

**INA SECURITIES
(PRIVATE) LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Ilyas Saeed & Co
Chartered Accountants

A member of
mgiworldwide



INA Securities (Pvt.) Ltd.

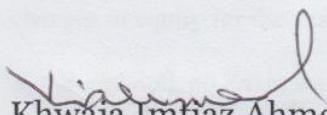
TREC Holder: Pakistan Stock Exchange Limited.

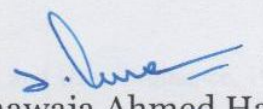
DIRECTORS' REPORT

The Board of Directors is pleased to present the 9th Annual Report along with Company's audited accounts for the financial year ended June 30, 2017 and Auditors' Report thereon.

The company is engaged in providing brokerage services for sale and purchase of shares traded through Pakistan Stock Exchange Ltd. This company has also made some investment of its surplus funds in listed securities, associated undertaking and investment in LSE Financial Services Ltd. (formerly LSE).

Brokerage Income during the year is arrived at Rs. 61,431/= only. Company's profit are also containing the profit elements of fair valuation of securities and dividend income on its investment. This year share of loss from associated company is Rs. 148,449/=. Company has posted profit after tax at Rs. 438,255/= after all adjustments as compared to profit after tax of Rs. 711,153/= in the financial year, 2016. Accumulated loss due to current year profit is arrived at Rs. (2,270,632) as compared to last year accumulated loss of Rs. (2,708,887).


Khwaja Imtiaz Ahmed
Chief Executive


Khawaja Ahmed Hassan
Director

Lahore.

Dated: October 07, 2017

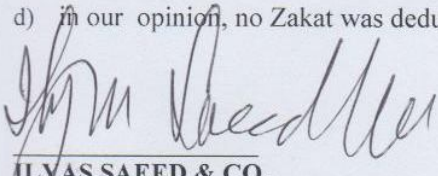
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of M/s **INA SECURITIES (PRIVATE) LIMITED** as at June 30, 2017 and the related statement of comprehensive income, statement of cash flows 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 purpose 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 accounts have been kept by the company as required by the Companies Ordinance, 1984 ;
- b) in our opinion :
 - i) the statement of financial position and statement of comprehensive income 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 statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the 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.


ILYAS SAEED & CO.

Chartered accountants

Engagement Partner: Muhammad Ilyas, FCA

Date: **07 OCT 2017**

LAHORE

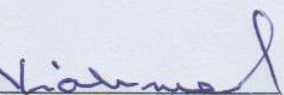
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INA SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

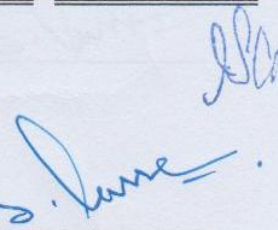
	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Intangible assets	5	9,000,000	9,000,000
Long term investment	6	16,219,952	16,047,689
Long term deposits and prepayments	7	530,000	530,000
		25,749,952	25,577,689
CURRENT ASSETS			
Trade debts	8	16,872	17,314
Advances, deposits and prepayments	9	319,722	313,000
Short term investment	10	7,000,107	3,895,689
Taxation-net	11	-	34,271
Cash and bank balances	12	6,445,801	4,156,816
		13,782,502	8,417,090
TOTAL ASSETS		39,532,454	33,994,781
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	15,150,000	10,100,000
Accumulated loss		(2,270,632)	(2,708,887)
		12,879,368	7,391,113
Revaluation surplus	14	13,887,720	13,567,009
Directors' loan	15	9,250,000	11,073,923
		36,017,088	32,032,045
CURRENT LIABILITIES			
Trade and other payables	17	3,513,583	1,962,736
Taxation-net	11	1,783	-
		3,515,366	1,962,736
Contingencies and commitments	18	-	-
TOTAL EQUITY AND LIABILITIES		39,532,454	33,994,781

The annexed notes form 1 to 31 an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR



