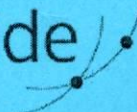


D.J.M. SECURITIES (PVT.) LIMITED

FOR THE YEAR ENDED JUNE 30, 2016

ILYAS SAEED & CO
(CHARTERED ACCOUNTANTS)

A member of

mgiworldwide 

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of M/s **D.J.M. SECURITIES (PVT.) LIMITED** as at June 30, 2016 and the related statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984 ;
- b) in our opinion :
 - i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business ; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.
- e) The financial statements of company for the year ended June 30, 2015 were audited by another firm of chartered accountants who expressed unmodified opinion vide their report dated September 03, 2015.

LAHORE

Date: 14 OCT 2016

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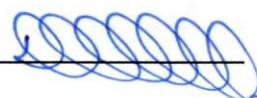

ILYAS SAEED & CO.
Chartered Accountants
Engagement Partner: Irfan Ilyas
A member of

D.J.M. SECURITIES (PVT.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

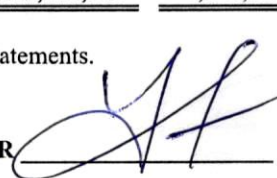
	Note	2016 (Rupees)	2015 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	2,611,786	2,848,096
Intangible assets	5	5,346,865	488,379
Long term investment	6	16,029,530	16,029,530
Long term deposits	7	150,208,656	190,371,656
Deferred assets	8	87,617	-
		174,284,454	209,737,661
CURRENT ASSETS			
Short term investments	9	1,497,989,314	1,405,306,789
Trade debts	10	77,331,514	116,929,147
Advances and other receivables		5,593,820	99,790
Advance income tax	11	59,390,530	58,008,110
Cash and bank balances	12	22,056,757	34,146,912
		1,662,361,935	1,614,490,748
		1,836,646,389	1,824,228,409
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 25,000,000 ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid-up capital	13	125,000,000	125,000,000
Un-appropriated profit / (loss)		1,022,026,332	1,052,950,626
		1,147,026,332	1,177,950,626
Revaluation surplus	14	4,900,000	-
CURRENT LIABILITIES			
Short term borrowings	15	590,752,632	450,290,045
Trade and other payables	16	22,612,528	41,868,775
Directors' Loan	17	27,166,163	83,038,887
Loan and advances	18	31,999,941	63,987,057
Mark up payable		12,188,793	7,093,019
		684,720,057	646,277,783
CONTINGENCIES AND COMMITMENTS	19	-	-
		1,836,646,389	1,824,228,409

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR




D.J.M. SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

PARTICULARS	Note	2016 Rupees	2015 Rupees
REVENUE	20	113,355,719	461,538,653
EXPENSES			
Administrative expenses	21	27,105,445	163,366,070
Operating profit		<u>86,250,275</u>	<u>298,172,583</u>
Financial charges	22	38,169,558	36,366,661
Other income	23	212,035	640,614
Workers welfare fund		90,611	308,683
		<u>48,202,140</u>	<u>262,137,853</u>
(Diminution) / appreciation in value of short term investments		(69,104,499)	63,179,574
(Loss) / profit before taxation		<u>(20,902,358)</u>	<u>325,317,426</u>
Provision for taxation	24	10,021,935	47,998,639
(Loss) / profit after taxation		<u>(30,924,294)</u>	<u>277,318,787</u>
Statement of other comprehensive income			
Items that may be reclassified to profit and loss account subsequently		4,900,000	-
Items that may not be reclassified to profit and loss account subsequently		-	-
Total comprehensive (loss) / income for the year		<u>(26,024,294)</u>	<u>277,318,787</u>
(Loss) / earning per share - basic and diluted	25	<u>(2.47)</u>	<u>22.19</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

D.J.M. SECURITIES (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016


PARTICULARS	ISSUED SUBSCRIBED & PAID UP CAPITAL	UN - APPROPRIATED PROFIT / (LOSS)	REVALUATION SURPLUS	TOTAL
Balance as on June 30, 2014	125,000,000	775,631,839	-	900,631,839
Total comprehensive income for the year	-	277,318,787	-	277,318,787
Balance as on June 30, 2015	125,000,000	1,052,950,626	-	1,177,950,626
Total comprehensive income for the year	-	(30,924,294)	4,900,000	(26,024,294)
Balance as on June 30, 2016	<u>125,000,000</u>	<u>1,022,026,332</u>	<u>4,900,000</u>	<u>1,151,926,332</u>

