

**KHANANI SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2018**

KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	Rupees December 2018	Rupees June 2018
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	714,920	732,329
Intangible assets	5	2,750,000	2,750,000
Long term investment	6	14,671,803	21,353,581
Long term deposits	7	2,155,000	2,155,000
		20,291,723	26,990,910
CURRENT ASSETS			
Short term investments	8	19,782,743	26,683,115
Trade receivables	9	5,574,665	5,557,410
Advances, deposits, pre-payments & other receivables	10	28,585,266	10,369,674
Cash & bank balances	11	49,835,179	68,916,571
		103,777,853	111,526,771
TOTAL ASSETS		124,069,576	138,517,681
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
20,000,000 (2017: 20,000,000) ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital			
Unappropriated profit	12	90,010,000	90,010,000
Unrealised gain on revaluation of available for sale investments		18,371,686	21,016,869
		3,859,862	10,541,641
		112,241,548	121,568,510
LIABILITIES			
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Trade payables		6,419,727	11,498,427
Accrued expenses & other liabilities	13	5,408,300	5,450,744
		11,828,028	16,949,171
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		124,069,576	138,517,681

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



Chief Executive



Director

KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED DECEMBER 31, 2018

	Note	Rupees December 2018	Rupees June 2018
REVENUE			
Operating revenue	15	3,832,389	10,695,515
Capital gain on sale of investments		-	14,503
Unrealized (loss) / gain on remeasurement of investments		(3,761,086)	867,470
		71,303	11,577,488
Administrative expenses	16	(2,955,856)	(7,546,152)
Finance cost	17	(7,039)	(13,124)
		(2,962,895)	(7,559,277)
Operating (Loss) / profit		(2,891,592)	4,018,211
Other charges	18	-	-
Other income	19	246,409	511,159
(Loss) / Profit before taxation		(2,645,183)	4,529,371
Taxation	20	-	(2,864,733)
(Loss) / profit after taxation		(2,645,183)	1,664,638
(Loss) / earnings per share - basic and diluted	21	(0.294)	0.185

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


Chief Executive


Director

**KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2018**

Note	Rupees December 2018	Rupees June 2018
(Loss) / Profit after taxation	(2,645,183)	1,664,638
<u>Other comprehensive income</u>		
Unrealised loss on revaluation of available for sale investments	(6,681,778)	-
Total comprehensive (loss) / income for the year	(9,326,961)	1,664,638

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


Chief Executive


Director

KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up capital	Unappropriated Profit	Unrealised gain on revaluation of available for sale investments	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 2017	90,010,000	19,352,231	25,134,308	109,362,231
Profit after taxation		1,664,638		1,664,638
Unrealised gain on transfer to short term investment	-	-	(8,181,181)	(8,181,181)
Reversal of unrealised gain on revaluation of available for sale investments	-	-	(6,411,486)	(6,411,486)
Balance as at June 30, 2018	90,010,000	21,016,869	10,541,641	96,434,202
Loss after taxation	-	(2,645,183)	-	(2,645,183)
Reversal of unrealised gain on revaluation of available for sale investments	-	-	(6,681,778)	(6,681,778)
Balance as at December 31, 2018	90,010,000	18,371,686	3,859,862	87,107,240

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


Chief Executive


Director

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Office premises	Furniture & fixtures	Computer & allied	Office equipment	Motor vehicles	Total
	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>
Net carrying value basis						
Year ended December 31, 2018						
Opening net book value (NBV)	342,812	61,186	65,130	66,767	196,435	732,329
Additions (at cost)	-	-	39,800	-	-	39,800
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(17,141)	(4,589)	(15,740)	(5,007)	(14,733)	(57,209)
Closing net book value (NBV)	325,671	56,597	89,191	61,759	181,702	714,920
Gross carrying value basis						
As at December 31, 2018						
Cost	577,500	230,678	723,948	109,000	1,435,500	3,076,626
Accumulated depreciation	(251,829)	(174,081)	(634,758)	(47,241)	(1,253,798)	(2,361,706)
Net book value (NBV)	325,671	56,597	89,191	61,759	181,702	714,920
Net carrying value basis						
Year ended June 30, 2018						
Opening net book value (NBV)	380,902	71,983	30,043	7,549	231,100	721,577
Additions (at cost)	-	-	63,000	71,000	-	134,000
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(38,090)	(10,797)	(27,913)	(11,782)	(34,665)	(123,248)
Closing net book value (NBV)	342,812	61,186	65,130	66,767	196,435	732,329
Gross carrying value basis						
As at June 30, 2018						
Cost	577,500	230,678	684,148	109,000	1,435,500	3,036,826
Accumulated depreciation	(234,688)	(169,492)	(619,018)	(42,233)	(1,239,065)	(2,304,497)
Net book value (NBV)	342,812	61,186	65,130	66,767	196,435	732,329
Depreciation rates (%)	10	15	30	15	15	