INA SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Revenue			
Brokerage income-net	19	61,431	46,898
Profit on investment	20	281,279	300,041
Share of (loss) /profit	6	(148,449)	135,476
Dividend Income	21	613,521	790,720
		807,781	1,273,135
Expenses			
Administrative and general expenses	22	(492,440)	(423,128)
		315,341	850,007
Other Income	23	368,424	898
Financial charges	24	(3,114)	(1,466)
Profit before taxation		680,651	849,440
Provision for taxation		(242,397)	(138,287)
Profit after taxation		438,255	711,153
Other comprehensive income			
loss account			
subsequently:			
Revaluation surplus		320,711	13,567,009
		320,711	13,567,009
Total comprehensive income for the year		758,966	14,278,162
Earning per share		0.32	0.70

The annexed notes form 1 to 31 an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR



INA SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	680,651	849,440
Adjustments for non cash and other items:		
Finance cost	3,114	1,466
Share of loss/(profit) in associate- net of taxation	148,449	(135,476)
Profit on investment	(281,279)	(300,041)
	(129,716)	(434,052)
Changes in working capital <i>(Increase) / decrease in assets</i>		
Trade debts	442	(9,478)
Short term deposit	(6,722)	(313,000)
	(6,280)	(322,478)
Increase / (decrease) in current liabilities		
Trade and other payable	1,550,847	1,004,138
	1,544,567	681,660
Income tax paid	(206,342)	(112,146)
Finance cost paid	(3,114)	(1,466)
	(209,456)	(113,612)
Net cash generated from operating activities	1,886,046	983,437
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment at fair value	(2,823,138)	(248,494)
Net cash used in investing activities	(2,823,138)	(248,494)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital	5,050,000	-
Repayment of Director's Loan	(1,823,923)	-
Net cash generated from financing activities	3,226,077	-
Net increase in cash and cash equivalents	2,288,985	734,943
Cash and cash equivalents at beginning of the year	4,156,816	3,421,873
Cash and cash equivalents at end of the year	6,445,801	4,156,816

The annexed notes form 1 to 31 an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

Particulars	Share Capital	Accumulated (loss)	Revaluation surplus	Director's Loan	Total
			----- Rupees -----		
Balance as at 30 June 2015	10,100,000	(3,420,040)	-	11,073,923	17,753,883
Total comprehensive income for the year ended 2016	-	711,153	13,567,009	-	14,278,162
Balance as at 30 June 2016	10,100,000	(2,708,887)	13,567,009	11,073,923	32,032,045
Increase in paid up capital	5,050,000	-	-	-	5,050,000
Repayment of Director's Loan	-	-	-	(1,823,923)	(1,823,923)
Total comprehensive income for the year ended 2017	-	438,255	320,711	-	758,966
Balance as at 30 June 2017	15,150,000	(2,270,632)	13,887,720	9,250,000	36,017,088

The annexed notes form 1 to 31 an integral part of these financial statements.

CHIEF EXECUTIVE 

DIRECTOR 

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

1. LEGAL STATUS AND NATURE OF BUSINESS

INA Securities (Private) Limited is a private limited company incorporated in Pakistan vide incorporation number 0068239 on December 03, 2008 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is the Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited. The objective of the Company is to run and manage stock/securities brokerage house. The registered office of the Company is situated at 17 G, Gulberg 2, Lahore. The company is engaged in brokerage of shares, portfolio management, investment advisory, consultancy and underwriting services.

2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention exception otherwise stated in the relevant notes.

3. STATEMENT OF COMPLIANCE

During the year, the Companies Ordinance, 1984, has been repealed and the Companies Act, 2017 (the Act) has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 under section 509 of the Act, has communicated Commission's decision "that the Companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984."

These financial statements have been prepared in accordance with approved Accounting Standards as applicable in Pakistan and the requirements of the repealed Companies Ordinance, 1984. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the repealed Companies Ordinance, 1984. Wherever, the requirements of the repealed Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the repealed Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

- 1.1** The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:



Standards, amendments or interpretations after)	Effective date (annual periods beginning on or after)
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IAS -12	Recognition of deferred tax assets for unrealized losses (amendments to IAS-12)	01 January 2017
IFRS-7	Disclosure initiative (amendments to IAS-7)	01 January 2017
IFRS-12	Annual improvement to IFRS standards 2014-2016 (amendments to IFRS-12)	01 January 2017

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

12 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS-9	Financial instruments	01 January 2018
IFRS-14	Regulatory Deferral accounts	01 January 2016
IFRS-15	Revenue from Contracts with Customers	01 January 2018
IFRS-16	Leases	01 January 2019

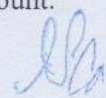
4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

4.1 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economics benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably.