-----Rupees-----

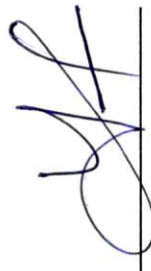


The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE _____



DIRECTOR _____

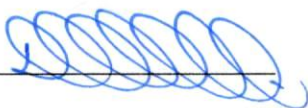


D.J.M. SECURITIES (PVT.) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

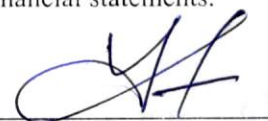
	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Net (loss) / profit before taxation		(20,902,358)	325,317,426
Adjustments for :			
Depreciation		236,311	1,196,564
Amortisation of software		41,514	59,305
Appreciation / (diminution) in value of short term investments		69,104,499	(63,179,574)
Financial charges		38,169,558	36,366,661
		107,551,882	(25,557,044)
Operating profit before working capital changes		86,649,523	299,760,382
Changes in working capital			
<i>(Increase)/ Decrease in current assets</i>			
Short term investments		(161,787,024)	(308,558,282)
Trade debts		39,597,633	88,955,202
Advances		(5,494,030)	6,643,343
		(127,683,421)	(212,959,737)
<i>Increase/ (Decrease) in current liability</i>			
Trade and other payables		(19,256,247)	(81,994,915)
Directors' loan payable		(55,872,724)	-
Loans and advances		(31,987,116)	-
Net cash generated from operations		(148,149,985)	4,805,731
Financial charges paid		(33,073,784)	(35,194,965)
Income tax paid		(11,491,973)	(51,151,268)
		(44,565,757)	(86,346,233)
Net cash generated from operating activities		(192,715,742)	(81,540,502)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term deposits		40,163,000	8,495,191
Net cash generated from financing activities		40,163,000	8,495,191
Net increase / (decrease) in cash and cash equivalents		(152,552,742)	(73,045,311)
Cash and cash equivalents at the beginning of the year		(416,143,133)	(343,097,822)
Cash and cash equivalents at the end of the year	26	(568,695,875)	(416,143,133)

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE



DIRECTOR



D.J.M. SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

LEGAL STATUS AND NATURE OF BUSINESS

D.J.M. Securities (Private) Limited was incorporated on June 17, 2002 under the Companies Ordinance, 1984 as a private limited company vide registration No. K-08857 of 2001-2002. The registered and principal office of the company is situated at Suit # 203, 2nd Floor, Business and Finance Centre, I.I. Chundrigar Road, Karachi. The principal activity of the company is to carry on the business of stock brokerage, investments advisory and consultancy service underwriting and portfolio management etc.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan on Security Companies as per SECP's S.R.O. No. 929, dated September 10, 2015 and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

2.1.1 The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Standards, amendments or Interpretation	Effective date (annual periods beginning on or after)
IFRS-5/IFRS-7/IAS-34/ IAS 19	Amendments resulting from September 2014 annual improvements to IFRS (Amendment) 01 January 2016
IFRS-11	Joint Arrangements - Amendments regarding the Accounting for acquisitions of an interest in a joint operation (Amendment) 01 January 2016
IFRS-12	Disclosures of Interests in Other Entities - Amendments regarding 01 January 2016



DJM Securities (Private) Limited
Notes to the financial statements for the year ended June 30, 2016

	consolidated exceptions (Amendment)	
IAS-1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative (Amendment)	01 January 2016
IAS 16/ IAS 38	Property, Plant and Equipment/ Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortization (Amendment)	01 January 2016
IAS 16/IAS 41	Property, Plant and Equipment / Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (Amendment)	01 January 2016
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (Amendment)	01 January 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application.

2.1.2 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (Annual Periods beginning on or after)
IFRS-9 Financial Instruments	January 01, 2018
IFRS-14 Regulatory Deferral accounts	January 01, 2016
IFRS-15 Revenue from Contracts with Customers	January 01, 2018
IFRS-16 Leases	January 01, 2019

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

3.1 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to all the contractual provisions of instrument and derecognized when the Company loses control of contractual rights. Financial assets include trade debts, other receivables, loans, advances and deposits. Regular purchase and sale of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. These are recognized initially at cost plus directly attributable transaction cost, if any, and subsequently measured at fair value or amortized cost using effective interest rate method as the case may be less provision for impairment, if any.

3.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Depreciation is charged to profit and loss account by applying reducing balance method at rates indicated in notes to the financial statements. Residual value and the useful life of assets are reviewed at least at each financial year-end and adjusted if impact on depreciation is significant.

