

*ZAFAR SECURITIES (PRIVATE) LIMITED
NET CAPITAL BALANCE
AS AT 31 DECEMBER 2016*

Independent Auditors Report on Statement of Net Capital Balance of the Securities Brokers / Brokerage House
To the Board of Directors of Zafar Securities (Private) Limited

We have audited the accompanying Statement of Net Capital Balance of Zafar Securities (Private) Limited as at 31 December 2016 ("the statement"). The statement has been prepared by management based on the requirements of the Third Schedule read with Rule 2(d) of the Securities and Exchange Commission (SEC) Rules 1971 and the Securities Brokers (Licensing and Operations) Regulations 2016 (Regulations).

Management's Responsibility for the Statement

Management is responsible for the preparation of the statement in accordance with SEC Rules 1971 and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information in the Statement of Net Capital Balance of Zafar Securities (Private) Limited as at 31 December 2016 is prepared, in all material respects, in accordance with SEC Rules 1971 and Regulations.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist Zafar Securities (Private) Limited to meet the requirements of SECP in accordance with the SEC Rules 1971 and Regulations. As a result, the statement may not be suitable for another purpose. Our report is intended solely for Zafar Securities (Private) Limited and SECP and should not be distributed to parties other than Zafar Securities (Private) Limited or SECP.



Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Shahid Mehmood
14 March 2016
Lahore

ZAFAR SECURITIES (PRIVATE) LIMITED
MEMBER PAKISTAN STOCK EXCHANGE LIMITED
STATEMENT OF NET CAPITAL BALANCE AS AT 31 DECEMBER 2016

(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 | | 83,342 |
| Cash at bank | As per Book Value | |
| - Pertaining to house account | | 371,502 |
| - Pertaining to client account | | <u>78,913,736</u> |
| | | 79,285,238 |
| Margin Account with PSX | | 7,040,000 |
| Trade Receivables | Book Value | 124,789,049 |
| | Less Overdue For more than 14 days | <u>69,608,620</u> |
| | | 55,180,429 |
| Other Receivable | Book Value | Nil |
| Investment in Listed Securities/Commodity future Contracts in the name of broker | Securities/Contract on the exposure list marked on the market | 200,398,846 |
| | Less 15% Discount | <u>30,059,827</u> |
| | | 170,339,019 |
| Securities Purchased for clients | Securities Purchased for clients and held by the member where the payment has not been received within 14 days | - |
| Investment in Shares | As per book Value Securities 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>311,928,028</u> |
| <u>CURRENT LIABILITIES</u> | | |
| Securities sold under Repurchase Agreements | As per Book Value | Nil |
| Trade Payables | Book Value | 122,920,191 |
| | Less: More than 30 days payable | <u>36,109,833</u> |
| | | 86,810,358 |
| Other Liabilities | As Classified under the Generally Accepted Accounting principles | 155,117,465 |
| Total Current Liabilities | | <u>241,927,823</u> |
| NET CAPITAL BALANCE AS AT 31 December 2016 | | <u>70,000,205</u> |


CHIEF EXECUTIVE




DIRECTOR

ZAFAR SECURITIES (PRIVATE) LIMITED
MEMBER OF PAKISTAN STOCK EXCHANGE
EXPLANATORY NOTES TO THE NET CAPITAL BALANCE AS AT 31 DECEMBER 2016

1 BASIS OF ACCOUNTING

This Statement of Net Capital Balance has been prepared in accordance with the requirements of the Third Schedule read with Rule 2(d) of the Securities and Exchange Commission (SEC) Rules 1971 and the Securities Brokers (Licensing and Operations) Regulations 2016 (Regulations) and the Clarifications / Guidelines in respect of Third Schedule of Securities and Exchange (SEC) Rules 1971 issued by Securities and Exchange Commission of Pakistan.

