

**K.P. SECURITIES
(PRIVATE) LIMITED**

**Financial Statements
For the Year Ended 30 June, 2016**

**MUDASSAR EHTISHAM & CO.
CHARTERED ACCOUNTANTS**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KP SECURITIES (PRIVATE) LIMITED ("THE COMPANY")** as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a. In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b. In our opinion:
 - I. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - II. the expenditure incurred during the year was for the purpose of the Company's business; and
 - 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, its cash flows and changes in equity for the year then ended; and
- d. in our opinion, no Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Mudassar Ehtisham

Mudassar Ehtisham & Co.
Chartered Accountants
Engagement Partner: Muhammad Ehtisham

Lahore
September 09, 2016

K.P. SECURITIES (PRIVATE) LIMITED

Balance Sheet

As at 30 June, 2016

	Note	2016 Rupees	2015 Rupees
Non-Current Assets			
Fixed assets			
Property and Equipment	4.1	500,175	300,000
Intangible Asset	4.2	4,000,000	4,000,000
		4,500,175	4,300,000
Long Term Investments	5	34,346,030	34,346,030
Long Term Deposits.	6	405,000	-
		34,751,030	34,346,030
Current Assets			
Cash and bank balances	7	23,440,999	700,000
		23,440,999	700,000
		62,692,204	39,346,030
Equity and Liabilities			
Share capital	9	5,000,000	5,000,000
Unappropriated Profit / (Loss)		32,232,205	34,286,030
		37,232,205	39,286,030
Share Deposit Money		25,419,999	-
Long Term Loan	10	-	-
Current Liabilities			
Trade Creditors	11	-	-
Other Payable	12	40,000	60,000
Provision for taxation	13	-	-
		40,000	60,000
Contingencies and commitments	14	-	-
		62,692,204	39,346,030

The annexed notes 1 to 24 form an integral part of these financial statements.

Lahore:



Chief Executive



Director

K.P. SECURITIES (PRIVATE) LIMITED

Profit and Loss Account

For the Year ended 30 June, 2016

	Note	2016 Rupees	2015 Rupees
Revenue			
Income from brokerage	15	-	-
Remeasurement gain/(loss) on securities		-	-
		<u>-</u>	<u>-</u>
Operating and Administrative expenses	16	(1,753,825)	(35,000)
Gross profit / (Loss)		<u>(1,753,825)</u>	<u>(35,000)</u>
Financial charges	17	-	-
Other income/(loss)	18	(300,000)	34,346,030
Profit / (Loss) before taxation		<u>(2,053,825)</u>	<u>34,311,030</u>
Taxation	13	-	-
Profit / (Loss) after taxation		<u><u>(2,053,825)</u></u>	<u><u>34,311,030</u></u>

The annexed notes 1 to 24 form an integral part of these financial statements.

Lahore:



Chief Executive



Director

K.P. SECURITIES (PRIVATE) LIMITED

Cash Flow Statement

For the Year Ended 30 June, 2016

	2016 Rupees	2015 Rupees
Cash flows from operating activities		
Profit before taxation	(2,053,825)	34,311,030
Adjustments for non cash items:		
Depreciation and Impairment	12,825	-
Loss on sale of fixed assets	300,000	-
Finance cost	-	-
	<u>300,000</u>	<u>-</u>
Operating profit before working capital changes	(1,753,825)	34,311,030
Changes in operating assets and liabilities		
(Increase)/decrease in:		
Accounts Receivable	-	-
Advances, Deposits and Prepayments	-	-
Other Payable	(20,000)	35,000
Trade Creditors	-	-
	<u>(20,000)</u>	<u>35,000</u>
	<u>(20,000)</u>	<u>35,000</u>
Cash utilized in operations	(1,773,825)	34,346,030
Financial charges paid	-	-
Taxes paid	-	-
	<u>-</u>	<u>-</u>
Net cash used in operating activities	(1,773,825)	34,346,030
Cash flows from investing activities		
Purchase of Assets	(513,000)	-
Purchase of Intangible	-	-
Disposal of Securities	-	-
Long term deposits	(405,000)	-
Long Term Investment	-	(34,346,030)
Net cash used in investing activities	(918,000)	(34,346,030)
Cash flows from financing activities		
Long term loan	-	-
Capital Issue during the year	-	-
Share Deposit Money	25,419,999	-
Net cash generated from financing activities	25,419,999	-
Net (decrease)/increase in cash and cash equivalents	22,740,999	-
Cash and cash equivalents at the beginning of the year	700,000	700,000
Cash and cash equivalents at the end of the year	23,440,999	700,000

Note

7

The annexed notes 1 to 24 form an integral part of these financial statements.

