



BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of Pasha Securities Private Limited

Opinion

We have audited the Statement of Net Capital Balance of **Pasha Securities Private Limited** and notes to the Statement of Net Capital Balance as at 30 June, 2017 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at 30 June, 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

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the **Pasha Securities Private Limited** 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 another purpose. Our report is intended solely for **Pasha Securities Private Limited**, SECP, PSX and NCCPL and should not be distributed to parties other than **Pasha Securities Private Limited** or the 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 the SEC Rules 1971, and for such internal control as management determines

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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 is 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.

Baker Tilly MIA



BakerTilly Mehmoood Idrees Qamar
Chartered Accountants
Engagement Partner: Siraj Ahmad
Place: Islamabad

Dated: 13 September, 2017

PASHA SECURITIES (PRIVATE) LIMITED
CORPORATE TREC HOLDER OF PAKISTAN STOCK EXCHANGE LIMITED
CALCULATION OF NET CAPITAL BALANCE FOR THE PURPOSES OF SCHEDULE II to
THE SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016 AND
THIRD SCHEDULE UNDER RULE 2(d) OF THE SEC RULES 1971
AS AT 30 JUNE 2017

Excess of Current Assets over Current Liabilities determined in accordance with the Schedule II to the Securities Brokers (licensing and operations) Regulations, 2016 and Third Schedule under Rule 2(d) of the Securities and Exchanges Rules 1971 and the clarifications/guidelines issued by SECP dated 3 July 2013, 20 December 2013 and 24 July 2015 and Guide Book issued by Securities Market Division of SECP dated 8 September 2016.

DESCRIPTION	VALUATION BASIS	Notes	Sub Total	Total
			-----Rupees-----	
<u>CURRENT ASSETS</u>				
Cash in hand and bank balances	As per book value	2		13,750,894
Cash deposited as margin with National Clearing Company of Pakistan	As per book value			450,000
Trade receivables	As per book value Less: Overdue for more than 14 days	3	2,040,033 (1,768,908)	271,125
Investment in listed securities in the name of broker	At market Value Less: Securities not in exposure list Less: Securities in exposure list marked to market less 15% discount	4	2,388,129 - 2,388,129 (358,219)	2,029,910
Securities purchased for clients	Lower of Amount Overdue by more than 14 days or value of securities in the sub account of clients			350,853
Total Current Assets				16,852,782
<u>CURRENT LIABILITIES</u>				
Trade payables	As per book value Less: Overdue for more than 30 days	5	11,415,313 (5,925,978)	5,489,335
Other payables	As per book value	6		6,137,942
Total Current Liabilities				11,627,277
Net Capital Balance as at 30 June 2017				5,225,505

The annexed notes 1 to 7 form an integral part of the statement.



1 STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

The amounts and figures reported in the statement of net capital balance ("the statement") are based on the complete set of financial statements prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as were notified under the repealed Companies Ordinance, 1984, provisions of or directives issued under the repealed Companies Ordinance, 1984. The statement has been prepared in accordance with Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Third Schedule under Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971)' and relevant clarifications/guidelines issued by the Securities & Exchange Commission of Pakistan (SECP).

2 CASH IN HAND AND BANK BALANCES

30 June 2017
(Rupees)

Cash in hand	4,248
Bank balances pertaining to:	
Broker	467,471
Clients	13,279,175
	<u>13,750,894</u>

3 TRADE RECEIVABLES

These are valued at cost less bad and doubtful trade receivables (if any) and trade receivables outstanding for more than 14 days

Total receivable	2,040,033
Less: Outstanding for more than 14 days	(1,768,908)
Balance generated within 14 days and/or not yet due	<u>271,125</u>

4 INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

These represent investments in listed equity securities which are not on the default counter of the Stock Exchange are value at market rates prevailing as on 30 June 2017 less 15% discount as prescribed in Third Schedule under Rule 2(d) to the Securities and Exchange Rules, 1971 and Schedule II to the Securities Brokers Regulations 2016. Securities on the default counter have been excluded from the calculations.

5 TRADE PAYABLES

This represents balances payable against trading of shares less trade payable balance overdue for more than 30 days which have been included in other liabilities.

6 OTHER LIABILITIES

The break up is as follows:

Overdue trade payables	5,925,978
Loan from directors	-
Other liabilities	211,964
	<u>6,137,942</u>

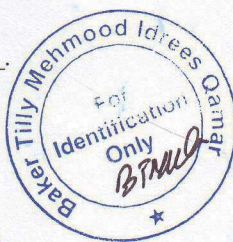


Notes to the Statement of Net Capital Balance
For the year ended 30 June 2017

7 DATE OF ISSUANCE

This statement was authorized for issue on _____.