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Note	Rupees December 2018	Rupees June 2018
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5 INTANGIBLE ASSETS

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Less: Impairment loss		-	-
		2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		250,000	250,000
		2,750,000	2,750,000

- 5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of PSX after completion of the demutualization process.

6 LONG TERM INVESTMENTS

Available for sale - quoted

Investments in :

Shares of Pakistan Stock Exchange Limited
Transfer to short term investment

Shares of Pakistan Stock Exchange Limited	21,353,581	41,163,838
Transfer to short term investment	-	(13,398,771)
	21,353,581	27,765,067
Reversal of unrealised gain on revaluation of shares of PSX	(6,681,778)	(6,411,486)
	14,671,803	21,353,581

6.1

- 6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX. In March 2017, the Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription. Given the above, the investment to the extent of 1,081,194 shares has been classified as long term investment while the remaining investment in PSX has been classified under short term investment.

7 LONG TERM ADVANCES & DEPOSITS

Pakistan Stock Exchange Limited
Central Depository Company of Pakistan Limited
National Clearing Company of Pakistan Limited
Pakistan Mercantile Exchange Limited

Pakistan Stock Exchange Limited	-	200,000
Central Depository Company of Pakistan Limited	5,000	5,000
National Clearing Company of Pakistan Limited	1,400,000	1,200,000
Pakistan Mercantile Exchange Limited	750,000	750,000
	2,155,000	2,155,000

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Note	Rupees December 2018	Rupees June 2018
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8 SHORT TERM INVESTMENTS

Investments at fair values through profit & loss

Listed equity securities

Listed equity securities	23,543,829	25,815,645
Unrealized (loss)/gain as a result of remeasurement at market value	(3,761,086)	867,470
Market value	<u>19,782,743</u>	<u>26,683,115</u>

9 TRADE RECEIVABLES

Considered good	4,590,475	4,832,500
Considered doubtful	-	-
	<u>4,590,475</u>	<u>4,832,500</u>
Provision for doubtful debts	-	-
	<u>4,590,475</u>	<u>4,832,500</u>
From clearing house	984,190	724,910
	<u>5,574,665</u>	<u>5,557,410</u>

9.1 Trade debts are recognised initially at invoice amount less provision for doubtful debts, if any. The aging analysis for amount receivable from clients for more than five days is as follows.

Amount due from clients for more than 5 days	-	<u>4,811,313</u>
Value of listed shares (collateral) after applying haircut on the basis of VAR	-	<u>5,249,523</u>
Amount receivable from clients exceeding the collateral held from such customers	-	-

9.2 No provision is required as per sub-clause h (i) of clause 34 of Securities Brokers (Licensing and Operations) Regulations 2016 in the financial statements as the Company recovered majority of the amount subsequent to the year end.

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Exposure deposits	10.1	7,000,000	4,500,000
Advance payment of tax		6,525,266	5,815,674
Other receivables		15,000,000	-
Staff loan		60,000	54,000
		<u>28,585,266</u>	<u>10,369,674</u>

10.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market.