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



4.2 Trading rights entitlement certificates and right to use room

TREC is stated at the notional value determined by Pakistan Stock Exchange Limited at the time of issue. The carrying amount is reviewed at each balance sheet date to assess whether this is recorded in excess of their recoverable amounts, and where carrying values exceeds estimated recoverable amounts, these are written down to their estimated recoverable amount. Right to use room is a leasehold right to use room given by Pakistan stock exchange for indefinite useful life. This is considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits. Both TREC and right to use room are treated as intangibles.

4.3 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

4.4 Investments

Investments intended to be held for less than twelve months from the balance sheet or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current.

4.4.1 Held to maturity

These are securities with fixed or determinable payments and fixed maturity where the company has the positive intent and ability to hold to maturity. These are measured at amortized cost less any impairment loss recognized to reflect irrecoverable amounts.

4.4.2 Short term investments available for sale

These are initial recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

4.4.3 Long term investment available for sale

These represents shares in Lahore Stock Exchange Limited, a public unlisted company, therefore they have been stated at cost. Cost is determined as the value of membership card with which it has been exchanged. For this purpose, the cost of the membership card has first



been allocated to the shares allocated to the shares of LSE @ Rs. 10/- being the par value and remaining cost has been allocated to the TREC.

4.5 Trade and other receivables

Trade debts and other receivables are stated at fair value and subsequently measured at amortized cost less any identified impairment loss. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

4.6 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for services rendered net of discounts. Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Company and the amount of revenue, and the associated loss incurred, or to be incurred, can be measured reliably.

Brokerage/commission: At the provision of services i.e. execution of client order.

Capital gain/loss: At the disposal of the assets.

Dividend: When the right to receive the dividend is established.

Bank profit and others: On accrual basis.

4.7 Taxation

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax on turnover or alternative corporate tax, whichever is higher.

Deferred tax is accounted for using the liability method in respect of all taxable 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 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 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 or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

4.8 Provisions

Provisions are recognized in the balance sheet when the Company has a 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 of the amount can



be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

4.10 Trade and other payables

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

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.11 Financial instruments

Financial assets and liabilities are recognized when the company become a party to contractual provision of the instrument.

All purchases and sales of financial assets are recognized on the trade date.

4.11.1 Financial assets

The company's principal financial assets are long term investment, long term deposits, trade debtor advances, deposits and prepayments and cash & bank balances.

4.11.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include trade and other payables.

4.11.3 Off Setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statement when there is a legally enforceable right to set off and the company intends either to settle On a net basis or to realize the assets and to settle the liabilities simultaneously.

4.12 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

All transactions with related parties are made at arm's length prices determined in accordance with comparable uncontrolled price method.



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

	Note	2017 Rupees	2016 Rupees
5 INTANGIBLE ASSETS			
Trading Rights Entitlement Certificate (TREC)	5.1	5,000,000	5,000,000
Right to use room at Lahore stock exchange	5.2	4,000,000	4,000,000
		<u>9,000,000</u>	<u>9,000,000</u>

5.1 This represent trading rights entitlement certificates received from Pakistan Stock Exchange Limited after the integration of all the three exchanges of Pakistan in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

5.2 This represent cost of leasehold right to use room given by Pakistan stock exchange for indefinite useful life as per notice of LSE no. LSE-4757 dated November 12, 2009. This is considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

6 LONG TERM INVESTMENT

Available for sale

LSE Financial Services Ltd. (formerly LSE)
(843,975 (2016: 843,975) shares)