Chief Financial Officer





Chief Executive Officer



BAKER TILLY
MEHMOOD IDREES
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INDEPENDENT AUDITORS REPORT ON STATEMENT OF LIQUID CAPITAL

To the Chief Executive Officer of Pasha Securities Private Limited

Opinion

We have audited the Statement of Liquid Capital of **Pasha Securities Private Limited** and notes to the Statement of Liquid Capital as at 30 June, 2017 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at 30 June, 2017 is prepared, in all material respects, in accordance with the requirements of the Schedule III of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) 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

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the **Pasha Securities Private Limited** 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 another purpose. Our report is intended solely for **Pasha Securities Private Limited**, SECP, PSX and NCCPL and should not be distributed to parties other than **Pasha Securities Private Limited**, the 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 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.

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

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- 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.

Baker Tilly 4/13/17


BakerTilly Mehmoood Idrees Qamar
Chartered Accountants
Engagement Partner: Siraj Ahmad
Place: Islamabad

Dated: 13 September, 2017

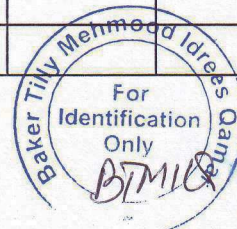
PASHA SECURITIES (PRIVATE) LIMITED
STATEMENT OF LIQUID CAPITAL UNDER SCHEDULE III
OF THE SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016
AS ON 30 JUNE, 2017

1.STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

The amounts and figures reported in the statement of liquid capital balance ("the statement") are based on the complete set of financial statements prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as were notified under the repealed Companies Ordinance, 1984, provisions of or directives issued under the repealed Companies Ordinance, 1984. The statement has been prepared in accordance with the requirement and format specified by Schedule III of the Securities Brokers (Licensing and Operations) Regulations, 2016 and relevant clarifications/ guidelines issued by the Securities & Exchange Commission of Pakistan (SECP).

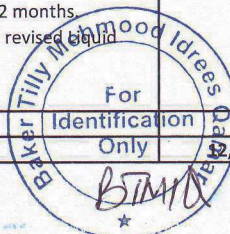
2. COMPUTATION OF LIQUID CAPITAL BALANCE

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	830,486	100%	-
1.2	Intangible Assets	4,000,000	100%	-
1.3	Investment in Govt. Securities (150,000*99)			
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	2,388,129	386,645	2,001,484
1.5	ii. If unlisted, 100% of carrying value.	30,346,030	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
1.6	Investment in subsidiaries			
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,025,300	100%	-
1.9	Margin deposits with exchange and clearing house.	450,000		450,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	450,000	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.	-		
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months			
	ii. Receivables other than trade receivables	-	100%	-
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			
	claims on account of entitlements against trading of securities in all markets including MtM gains.			



INTERNAL & CONFIDENTIAL

	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. i. Lower of net balance sheet value or value determined through adjustments.			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut			
1.17	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	1,768,059	-	1,768,059
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments	6,227,631	26,629.64	26,630
	vi. 100% haircut in the case of amount receivable form related parties.			
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	467,471		467,471
	ii. Bank balance-customer accounts	13,279,175		13,279,175
	iii. Cash in hand	4,248		4,248
1.19	Total Assets	61,236,530		17,997,067
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	11,415,313		11,415,313
	Current Liabilities			
	i. Statutory and regulatory dues	74,503		
	ii. Accruals and other payables	137,461		137,461
	iii. Short-term borrowings			
2.2	iv. Current portion of subordinated loans	1,193,784		
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for bad debts			
	viii. Provision for taxation	4,656		4,656
	ix. Other liabilities as per accounting principles and included in the financial statements			
	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial instituon: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits			
2.3	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonnable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements			
	Subordinated Loans			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	Total Liabilities	12,825,717		11,557,430



3. Ranking Liabilities Relating to :			
Concentration in Margin Financing			
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.		
Concentration in securities lending and borrowing			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed		
Net underwriting Commitments -			
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments		
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary		
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency		
3.6	Amount Payable under REPO		
Repo adjustment			
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.		
3.8	Concentrated proprietary positions If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	74,991.00	74,991
Opening Positions in futures and options			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met		
Short sell positions			
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based, Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.		
3.11	Total Ranking Liabilities		74,991
		<u>48,410,813</u>	<u>Liquid Capital</u> 6,364,646

Calculations Summary of Liquid Capital

- (i) Adjusted value of Assets (serial number 1.19)
- (ii) Less: Adjusted value of liabilities (serial number 2.5)
- (iii) Less: Total ranking liabilities (series number 3.11)

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any

3 DATE OF ISSUANCE

This statement was authorized for issue on _____



Chief Financial Officer

[Signature]
Chief Executive Officer