

128 SECURITIES (PVT) LIMITED
BALANCE SHEET AS AT 31 December , 2016

	NOTE	12/31/2016 <u>RS.</u>	2016 <u>RS.</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital			
1,000,000 ordinary shares of Rs.100/- each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital			
638,740 ordinary shares of Rs.100/- each	4	63,874,000	63,874,000
Share Money Deposit			
		-	-
Reserves			
Accumulated loss		(20,710,913)	(22,536,788)
TOTAL EQUITY		<u>43,163,087</u>	<u>41,337,212</u>
 NON-CURRENT LIABILITIES			
		1,900,000	-
 CURRENT LIABILITIES			
Trade and other payables	5	43,311,188	25,845,426
		<u>43,311,188</u>	<u>25,845,426</u>
TOTAL LIABILITIES		<u>45,211,188</u>	<u>25,845,426</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>88,374,275</u>	<u>67,182,638</u>
 ASSETS			
NON CURRENT ASSETS			
Property and equipment	7	1,165,878	1,127,875
Room and TREC - intangible	8	7,000,000	7,000,000
Investments	9	22,730,533	15,871,144
Long term deposits	10	7,067,285	5,962,285
		<u>37,963,696</u>	<u>29,961,304</u>
 CURRENT ASSETS			
Trade debts	11	20,154,902	16,007,210
Advances and other receivables	12	3,313,227	4,818,878
Cash and bank balances	13	26,942,450	16,395,246
		<u>50,410,579</u>	<u>37,221,334</u>
TOTAL ASSETS		<u>88,374,275</u>	<u>67,182,638</u>

The annexed notes form an integral part of these accounts.

Chief Executive

Director

128 SECURITIES (PVT) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 2016

	NOTE	12/31/2016	2016
		<u>RS.</u>	<u>RS.</u>
OPERATING INCOME			
Commission Income	14	7,741,292	11,563,431
Other Income -	15	794,857	1,040,850
		<u>8,536,149</u>	<u>12,604,281</u>
OPERATING EXPENSES			
Administrative and general	16	6,709,729	27,120,853
Financial and others	17	545	39,351
		<u>6,710,274</u>	<u>27,160,204</u>
PROFIT BEFORE TAX		1,825,875	(14,555,923)
TAXATION			
Normal tax	18	-	115,634
Tax On Dividend Income		-	-
Prior year tax adjustment		-	275,556
		<u>-</u>	<u>391,190</u>
PROFIT/(LOSS) AFTER TAX CARRIED TO EQUITY STATEMENT		1,825,875	(14,947,113)
EARNINGS PER SHARE - BASIC AND DILUTED	19	<u>2.86</u>	<u>(23.40)</u>

The annexed notes form an integral part of these accounts.

Chief Executive

Director

	12/31/2016	2016
	<u>Rs.</u>	<u>Rs.</u>
13. CASH AND BANK BALANCES		
CASH AT BANKS		
In saving accounts		
Al-Falah-DHA A/c. 0033-02918383	635,903	1,449,325
Al-Falah - LSE A/c. 004802910036		7,683,752
128-SEC A/C0048-01001830	19,532,581	32,581
128-SEC A/C00310081000626019-BLHB	2,273,676	6,512,978
In current accounts		
Al-Falah-NGT A/c. 508-036-035284-01	-	-
House A/c. 0048-02910040	-	223,952
ABL LTD-LSE BR-480011	4,632	4,632
Al-Falah -A/c. 0031-0081-000626-01-9	127,424	378,220
MCB - LSE A/c. 28-0	9,000	9,000
BAHL Proprietary a/c # ?????	4,010,428	-
CASH IN HAND	348,806	100,806
	<u>26,942,450</u>	<u>16,395,246</u>
14. COMMISSION INCOME		
Commission income	8,298,396	12,285,091
NCSS,LSE charges	557,104	290,631
CDC charges		431,029
Others	-	-
	<u>557,104</u>	<u>721,660</u>
	<u>7,741,292</u>	<u>11,563,431</u>
14.1 COMMISSION INCOME		
Gross commission income	8,579,891	14,344,760
Less: Commission Adjustment	(39,547)	(306,577)
Less: Commission expenses	(241,948)	(1,753,092)
	<u>8,298,396</u>	<u>12,285,091</u>
15. OTHER INCOME - bank interest		
Interest on bank deposit/PLS A/c.	30,019	407,869
Other Income	310,039	-
Dividend Income	454,799	632,981
	<u>794,857</u>	<u>1,040,850</u>