2 INVESTMENT IN LISTED SECURITIES

| Sr. No. | NAME OF SECURITY | No. of Shares | Rate | Amount Rupees |
|---------|---|---------------|----------|---------------|
| | | A | B | C = A x B |
| 1 | Archroma Pakistan Limited | 1,300 | 801.53 | 1,041,989 |
| 2 | Akzo Nobel Pakistan Limited | 5,000 | 234.02 | 1,170,100 |
| 3 | Al-Shaheer Corporation Limited | 30,000 | 57.40 | 1,722,000 |
| 4 | Byco Petroleum Pakistan Limited | 105,000 | 23.20 | 2,436,000 |
| 5 | Bestway Cement Limited | 4,403 | 275.91 | 1,214,832 |
| 6 | Clover Pakistan Limited | 5,000 | 50.97 | 254,850 |
| 7 | Colony Textile Mills Limited | 12,580 | 5.81 | 73,090 |
| 8 | Colgate Palmolive (Pakistan) Limited | 1,200 | 1,800.00 | 2,160,000 |
| 9 | Drekhar Kingsway Limited | 5,000 | 11.61 | 58,050 |
| 10 | Din Textile Mills Limited | 1,000 | - | - |
| 11 | Descon Oxychem Limited | 5,000 | 16.91 | 84,550 |
| 12 | Engro Foods Limited | 5,000 | 191.94 | 959,700 |
| 13 | Engro Corporation Limited | 2,100 | 316.09 | 663,789 |
| 14 | Exide Pakistan Limited | 800 | 1,000.00 | 800,000 |
| 15 | Fauji Fertilizer Company Limited | 50,000 | 104.37 | 5,218,500 |
| 16 | Fauji Foods Limited | 100 | 88.67 | 8,867 |
| 17 | Flying Cement Company Limited | 2,651,000 | 14.69 | 38,943,190 |
| 18 | Hub Power Company Limited | 90,000 | 123.48 | 11,113,200 |
| 19 | IGI Insurance Limited | 11,000 | 307.89 | 3,386,790 |
| 20 | Ibrahim Fibre Limited | 11,000 | - | - |
| 21 | Innovative Investment Bank Limited - Freeze | 10 | - | - |
| 22 | Japan Power Generation Limited | 15,000 | 5.59 | 83,850 |
| 23 | Jahangir Siddiqui Company Limited | 2,000,200 | 25.39 | 50,785,078 |
| 24 | Kot Addu Power Company Limited | 5,000 | 78.80 | 394,000 |
| 25 | Kohinoor Textile Mills Limited | 89,115 | 116.20 | 10,355,163 |
| 26 | Murree Brewery Company Limited | 1,450 | 927.68 | 1,345,136 |
| 27 | Masood Textile Mills Limited | 77,000 | 161.47 | 12,433,190 |
| 28 | Masood Textile Mills Limited - Lor | 9,625 | - | - |
| 29 | National Foods Limited | 300 | 375.00 | 112,500 |
| 30 | Nimir Resins Limited | 10,000 | 11.76 | 117,600 |
| 31 | Packages Limited | 7,400 | 850.05 | 6,290,370 |
| 32 | Pakistan Refinery Limited | 9,900 | 43.63 | 431,937 |
| 33 | Pak Elektron Limited | 11,000 | 71.28 | 784,080 |
| 34 | Pervez Ahmed Securities Limited | 53,000 | 2.54 | 134,620 |
| 35 | Pace(Pakistan)Limited | 50,000 | 11.28 | 564,000 |
| 36 | Corporation Limited - (A) | 100,000 | 9.16 | 916,000 |
| 37 | Quice Food Limited | 20,196 | 9.01 | 181,966 |
| 38 | Silkbank Limited | 826,000 | 1.85 | 1,528,100 |
| 39 | Singer Pakistan Limited | 750,000 | 52.94 | 39,705,000 |

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| | | | | |
|----|--|------------------|-------|--------------------|
| 40 | Sally Textile Mills Limited | 9,000 | 12.90 | 116,100 |
| 41 | Terminal Limited | 53,600 | 32.99 | 1,768,264 |
| 42 | Sui Southern Gas Company Limited | 2,500 | 36.35 | 90,875 |
| 43 | Southern Electric Power Company Limited - Freeze | 25,000 | - | - |
| 44 | Treet Corporation Limited | 4,000 | 65.38 | 261,520 |
| 45 | Worldcall Telecom Limited | 250,000 | 2.76 | 690,000 |
| | | 7,375,779 | | 200,398,846 |

Amount
Rupees

3 TRADE RECEIVABLES

| | |
|-----------------------------------|-------------------|
| Receivable from NCCPL | 44,547,572 |
| Sundry debtors | 80,241,477 |
| Less: over due more than 14 days. | 69,608,620 |
| | 55,180,429 |

4 TRADE PAYABLES

| | |
|---------------------------------|-------------------|
| Payable to NCCPL | - |
| Sundry creditors | 122,920,191 |
| Less: payable more than 30 days | 36,109,833 |
| | 86,810,358 |

5 OTHER LIABILITIES

| | |
|---|--------------------|
| Loan from directors | 61,405,455 |
| Other payables | 57,201,562 |
| Bank borrowing | - |
| Provision for taxation | 400,615 |
| Overdue for more than 30 days creditors | 36,109,833 |
| | 155,117,465 |

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