Investment in associated company - Equity method

Opening balance

Share of (loss)/profit

6.1	14,887,720	14,567,009
	<u>1,480,681</u>	<u>1,345,205</u>
	<u>(148,449)</u>	<u>135,476</u>
6.2	1,332,232	1,480,681
	<u>16,219,952</u>	<u>16,047,690</u>

6.1 LSE Financial Services Shares

Opening

Fair Value adjustment

Closing Balance

14,567,009	4,080,000
<u>320,711</u>	<u>10,487,009</u>
<u>14,887,720</u>	<u>14,567,009</u>

6.2 This represents investment in Leiner Pak Gelatine Limited, a listed company. The company has invested in 370,000 (2016: 370,000) ordinary shares of associated company representing 4.93% of the total share capital. There is common directorship. The Chief executive of the company is Kh.Imtiaz Ahmad. The market value as at 30, June 2017 was Rs. 11.84 million (2016 : 7.77 million). The share of profit for the year ended 2017 recognized based on audited financial statements for the year ended 2017. The summarized financial information of the parent company as at June 30, 2017 is as under

	2017 Rupees in Thousands	2016 Rupees in Thousands
Assets	<u>661,873</u>	<u>652,850</u>
Liabilities	<u>331,237</u>	<u>298,852</u>
Total Revenue	<u>692,373</u>	<u>727,664</u>
Net (Loss)/profit	<u>(3,009)</u>	<u>2,748</u>
(Loss)/profit attributable to associated company	<u>(148,449)</u>	<u>135,476</u>

The management believes that there would be no significant changes in the financial information stated above from the audited financial statements/results of the associated company

7 LONG TERM DEPOSITS AND PREPAYMENTS

National Clearing Company of Pakistan (NCCPL)

Central Depository Company of Pakistan (CDC)

Pakistan Stock Exchange (PSX)

200,000	200,000
100,000	100,000
230,000	230,000

<u>530,000</u>	<u>530,000</u>
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INA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
8 TRADE DEBTS - Unsecured - Considered good		<u>16,872</u>	<u>17,314</u>
9 TRADE DEPOSITS AND PREPAYMENTS			
Margin deposit		313,000	313,000
Sales Tax Receivable		6,722	-
		<u>319,722</u>	<u>313,000</u>
10 SHORT TERM INVESTMENTS			
4,194 (2016: 4,094) shares of M/S Glaxo Smithkline Pakistan Limited		706,816	687,568
7,200 (2016: 1,700) shares of M/S Fauji Fertilizer Bin Qasim Limited		335,861	67,609
6,700 (2016: 4,400) shares of M/S Fauji Fertilizer Company Limited		724,692	507,962
1,300 (2016: 1,300) shares of M/S Engro Corporation Limited		252,809	252,809
3,620 (2016: 120) shares of M/S Engro Fertilizer Limited		214,483	-
4,762 (2016: 4,762) shares of M/S Hascal Petroleum Limited		275,744	275,744
5,200 (2016: 4,000) shares of M/S Pakistan Petroleum Limited		926,011	723,639
5,000 (2016: 2,500) shares of M/S Oil and Gas Development Company Ltd		820,255	456,865
1,227 (2016: 1,227) shares of M/S Glaxo Smithkline Consumer Health Care Pakistan Ltd		-	-
2,000 shares of M/S Kot Addu Power Co. Ltd.		1,272,168	-
3,000 shares of M/S KSB Pumps Ltd.		149,779	-
2,500 shares of M/S Pakistan Stock Exchange Ltd.		67,162	-
1,500 shares of M/S Fauji Cement Company Limited		55,554	-
National investment trust unit			
10,000 shares (2016: 10,000) Islamic Equity Fund Unit		100,000	100,000
		5,895,335	3,072,197
Fair value adjustment		1,104,772	823,492
		<u>7,000,107</u>	<u>3,895,689</u>
11 TAXATION- NET			
Opening tax receivable		34,271	60,412
Tax deducted or paid during the year		206,342	112,146
		<u>240,613</u>	<u>172,558</u>
Provision for the year			
-Provision for the year		(158,577)	(136,591)
-Prior year adjustment		(83,820)	(1,696)
		<u>(242,397)</u>	<u>(138,287)</u>
		<u>(1,783)</u>	<u>34,271</u>
12 CASH AND BANK BALANCES			
Cash in hand		23,101	-
Cash at bank - current accounts			
Brokers account		3,233,988	2,406,708
Clients account		3,188,712	1,750,109
		<u>6,445,801</u>	<u>4,156,816</u>
13 SHARE CAPITAL			
13.1 Authorized share capital			
4,000,000 (2016: 3,000,000) ordinary shares of Rs.10/- each.		<u>40,000,000</u>	<u>30,000,000</u>