Lahore:


Chief Executive


Director

SECURITIES (PRIVATE) LIMITED

Statement of Changes in Equity

for the year ended 30 June, 2016

	Share capital Rupees	Share premium Rupees	General Reserve Rupees	Unappropriated profit/(Loss) Rupees	Total Rupees
Balance as at 01 July 2014	5,000,000	-	-	(25,000)	4,975,000
Share introduced	-	-	-	-	-
Profit/(Loss) for the year ended 30 June 2015	-	-	-	34,311,030	34,311,030
Balance as at 30 June 2015	5,000,000	-	-	34,286,030	39,286,030
Balance as at 01 July 2015	5,000,000	-	-	34,286,030	39,286,030
Profit/(Loss) for the year ended 30 June, 2016	-	-	-	(2,053,825)	(2,053,825)
Balance as at 30 June, 2016	5,000,000	-	-	32,232,205	37,232,205

The above information is set out in notes 1 to 24 form an integral part of these financial statements.


Chief Executive


Director

K.P. SECURITIES (PRIVATE) LIMITED

Notes to the Financial Statements

For the Year ended 30 June, 2016

1 The Company's operations and registered office

M/s K.P. Securities (Private) Limited, was incorporated as a Private Limited company at Islamabad on June 20, 2007 under the Companies Ordinance, 1984 and is primarily engaged in the business of stock brokerage, investments advisory-consultancy, portfolio management and in secondary capital market operations. It is also actively taking part in the initial public offerings (IPO's) and providing all relative services to the general public to promote investment, and company does not hold assets in fiduciary capacity. Company head office is situated, Stock Exchange Building Islamabad.

2 Statement of compliance

These accounts have been prepared in accordance with the approved International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standards Interpretations Committee of the IASC, as applicable in Pakistan. Approved Accounting Standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by The Institute of Chartered Accountants of Pakistan and the requirements of the Companies Ordinance, 1984, along with the requirements of the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Companies Ordinance, 1984, the Rules, the Regulations or the directives issued by the SECP differ with the requirements of these IAS, the requirements of the Ordinance, the Rules, the Regulations or the requirements of the said directives take precedence.

3 Significant accounting policies

3.1 Accounting Convention

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

3.2 Property and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress are stated at Cost.

Depreciation is calculated using the reducing balance method, at the rates specified in the fixed assets schedule, which are considered appropriate to write off the cost of the assets over their estimated useful lives. The Depreciation on property and equipment is charged on monthly basis.

3.3 Intangible assets

This is stated at cost less impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.4 Long Term Deposits and Loans

Long term deposits and Loans are stated at Cost.

3.5 Loans and Receivables

These are non derivative financial Assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the the effective interest method. Gains and losses are recognised in income when the loans and receivables are de-recognised or impaired as well as through the amortization process.

3.6 Taxation

Current

The charge for current taxation is based on taxable income at current rate of taxation of the Income Tax Ordinance, 2001 after taking into account applicable tax credits and rebates, if any. On Income subject to Normal Taxation and no presumptive basis on Income subject to Final Taxation.

Deffered Taxation

The company accounts for deffered taxation, using the liability method on all temporary timing differences. However, deffered tax is no provided if it can be established with reasonable accuracy that these differences will not reserve in the foreseeable future.

3.7 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.

3.8 Securities under repurchase/ reverse repurchase agreements

Transactions of repurchase/ reverse repurchase of investment securities are entered into at contracted rate for specified periods of time and are accounted for as follows.

3.9 Revenue recognition

- a) Brokerage, advisory fees, commission and other income are accrued as and when due.
- b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- c) Gains or losses on sale of investments are recognized in the period in which they arise.
- d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized
- e) Consultancy, advisory fee and service charges are recognized as and when earned.
- f) Unrealized capital gains/(losses) arising from marking to market of investments classified as 'financial assets

3.10 Return on financing and borrowings

Return on financing and borrowings is recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

3.11 Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

3.13 Contingencies and Commitments

Capital commitments and Contingences, unless those are actual liabilities, are not incorporated in the accounts.

	Note	2016 Rupees	2015 Rupees
4 Fixed assets			
Property and equipment	4.1	500,175	300,000
Intangible	4.2	4,000,000	4,000,000
		<u>4,500,175</u>	<u>4,300,000</u>

4 Property and Equipment

4.1 Tangible

PARTICULARS	COST				DEPRECIATION			Book value as at June 2016	Depreciation rate %
	As at 1 July 2015	Additions during the year	Deletions during the year	As at June 2016	As at 1 July 2015	For the year	Deletions		
OWNED									
Computer and Allied	175,000	-	(175,000)	-	-	-	-	-	10
Furniture and Fixture	125,000	513,000	(125,000)	513,000	12,825	12,825	12,825	500,175	10
Rupees	300,000	513,000	(300,000)	513,000	-	12,825	-	500,175	
Rupees	300,000	-	-	300,000	-	-	-	300,000	

4.2 Intangible Asset

Membership Card Value

	2016	2015
	Rupees	Rupees
Membership Card Value	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

