



INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

TO THE CHIEF EXECUTIVE OFFICER OF 128 SECURITIES (PRIVATE) LIMITED

Opinion

We have audited the Statement of Net Capital Balance of **128 Securities (Private) Limited** (the "Securities Broker") and notes to the Statement of Net Capital Balance as at December 31, 2017 (hereinafter collectively referred to as "the statement").

In our opinion, the financial information in the statement of the Securities Broker as at December 31, 2017 is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 ("the Regulations") read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 ("SEC Rules 1971") issued by the Securities & Exchange Commission of Pakistan ("SECP").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the statement* section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

The statement is prepared to assist the Securities Broker to meet the requirements of the SECP, Pakistan Stock Exchange ("PSX") and National Clearing Company of Pakistan Limited ("NCCPL"). As a result, the statement may not be suitable for any other purpose. Our report is intended solely for the Securities Broker, SECP, PSX and NCCPL, and should not be distributed to parties other than the Securities Broker, SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the statement

Management is responsible for the preparation of the statement in accordance with the Regulations and SEC Rules 1971, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Securities Broker's financial reporting process.



Auditor's Responsibilities for the Audit of the statement

Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Securities Broker's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Note: This report and the annexed Net Capital Balance statement (the "current statement") supersede and replace our previous report on the Company's Net Capital Balance statement dated March 15, 2018 as well as the Net Capital Balance statement annexed therewith (the "previous statement"). The correction of transposition errors in the previous statement has resulted in an increase in the Company's Net Capital Balance, from PKR 7,800,744/- reported previously to PKR 7,861,630/- as per the current statement.

**IECnet S.K.S.S.S,
Chartered Accountants**

Engagement partner: **Mr. Muhammad Aslam Khan.**
Lahore.

Date: March 30, 2018

128 SECURITIES (PRIVATE) LIMITED
MEMBER PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT 31 DECEMBER 2017

(Excess of Current assets Over Current Liabilities determined in accordance with third schedule of Securities and Exchange Rules, 1971)

<u>DESCRIPTION</u>	<u>VALUATION BASIS</u>	<u>AMOUNT</u> <u>RUPEES</u>
<u>CURRENT ASSETS</u>		
Cash in hand		214,328
Cash at bank	As per Book Value	
- Pertaining to house account	466,091	
- Pertaining to client account	<u>12,907,420</u>	13,373,510
Deposit against Exposure		2,500,000
Trade Receivable	Book Value	14,684,720
	Less Overdue For more than 14 days	<u>12,166,572</u>
Investment in Listed Securities/Commodity future Contracts in the name of broker	Securities/Contract on the exposure List marked on the market Less 15% Discount	3,059,980 <u>458,997</u>
Securities Purchased for clients	Securities Purchased for clients and held by the member where the payment has not been received within 14 days	1,212,426
Investment in Shares	As per book Value Securitis appearing and owned by brokerage	-
Securities Purchased under Resale obligation		-
Listed TFCs/Corporate Bonds/ other of not less than BBB grade assigned by a credit rating Company on Pakistan	Marked to Market Less 10% Discount	Nil
Pakistan Investment Bonds	Marked to Market Less 5% Discount	Nil
Total Current Assets		<u>22,419,395</u>
<u>CURRENT LIABILITIES</u>		
Securities sold under Repurchase Agreements	As per Book Value	Nil
Trade Payables	Book Value	12,947,220
	Less: More than 30 days payable	<u>9,924,273</u>
Other Liabilities	As Classified under the Generally Accepted Accounting principles	11,534,819
Total Current Liabilities		<u>14,557,765</u>
NET CAPITAL BALANCE AS AT 31 DECEMBER 2017		<u>7,861,630</u>

CHIEF EXECUTIVE



DIRECTOR

128 SECURITIES (PRIVATE) LIMITED
MEMBER PAKISTAN STOCK EXCHANGE LIMITED
EXPLANATORY NOTES TO THE NET CAPITAL BALANCE AS AT 31 DECEMBER 2017

1 INVESTMENT IN LISTED SECURITIES

Sr. No.	Name of Security	No. of Shares	Rate	Amount <i>Rupees</i>
1	First Fidelity Leasing Modaraba	436,000	4.30	1,874,800
2	Haji Mohammad Ismail Mills Limited	17,000	8.75	148,750
3	Invest Capital Investment Bank Limited	199,000	1.47	292,530
4	Innovative Investment Bank Limited	9	-	-
5	Js Large Cap. Fund	105	-	-
6	Prudential Discount & Guarantee House Limited	500	0.30	150
7	Security Investment Bank Limited	175,000	4.25	743,750
		827,614		3,059,980

2 TRADE RECEIVABLES

Receivable from NCCPL	307,452
Sundry debtors	14,377,268
Less: over due more than 14 days	12,166,572
	<u>2,518,148</u>

3 OTHER RECEIVABLES

Commission receivable	102,682
	<u>102,682</u>

4 TRADE PAYABLES

Sundry Creditors	12,947,220
Less: payable more than 30 days	9,924,273
	<u>3,022,947</u>

5 OTHER LIABILITIES

Payable to NCCPL	687,412
Accruals and other payables	923,133
Payable more than 30 days	9,924,273
	<u>11,534,819</u>

[Signature]
CHIEF EXECUTIVE

[Signature]
DIRECTOR