		12/31/2016	2016
		<u>Rs.</u>	<u>Rs.</u>
16. ADMINISTRATIVE AND GENERAL			
Directors Remuneration	16.1	640,000	1,650,000
Salaries & Benefits		1,972,500	4,343,250
Rent, Rates & Taxes		212,924	565,652
Printing & Stationery		65,330	130,900
Telephone & Postage	16.2	457,113	840,305
Electricity & Gas Expenses		573,503	740,851
Entertainment		94,390	443,888
Computer Repair & Maintenance		317,740	520,070
Newspaper & Periodicals		-	2,714
Travelling & Conveyance		23,650	21,400
Publicity & Advertisement		-	2,000
Charity & Donation		-	3,000
Audit Fee		-	250,000
Fee & Taxes		9,022	213,865
Legal & Professional charges		227,000	469,100
Other Expense		1,993,560	1,562,730
Depreciation		122,997	248,847
other operating charges		-	15,112,281
		<u>6,709,729</u>	<u>27,120,853</u>
16.1 SALARIES & BENEFITS			
Hashim Mahmood		240,000	480,000
Qasim Mahmood		400,000	1,170,000
		<u>640,000</u>	<u>1,650,000</u>
16.2 TELEPHONE & POSTAGE			
Mobile Bill		457,113	156,909
Postage		-	122,964
Internet		-	109,564
Telephone		-	450,868
		<u>457,113</u>	<u>840,305</u>

	12/31/2016	2016
	<u>Rs.</u>	<u>Rs.</u>
17. FINANCIAL AND OTHERS		
Bank charges	545	39,351
	545	39,351
18. TAXATION		
Profit Before Tax	1,825,875	(14,555,923)
Total Income		
Commission income - net	7,741,292	11,563,431
Other income	794,857	1,040,850
	8,536,149	12,604,281
Profit Allocation		
Final Tax Income	97,281	(730,992)
Normal Taxable Income	1,728,594	(13,824,931)
	1,825,875	(14,555,923)
Taxation		
Minimum tax @ 1% on turnover	85,361	126,043
Normal tax @ 32%	553,150	(4,423,978)

19. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the company which is based on:

Profit/(Loss) attributable to ordinary share holders in Rs.	1,825,875	(14,947,113)
Number of ordinary shares issue	638,740	638,740
Profit/ (Loss) per share-basis in rupees	2.86	(23.40)

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

The company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

		12/31/2016 Rs.	2016 Rs.
4. SHARE CAPITAL			
Authorised Capital			
1,000,000 (2014:1,000,000) ordinary shares of Rs.100/- each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and Paid-up capital			
638,740 (2014:638,740) ordinary shares of Rs.100/- each		<u>63,874,000</u>	<u>63,874,000</u>
Pattern of shareholding is given as under:			
Chief Executive			
Shahid Mahmood		63,774,000	63,774,000
Directors			
Qasim Mahmood		50,000	50,000
Hashim Mahmood		50,000	50,000
		<u>63,874,000</u>	<u>63,874,000</u>
5. TRADE AND OTHER PAYABLES			
Due to Clients	5.1	39,797,337	25,183,264
Other Payables	5.2	3,513,851	662,162
		<u>43,311,188</u>	<u>25,845,426</u>
5.1 Due to clients the amounts due to customers and members on account of trades undertaken before year-end but becoming due after year-end.			
5.2 OTHER PAYABLES			
Audit fee payable		300,000	300,000
FED - purchase		133,292	75,069
FED - sale		139,780	93,433
Other payables		2,670,706	12,865
CDC- client account		6,525	5,705
CVT and Capital Gain Tax		114,003	6,270
CDC- Tax Payable		23,817	23,817
Supplier & Services Tax Payable		10,295	26,275
Employee Tax Payable		200	3,094
Provision for tax		115,233	115,634
		<u>3,513,851</u>	<u>662,162</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Neither any contingent loss nor gain is expected by the company.

Commitments

Except routine and fully provided commitments neither any guarantee has been given nor any material commitment made by the company.

