AND COMMITMENTS

21.1 There are no contingencies and commitments of the Company as of 30 June 2017 (2016: Nil)

22 OPERATING REVENUE

	Note	2017 Rupees	2016 Rupees
Brokerage Income	22.1	28,835,222	16,078,864
Dividend Income		6,634,888	10,088,193
		35,470,109	26,167,057

22.1 BROKERAGE INCOME

Propertiery/Related parties		1,999,709	-
Retail Customers		25,644,505	-
Institutional customers		1,191,008	-
		28,835,222	-

23 OTHER INCOME

Corporate financing consultancy fee		48,794,500	-
Others		1,341,400	105,000
		50,135,900	105,000

24 OPERATING AND ADMINISTRATIVE EXPENSES

Staff salaries		11,950,432	8,650,400
Director's remuneration		2,670,000	2,670,000
Office rent		1,010,420	687,594
Telephone and internet charges		867,663	-
Postage and telegram		35,981	708,007
Fee and subscription		1,525,705	453,437
Printing and Stationary		370,085	291,796
Commission		1,429,471	442,927
Legal & professional charges		53,100	20,600
PSX charges		609,483	-
CDC charges		108,173	404,046
NCSS charges		905,059	
office supplies and consumables		-	70,881
Provision for doubtful debts		13,500,000	-
Impairment loss on TREC	7.2	6,804,810	-
Travelling and conveyance		3,911,690	1,880,325
Entertainment		3,576,023	1,743,047
Insurrance and tracker charges		277,922	430,470
Newspaper and Periodicals		22,850	-
Bad debt		321,664	3,251,704
Auditors' Remuneration	24.1.	147,500	147,500
Other balances written off		-	1,542,464
Utilities		148,650	235,039
Repair and Maintenance		1,132,113	761,634
Depreciation	6	1,522,512	1,685,533
		52,901,306	26,077,404

	Note	2017 Rupees	2016 Rupees
24.1. AUDITORS' REMUNERATION			
- statutory audit		125,000	125,000
- certification charges		12,500	12,500
- out-of-pocket expenses		10,000	10,000
		147,500	147,500

25 FINANCIAL CHARGES

	2017 Rupees	2016 Rupees
Mark-up on finance lease	360,614	492,625
Mark-up on unsecured loans	4,679,131	901,701
Mark-up on short term running finance	8,000,427	6,443,742
Bank charges	31,246	168,483
	13,071,418	**8,006,551**

	Note	2017 Rupees	2016 Rupees

	Note	2017 Rupees	2016 Rupees

26 TAXATION

	Note	2017 Rupees	2016 Rupees
Opening balance	*26.1*	769,134	-
Add: provision made during the year for:			
- current	*10*	2,119,483	1,821,591
- prior year		1,047,943	(17,064)
		3,167,426	**1,804,527**
Less: adjustments against completed assessments / tax deducted at source during the year		-	(1,035,393)
		3,936,560	769,134

27. EARNINGS PER SHARE

Basic earnings per share

	2017	2016
Profit/(Loss) for the year	53,369,891	(36,275,104)
	--- Number of shares ---	
Weighted average ordinary shares in issues	5,523,192	5,500,000
	----- Rupees -----	
Earnings/(Loss) per share	9.66	(6.60)

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration including benefits applicable to chief executive, directors and executives of the Company are given below:

	2017		2016	
	Executives	*Directors*	Executives	Directors
	---------Rupees---------			
Managerial remuneration	870,000	2,670,000	1,290,000	2,670,000.00
Number of persons	1	1	2	1

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

29.1 Risk management framework

The Director/ Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies. The Director/ Chief Executive monitors frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and control, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

29.2 Financial assets and liabilities by category and their respective maturities

	June 30, 2017		June 30, 2016	
	Maturity up to One year	**Maturity after One year**	**Maturity up to One year**	**Maturity after One year**
Financial assets				
Long term investments		15,005,783		14,896,159
Long term deposits		1,396,508		756,500
Trade debts	15,328,476		55,592,207	
Advances	2,297,129		1,911,159	
Deposits and other receivables	50,227,850		6,151,194	
Short term investments	178,345,466		132,990,633	
Cash and bank balances	47,572,204		24,492,559	
	293,771,125	**16,402,291**	**221,137,752**	**15,652,659**
Financial liabilities				
Long term financing	1,451,713	661,221	1,288,015	2,148,055
Short term borrowings	98,566,531		101,757,471	
Accrued markup	2,540,710		1,979,708	
Trade and other payables	22,988,805		16,473,498	
	125,547,759	**661,221**	**121,498,692**	**2,148,055**

29.3 Fair values

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderlytransaction between market participants at the measurement date. Consequently, differences can arise betweencarrying values and 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 fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the year end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' 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.