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

	Note	2017 Rupees	2016 Rupees
13.2 Issued, subscribed and paid up capital			
1,515,000 (2016: 1,010,000) ordinary shares of Rs.10/- each.		<u>15,150,000</u>	<u>10,100,000</u>
14 REVALUATION SURPLUS			
Trading Right Entitlement Certificate (TREC)	14.1	3,080,000	3,080,000
LSE Financial Services Ltd. (formerly LSE)	14.2	10,807,720	10,487,009
		<u>13,887,720</u>	<u>13,567,009</u>
14.1	This represents surplus created by the revaluation of Trading Right Entitlement Certificate (TREC) as per notice no. PSX/N-1947 dated March 30, 2016 and LSE shares as per notice no PSX/N-1522 dated March 06, 2017 of Pakistan Stock Exchange.		
14.2	The exchange has revised the Breakup Value per share of LSE shares to Rs17.64/share as per notice of Pakistan Stock Exchange dated March 06, 2017, 2016, which has resulted in fair value adjustment at year end of Rs. 320,711/-.		
15 DIRECTOR'S LOAN			
Opening Balance		11,073,923	11,073,923
(Paid) during the year		(1,823,923)	-
Closing Balance	15.1	<u>9,250,000</u>	<u>11,073,923</u>
15.1	The contractual directors' loans are interest free and repayable at the discretion of the entity. As per ICAP TR-32 "Accounting Directors' Loan" dated January 25, 2016, any such loan doesn't pass the test of liability and is to be recorded as equity at face value. This is not subsequently remeasured. The decision of entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity.		
16 DEFERRED TAXATION			
Deferred tax asset as at June 30, 2017 amounting to Rs. 79,683/- (2016: 265,223/-) due to unused tax losses and tax credits have not been recognized as sufficient future taxable profits may not be available against which said deferred tax asset can be utilized. There being no taxable temporary differences.			
17 TRADE AND OTHER PAYABLES			
Creditor		3,095,916	1,695,813
Accrued liabilities		197,667	4,423
Audit fee payable		100,000	262,500
Rent security-unsecured		120,000	-
		<u>3,513,583</u>	<u>1,962,736</u>
18 CONTINGENCIES AND COMMITMENTS			
18.1 CONTINGENCIES			
There are no contingencies as at June 30, 2017. (2016:Nil)			
18.2 COMMITMENTS			
The company has lien the TRE certificate's Pakistan Stock Exchange and 337,590 number of shares with Pakistan Stock Exchange in compliance with Base Minimum Capital (BMC) requirement under the regulations governing risk management of PSX.			

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	Note	2017 Rupees	2016 Rupees
19 BROKERAGE INCOME-NET			
Brokerage income -Gross		71,260	48,906
IPO (Initial Public Offer) income		-	5,800
Sales tax on services		(9,829)	(7,808)
		<u>61,431</u>	<u>46,898</u>
20 INCOME FROM INVESTMENT			
Profit on investment at fair value through profit and loss account		<u>281,279</u>	<u>300,041</u>
21 DIVIDEND INCOME			
Dividend from short term investment		<u>613,521</u>	<u>790,720</u>
22 ADMINISTRATIVE AND GENERAL EXPENSES			
Legal and professional charges		68,250	77,960
Internet charges		120,000	106,452
Auditors remuneration	21.1	100,000	100,000
Rent, rates and taxes		33,332	9,489
Printing & stationery		8,500	-
Postage, telephone & telegram		260	-
Insurance		5,661	-
Fee and subscriptions		156,437	129,227
		<u>492,440</u>	<u>423,128</u>
22.1 AUDITOR'S REMUNERATION			
Audit fee		75,000	75,000
Other certification charges		25,000	25,000
		<u>100,000</u>	<u>100,000</u>
23 OTHER INCOME			
Rental Income		360,000	-
Profit on deposit (Margin)		8,424	898
		<u>368,424</u>	<u>898</u>
24 FINANCIAL CHARGES			
Bank Charges		<u>3,114</u>	<u>1,466</u>
25 PROVISION FOR TAXATION			
Provision for current taxation is based on taxable income at current rates after taking into account tax rebates and credits available, if any.			
26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES			
As per attached			