Full year's depreciation is charged on all additions, while no depreciation is charged on fixed assets disposed of during the year. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Gain or loss arising on the disposal is taken in income in the year of disposal. Maintenance and normal repairs are charged to income as and when incurred. Renewals and improvements are capitalized where it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably.

3.3 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably.

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3.1 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the costs beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method using the rate specified in notes to the financial statements.

3.4 Membership cards

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.5 Short term investments

Investments are made in equity instruments of listed companies and Mutual Funds.

Investments at fair value through profit and loss

Investment is made in stock exchange at fair value through profit and loss at initial recognition. Any subsequent changes in fair value is recognized in profit and loss account.

Sale and Purchase Agreements

Securities purchased under agreements to resell ('reverse reposit') are shown as Receivable against margin trading systems. Securities sold subject to linked Repurchased agreement ('reposit') are retained in the financial statements as trading or investment securities and the counter party liability is included in borrowing under Repurchase agreements. The difference between sale and purchase price is treated as income / expense from margin trading system.

3.6 Trade and other receivables

Trade and other receivables are initially recognized at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for trade debts and other receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written off.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks, highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value, and short term running finance under mark-up arrangements.

3.8 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.10 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for services rendered net of discounts. Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Company and the amount of revenue, and the associated loss incurred, or to be incurred, can be measured reliably. Revenue is recognized on following basis:-

- Gains / (losses) on sale of securities are recorded on the date of transaction and included in the profit and loss account in the period in which they arise.
- Dividend income is recognized when the right to receive payment is established. Whereas, return on securities other than shares is recognized on accrual basis.
- Underwriting commission is recognized when the agreement is executed.
- Surplus / (deficit) on measurement of investment at balance sheet date arising from marking to market of investment classified as 'financial assets at fair value through Profit and Loss and investment in associates are included in Profit and Loss account in the period in which they arise.
- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.

3.11 Staff Retirement benefits

The company is maintaining an unfunded gratuity as retirement benefit plan for its employees, eligible for gratuity under The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, Schedule of Standing Orders, who have completed the qualifying period as defined under the standing order.

The amount of liability of each employee is computed by number of years completed multiplied by the last drawn monthly gross salary. The difference between the current and the previous liability is charged to profit and loss account as expense for the year under the head salaries and benefits.

No other funded / unfunded scheme is in operation.

3.12 Taxation

Current

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax on turnover or alternative corporate tax, whichever is higher.

Deferred

Deferred taxation is recognized using the balance sheet liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3.13 Off Setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statement when there is a legally enforceable right to set off and the company intends either to settle On a net basis or to realize the assets and to settle the liabilities simultaneously.

3.14 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

4 PROPERTY, PLANT & EQUIPMENT

PARTICULARS	COST			RATE %	DEPRECIATION			WDV AS AT 30-Jun-16
	AS AT 01-Jul-15	ADDITION / (DELETION)	TOTAL 30-Jun-16		AS AT 01-Jul-15	ADJUSTMENTS	FOR THE YEAR	
Office premises	2,316,614	-	2,316,614	5	998,923	-	65,885	1,064,808
Office equipment	1,037,889	-	1,037,889	10	633,395	-	38,449	346,045
Office furniture	3,466,860	-	3,466,860	10	2,422,985	-	104,388	939,488
Computers	1,840,247	-	1,840,247	30	1,753,320	-	26,078	60,849
Generator	39,000	-	39,000	10	23,891	-	1,511	13,598
RUPEES 2016	8,700,610	-	8,700,610		5,852,514	-	236,311	6,088,824

PARTICULARS	COST			RATE %	DEPRECIATION			WDV AS AT 30-Jun-15
	AS AT 01-Jul-14	ADDITION / (DELETION)	TOTAL 30-Jun-15		AS AT 01-Jul-14	ADJUSTMENTS	FOR THE YEAR	
Office premises	2,316,614	-	2,316,614	5	-	-	998,923	1,317,691
Office equipment	1,037,889	-	1,037,889	10	610,673	-	42,722	384,494
Office furniture	3,466,860	-	3,466,860	10	2,306,999	-	115,986	1,043,875
Computers	1,840,247	-	1,840,247	30	1,716,066	-	37,254	86,927
Generator	39,000	-	39,000	10	22,212	-	1,679	15,109
RUPEES 2015	8,700,610	-	8,700,610		4,655,950	-	1,196,564	2,848,096