29.4 Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk

29.4.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worth counterparties thereby mitigating any significant concentrations of

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans and advances, short term investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. the management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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

The carrying amount of financial assets represent the maximum credit exposure, as specified below:-

	2017	2016
	Rupees	**Rupees**
Long term investments	15,005,783	14,896,159
Long term deposits	1,396,508	756,500
Trade debt - net	15,328,476	55,592,207
Advances	2,297,129	1,911,159
Deposits and other receivables	50,227,850	6,151,194
Short term investments	178,345,466	132,990,633
Cash at bank	47,572,204	24,492,559
	310,173,416	**236,790,411**

29.4.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities:

	As at June 30, 2017		
Financial liabilities	**Carrying amount**	**Within one year**	**More than one year**
Long term financing	2,112,934	1,646,156	697,031
Short term borrowings	98,566,531	98,566,531	-
Accrued markup	2,540,710	2,540,710	
Trade and other payables	22,988,805	22,988,805	-
Total	**126,208,980**	**125,742,202**	**697,031**

	As at June 30, 2016		
Financial liabilities	**Carrying amount**	**Within one year**	**More than one**
Long term financing	3,436,070	1,635,876	2,392,024
Short term borrowings	101,757,471	101,757,471	-
Accrued markup	1,979,708	1,979,708	
Trade and other payables	16,473,498	16,473,498	-
Total	**123,646,747**	**121,846,553**	**2,392,024**

It is not expected that the cash flow included in the maturity analysis could occur significantly earlier or at significantly different amounts.

29.4.3 Market risk

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

Foreign exchange risk management

Currency Risk is the risk that value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not exposed to currency risk as the Company does not maintain bank accounts in foreign currencies.

Interest rate risk management

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

Price risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is significantly exposed to equity price risk since it carry investments in quoted securities (Note 15 to the financial statements).

30 Capital risk management

The Company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for the shareholder and benefits for other stake holders. Further, the Company has to comply with capital requirements (paid-up capital, net worth, minimum net capital) applicable to related category of broker (trading, trading and self clearing, trading and clearing) in which the broker falls as specified under the Securities Brokers (Licensing and Operations) Regulations 2016. Net capital balance of the Company as at 30 June, 2017 amounts to Rs. 98,942,887 and liquid capital of the Company as at 30 June, 2017 amounts to Rs. 93,548,624

31 **RELATED PARTY TRANSACTIONS**

The related parties of the Company comprise of shareholders/ directors, key management personnel, entities with common shareholding, entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties and the balances outstanding at the year end are disclosed in the respective notes to the financial statements.

32 **NUMBER OF EMPLOYEES**

Total number of employees at the end of year was 13 (2016: 13). Average number of employees was 13 (2016: 13)

33 **GENERAL**

33.1 Figures have been rounded off to the nearest of rupee.

33.2 Corresponding figures have been rearranged, wherever necessary for the purposes of comparison.

However, no significant rearrangement / reclassification have been made in these financial statements.

34 **AUTHORIZATION**

34.1 These financial statements were authorized for issue on 04, 04, 2017 by the Board of Directors of the Company.

Chief Executive

Director

HORIZON SECURITIES LIMITED

TRE CERTIFICATE HOLDER: Pakistan Stock Exchange Limited

PATTERN OF SHARESHOLDING
As at June 30, 2017.

Categories of Shareholders	Shareholders	Shares Held	Percentage
Director and their Spouse(s) and Minor Children			
Name:			
Dr. Zafar Iqbal		5,499,000	39.38
Mrs. Abida Zafar		500	0.0036
Mr. Afraz Zafar		500	0.0036
Associated Companies, undertakings and Related Parties			
Bakhsh Holdings (Pvt) Limited		8,465,000	60.616
Executives		-	0.000
Publisc Sector Companies and Corporation			0.000
Banks/DFIs/NBFCs, Insuarnce companies, takaful Modaraba and pension funds			
Other			
Total		**13,965,000**	**100.000**

Detail of Shareholding 5% & more

		Shares Held	Percentage
Dr. Zafar Iqbal		5,499,000	39.38
Bakhsh Holdings (Pvt) Limited		8,465,000	60.62

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