7. PROPERTY AND EQUIPMENT-TANGIBLE

PARTICULARS	COST			DEPRECIATION				W.D.V. AS AT 12/31/2016
	AS AT 01.07.2016	ADDITION (DELETION)	AS AT 12/31/2016	AS AT 01.07.2016	RATE %	FOR THE YEAR	AS AT 12/31/2016	
OWNED								
Office Equipment	1,654,126	7,500	1,661,626	1,227,621	15	32,550	1,260,171	401,455
Computer	2,348,916	153,500	2,502,416	2,151,337	30	52,662	2,203,999	298,417
Furniture & Fixtures	1,061,332	-	1,061,332	839,443	15	16,642	856,085	205,247
Vehicles	1,507,100	-	1,507,100	1,225,198	15	21,143	1,246,341	260,759
42735 2016	6,571,474	161,000	6,732,474	5,443,600		122,997	5,566,596	1,165,878

8. ROOM AND TREC-INTANGIBLE

- 8.1 Trading Rights Entitlement Certificate-(TREC)
8.2 Room - 612

	12/31/2016 <u>RS.</u>	2016 <u>RS.</u>
8.1	5,000,000	11,200,000
8.2	2,000,000	2,000,000
	<u>7,000,000</u>	<u>13,200,000</u>

- 8.1 Pursuant to the promulgation of the stock exchanges(Corporatisation, Demutualization and Integration) Act,2012, the ownership rights in a stock exchange were segregated from the right to trade on an exchange. As a result, the above arrangement has resulted in allocation of 843,975 shares at Rs10 each having break up value of Rs 11.32 each,with a total face value of Rs 8.4 Million and Trading Rights Entitlement Certificate (TREC) to the company by the LSE. out of total shares of 843,975 allocated to the company 506,385 shares are transferred to CDC sub- account in the company's name under the LSE's participant IDs with the CDC which will remain blocked untill these are divest/sold to strategic investor(s),general public and financial institutions and proceeds are paid to the company. under the current circumstances, where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further, the LSE has introduced a minimum capital requirement of Rs. 4 million and in the absence of an active market for TREC, this assigned value has been considered as the closest estimate of the fair value of the TREC. Therefore, based on the above estimates of the fair value of LSE shares,(Rs. 8.44 Million) and TREC (Rs. 4 Million), the company has allocated its carrying value of the membership card (Rs. 35 Million) in the ratio of 68 to shares and 32 to TREC. Consequently, the investments in LSE shares and TREC stands worked out as under:

Particulars	Fair value Rs.	Ratio %age	Value Assigned Rs.
LSE shares	8.44 M	68	23,800,000
LSE TREC	4.0 M	32	11,200,000
	<u>12.44 M</u>	<u>100</u>	<u>35,000,000</u>

- 8.2 This represent cost of offices given by Lahore Stock Exchange with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

	12/31/2016	2016
	<u>RS.</u>	<u>RS.</u>
9. INVESTMENTS		
INVESTMENT -IN LISTED COMPANY-SHARES	7,842,814	983,425
INVESTMENT -IN LAHORE STOCK EXCHANGE -SHARES	<u>14,887,719</u>	<u>14,887,719</u>
	<u>22,730,533</u>	<u>15,871,144</u>

This represents the apportioned value of the membership card as allocated for TREC @ 32% and LSE Shares@ 68%. Management does not provide for deficit/ surplus on remeasurment to fair value due to their temporary character.

10. LONG TERM DEPOSITS

Deposits with:

Pakistan Stock Exchange Ltd	6,300,000	5,195,000
Security CDC	100,000	100,000
National Clearing Company of Pakistan Ltd	300,000	300,000
Office Security	<u>367,285</u>	<u>367,285</u>
	<u>7,067,285</u>	<u>5,962,285</u>

11. TRADE DEBTS	<u>20,154,902</u>	<u>16,007,210</u>
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These represent the amounts due from customers and members on account of trades undertaken before year-end but becoming due after year-end. All receivable amounts are secured and considered good by the management.

12. ADVANCES AND OTHER RECEIVABLE

Advance to staff	12.1 338,314	338,315
Advance Tax	1,092,098	333,474
Other receivables	<u>1,882,815</u>	<u>4,147,089</u>
	<u>3,313,227</u>	<u>4,818,878</u>

12.1) Advance to Staff

The amounts are interest free, unsecured and considered good by the management.