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Note	Rupees December 2018	Rupees June 2018
11 CASH AND BANK BALANCES		
Cash in hand	40,730	60,340
Cash at bank - in current accounts	49,794,449	68,856,231
	49,835,179	68,916,571
11.1 Detail of customer assets held in designated bank accounts and Central Depository Company (CDC) are as follows:		
Customer assets held in the designated bank accounts	-	6,998,427
Customer assets held in the Central Depository Company	-	6,746,349
Securities pledged with financial institution	-	6,211,419
12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Ordinary Shares of Rs. 10 /- each		
2018	2017	
1,000	1,000	Ordinary shares of Rs. 10 each fully paid in cash
9,000,000	9,000,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.
9,001,000	9,001,000	90,010,000
		90,010,000
12.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.		
13 ACCRUED EXPENSES & OTHER LIABILITIES		
Accrued expenses	-	86,794
Provision for taxation	4,362,472	4,362,472
Other liabilities	1,045,828	1,001,478
	5,408,300	5,450,745
14 CONTINGENCIES AND COMMITMENTS		
There are no contingencies and commitments as on June 30, 2018. (2017: Nil)		
15 OPERATING REVENUE		
Brokerage Commission	3,632,289	9,341,776
Dividend Income	200,100	1,353,739
	3,832,389	10,695,515
15.1 Share turnover		
Turnover during the period comprises of the following:	Turnover in Value	Turnover in Value
During the year ended June 30, 2018		
Institution	-	-
Retail	-	11,082,820,418
Proprietary	-	1,099,406,308
Total	-	12,182,226,726

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Note	Rupees December 2018	Rupees June 2018
16 ADMINISTRATIVE EXPENSES			
Directors' remuneration	16.1	600,000	1,500,000
Salaries, wages and other benefits		900,000	2,250,000
Utility and communication charges		46,701	143,437
Rent, rates and taxes		-	77,390
Fees and subscriptions		157,992	193,538
Service and transaction charges		364,975	1,203,150
Audit fees	16.2	84,240	170,000
Legal and professional charges		85,640	264,480
Printing and stationery		3,300	24,972
Bad debts		-	117,091
Repairs and maintenance		110,800	185,600
Entertainment		225,380	451,720
Postage and courier		2,690	11,300
Vehicle running expenses		222,015	477,698
Depreciation		57,209	123,248
Other expenses		94,914	352,529
		<u>2,955,856</u>	<u>7,546,152</u>

16.1 Remuneration of Chief Executive and Director

	2018		2017	
	Chief Executive	Directors	Chief Executive	Directors
Managerial remuneration	300,000	300,000	750,000	750,000
Company's contribution to the Provident Fund	-	-	-	-
Fees	-	-	-	-
Bonus	-	-	-	-
Housing and utilities	-	-	-	-
	<u>300,000</u>	<u>300,000</u>	<u>750,000</u>	<u>750,000</u>
Number of persons (including those who worked part of the year)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

16.2 Auditors' remuneration

Audit services		
Annual audit fee	-	100,000
Certifications	-	45,000
		<u>145,000</u>
Non-audit services		
Other services	-	25,000
		<u>25,000</u>
		<u>170,000</u>

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

	Note	Rupees December 2018	Rupees June 2018
17 FINANCE COST			
Bank charges		7,039	13,124
		<u>7,039</u>	<u>13,124</u>
18 OTHER CHARGES			
Impairment loss		-	2,500,000
		<u>-</u>	<u>2,500,000</u>
19 OTHER INCOME			
IPO commission		-	4,951
Profit on exposure deposit		246,409	251,880
Profit on PSX retention money		-	254,328
		<u>246,409</u>	<u>511,159</u>
20 TAXATION			
Current		-	2,864,733
		<u>-</u>	<u>2,864,733</u>
20.1 Relationship between income tax expense and accounting profit			
Profit before taxation		<u>(2,645,183)</u>	<u>4,529,371</u>
Tax at the applicable tax rate of 30% (2017: 31%)		(793,555)	1,404,105
Tax effect of income taxed at lower tax rates		(399,316)	(87,007)
Tax effect of exempt income		1,128,326	#REF!
Tax effect of non deductible expenses		835,170	829,597
		<u>770,625</u>	<u>#REF!</u>
20.2	Income tax returns of the company have been finalized upto and including the tax year 2017, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.		
21 EARNINGS PER SHARE - BASIC & DILUTED			
21.1 Basic earnings per share			
(Loss) / profit after taxation		(2,645,183)	1,664,638
Number of shares at the end of the year		9,001,000	9,001,000
		<u>(0.29)</u>	<u>0.18</u>
21.2 Diluted earnings per share			

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.