26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

DESCRIPTION	INTEREST / MARK UP BEARING			NON INTEREST / MARK-UP BEARING			TOTAL	
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	2017	2016
FINANCIAL ASSETS								
Long term investment	1,332,232		1,332,232	-	14,887,720	14,887,720	16,219,952	16,047,690
Long term deposits and prepayments	-	-	-	-	530,000	530,000	530,000	530,000
Trade debts (Unsecured and considered good)	-	-	-	16,872	16,872	16,872	16,872	17,314
Short term deposit	319,722	-	319,722	-	-	-	319,722	313,000
Short term investment at fair value through profit and loss	-	-	-	7,000,107	-	7,000,107	7,000,107	3,895,689
Cash and bank balances	-	-	-	6,445,801	-	6,445,801	6,445,801	4,156,816
	319,722	1,332,232	1,651,954	13,462,780	15,417,720	28,880,499	30,532,453	24,960,509
FINANCIAL LIABILITIES								
Loan from directors	-	-	-	-	9,250,000	9,250,000	9,250,000	11,073,923
Trade and other payables	-	-	-	3,513,583	-	3,513,583	3,513,583	1,962,736
	-	-	-	3,513,583	9,250,000	12,763,583	12,763,583	13,036,659
Off - balance sheet financial instruments								
Guarantees	-	-	-	-	-	-	-	-

26.1 Financial Instruments and Financial risk management

Financial Instruments and Financial Risk Management

The company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

26.2 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	30-Jun-17	
	Contractual cash flows	Less than 1 year
Trade and other payables	3,513,583	3,513,583
Accrued interest	-	-
	3,513,583	3,513,583

	30-Jun-16	
	Contractual cash flows	Less than 1 year
Trade and other payables	1,962,736	1,962,736
Accrued interest	-	-
	1,962,736	1,962,736

26.3 Capital Risk Management

The company's prime objectives when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debts. The gearing ratio as at period ended June 30, 2017 and June 30, 2016 are as follows:-

	30-Jun-17	30-Jun-16
	Rs.	Rs.
Total Borrowing	9,250,000	11,073,923
Less: Cash and bank balances	6,445,801	4,156,816
Net Debt	2,804,199	6,917,107
Total Equity	12,879,368	7,391,113
Total Capital	15,683,567	14,308,220
Gearing Ratio	17.88	48.34

26.4 Fair Value of Financial Instruments

The Carrying amounts of financial assets and financial liabilities approximate their fair values.

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	Note	2017 Rupees	2016 Rupees
27 RELATED PARTY TRANSACTIONS			
The Company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method.			
Transactions with related parties during the period are as follows:			
Relationship with the company	Nature of transaction		
Loan from directors	Loan	<u>9,250,000</u>	<u>11,073,923</u>

28 EARNING PER SHARE			
Total comprehensive income for the year		<u>438,255</u>	<u>711,153</u>
Average Number of shares outstanding during the year		<u>1,388,750</u>	<u>1,010,000</u>
Basic earning per share		<u>0.32</u>	<u>0.70</u>

29 NUMBER OF EMPLOYEES			
Total number of employees at the year end		<u>-</u>	<u>-</u>
Average number of employees during the year.		<u>-</u>	<u>-</u>

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2017 by the Board of Directors.

31 GENERAL

- Figures have been rounded off to the nearest rupee.
- There is no significant reclassification of corresponding figures.

CHIEF EXECUTIVE

DIRECTOR