K.P. SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
5 Long Term Investments			
Islamabad Stock Exchange TRMC Shares (Unquoted) Price		3,434,603 <u>10</u>	3,434,603 <u>10</u>
		<u>34,346,030</u>	<u>34,346,030</u>
5.1	These represent the shares received from Islamabad Stock Exchange Towers Reit Management company limited (ISETRMCL) in pursuance of corporatization and demutualization of ISETRMCL as public company limited by shares in accordance with the requirement of the Stock Exchanges (Coproration, Demutualization and Integration Act, 2012 (the Act.)). In addition, the company has also received Trading Right Entitlement Certificate (TREC) from PSX.		
5.3	Accordingly, the company has been allotted 3,434,603 shares of ISE of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the SECP. The company has received 40% equity shares i.e. 1,373,841 shares of ISETRMCL. The remaining 60% shares are transferred to CDC sub-account in company's name under ISE's participant IDs with the CDC which will remain blocked until these are divested to strategic investor(s), general public and financial institutions.. As the fair value of both the asset transfer and assets obtain can not be determined with reasonable accuracy, the investment in shares has been recorded at the face value of Rs. 10/- each in the Company's book.		
5.4	No tax provision has been made on Gain on exchange of membership card with TREC, as such gain is exempted from tax under clause 110B of Second Schedule of Income Tax Ordinance , 2001.		
6 Long Term Deposits			
CDC deposits		100,000	-
ISE deposit		105,000	-
NCCPL deposits		200,000	-
		<u>405,000</u>	<u>-</u>
7 Cash and bank balances			
Cash in hand		-	-
Cash in Bank		-	-
In saving/ Profit Accounts		-	-
In Current Accounts		<u>23,440,999</u>	<u>700,000</u>
		<u>23,440,999</u>	<u>700,000</u>
8 Share capital			Restated
Authorized			
1,000,000 Ordinary shares of Rs. 100 each		100,000,000	100,000,000
		<u>100,000,000</u>	<u>100,000,000</u>

K.P. SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
9 Issued, subscribed and paid up			
50,000 Ordinary shares of Rs. 100 each fully paid in cash		5,000,000	5,000,000
		<u>5,000,000</u>	<u>5,000,000</u>
10 Long Term Loan			
Loan from Directors		-	-
		<u>-</u>	<u>-</u>
Trade Creditors			
Trade Creditors		-	-
		<u>-</u>	<u>-</u>
12 Other Payable			
Other Payable		40,000	60,000
		<u>40,000</u>	<u>60,000</u>
13 Provision for taxation - Net			
Opening Balance		-	-
Add: Taxation for the Period		-	-
Less:			
Adjusted against Advance Tax		-	-
		<u>-</u>	<u>-</u>
14 Contingencies and Commitments			
14.1 The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 3,434,603 ordinary shares of Islamabad Stock Exchange Towers Reit Management company limited (ISETRMCL) with PSX in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the PSX.			
15 Income from brokerage			
Commission Income - Net		-	-
		<u>-</u>	<u>-</u>

K.P. SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
16 Operating and Administrative expenses			
Fee and Subscription		625,000	-
Auditors' Remuneration	20.1	40,000	35,000
Rent		513,000	
Commission paid		60,000	
Legal and professional		448,000	-
Misc. Expenses		55,000	-
Depreciation and Impairment	4.1	12,825	-
		1,753,825	35,000
20.1 Auditors' Remuneration			
Audit Fee		35,000	30,000
Out of Pocket Expenses		5,000	5,000
		40,000	35,000
17 Financial charges			
Markup		-	-
Bank charges		-	-
		-	-
18 Other Income/(Loss)			
Loss on sale of fixed assets		(300,000)	-
Gain Due to Face Value of Investment on Integration of Stock Exchanges (Corporatization, Demutualization and Integration Act).		-	34,346,030
		(300,000)	34,346,030
19 Taxation			

19.1 This represent Current Taxation which has been provided Under Section 233A of Income Tax Ordinance, 2001 and Normal Taxation on other Income.

19.2 Deferred Taxation has not been provided as the Company is subject to Presumptive Taxation.

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K.P. SECURITIES (PRIVATE) LIMITED

	<i>Note</i>	2016 Rupees	2015 Rupees
20	Remuneration of Chief Executive, Directors and Executives		
	<u>Managerial Remuneration including House Rent & Utility</u>		
	Chief Executive	-	-
	Executives	-	-
	Directors	-	-
		-	-
		-	-

21 Accounting Estimates And Judgments

21.1 Property, plant and equipment

The Company reviews the rate of depreciation/useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation

21.2 Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible asset with a corresponding affect on the amortization charge and impairment.

21.3 Investment stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of

Trade debts

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

22 Number of employees

Total number of employees at the end of year was 6 (2015: 6). Average number of employees was 6 (2015: 6)

23 Authorization

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

24 General

K.P. SECURITIES (PRIVATE) LIMITED

<i>Note</i>	2016 Rupees	2015 Rupees
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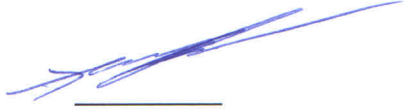
24.1 Figures have been rounded off to the nearest of rupee.

24.2 Corresponding figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant rearrangement / reclassification have been made in these financial statements.

The annexed notes 1 to 24 form an integral part of these financial statements.



Lahore: Chief Executive



Director