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
5 INTANGIBLE ASSETS			
Computer software	5.1	96,865	138,379
Trading Right Entitlement Certificate (TREC)	5.2	5,000,000	100,000
Membership card	5.3	250,000	250,000
		<u>5,346,865</u>	<u>488,379</u>
5.1 Computer software			
<i>Cost</i>			
Opening value		1,550,000	1,550,000
Addition / (deletion) during the year		-	-
Closing value		<u>1,550,000</u>	<u>1,550,000</u>
<i>Less: Amortization</i>			
Opening value		1,411,621	1,352,316
Amortization for the year the year		<u>41,514</u>	<u>59,305</u>
Closing value		<u>1,453,135</u>	<u>1,411,621</u>
Written down value (WDV)		<u>96,865</u>	<u>138,379</u>
5.2 Trading Right Entitlement Certificate (TREC)			
Opening value	5.2.1	100,000	100,000
Fair value adjustment	5.2.2	4,900,000	-
		<u>5,000,000</u>	<u>100,000</u>
5.2.1	This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited after the merger of all the three stock exchanges of Pakistan in accordance with the requirements of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act).		
5.2.2	The exchange has revised the Notional Value of TREC to Rs. 5 million as per notice of Pakistan Stock Exchange dated March 30, 2016 which has resulted in fair value adjustment at year end amounting to Rs. 4.9 million.		
5.3	This represents Universal Membership at the National Commodity Exchange Limited under the Memorandum and Articles of Association and subject to the Rules and Regulations of the Exchange. Given under the hands and Seal of the Exchange at Karachi on March 31, 2013.		
6 LONG TERM INVESTMENT (PSX)			
Long term investment (PSX)			
1,602,953 shares of Rs. 10 each (2015: Rs.10/-)	6.1	<u>16,029,530</u>	<u>16,029,530</u>
6.2	In compliance with the requirements of section 5(1) of Stock Exchanges (Corporatization, Demutualization, and Integration) Act, 2012 ("the Act"), based on revalued assets and liabilities of Karachi Stock Exchange ("KSE"), as on December 31, 2011, a total number of 4,007,383 (Four Million Seven Thousand Three Hundred and Eighty Three) ordinary shares of Rs. 10/- each in corporatized and demutualized Karachi Stock Exchange Limited, were allotted to D.J.M. Securities (Private) Limited in demutualized format, in pursuance of the Act. Out of the above mentioned shares, 2,404,430 (Two Million Four Hundred and Four Thousand Four Hundred and Thirty) ordinary shares, being 60% of the total number of shares allotted, have been deposited in a Sub-Account opened in the name of D.J.M. Securities (Private) Limited under KSE's Participant ID with Central Depository Company of Pakistan Limited, which will remain blocked in terms of the provisions of the Act.		
7 LONG TERM DEPOSITS AND DEFERRED COST			
Advance to Associated concern	7.1	110,837,000	160,000,000
Long term deposits and deferred cost	7.2	39,371,656	30,371,656
		<u>150,208,656</u>	<u>190,371,656</u>
7.1	This advance is given to associated undertaking (Real Estate Modaraba Management Company Limited) as long term loan, which is interest free and is repayable after one year.		
7.2	These are non interest bearing deposits under statutory obligations.		

	Note	2016 Rupees	2015 Rupees
8 DEFERRED ASSETS			
Deferred tax asset	8.1	<u>(87,617)</u>	<u>-</u>
8.1 The deferred tax asset comprises temporary differences relating to:			
Deductible temporary differences			
Accelerated tax depreciation		<u>(87,617)</u>	<u>-</u>
Opening balance		-	-
Movement during the year		(87,617)	-
Closing balance		<u>(87,617)</u>	<u>-</u>
9 SHORT TERM INVESTMENTS			
Investment in quoted listed companies	9.1	<u>1,497,989,314</u>	<u>1,405,306,789</u>
9.1 Gain / (loss) on re-measurement of investment at fair value through profit and loss - held for trading			
Market value		1,497,989,314	1,405,306,789
Cost of investment		1,485,698,270	1,307,881,716
Fair value gain		<u>12,291,044</u>	<u>97,425,073</u>
10 TRADE DEBTS			
Considered good		77,331,514	116,929,147
Considered doubtful		490,000,000	490,000,000
Provision for doubtful debts		567,331,514 (490,000,000)	606,929,147 (490,000,000)
		<u>77,331,514</u>	<u>116,929,147</u>
11 ADVANCE INCOME TAX			
Opening balance		58,008,110	54,855,481
Add: Paid / deducted during the year		11,491,973	51,616,480
		69,500,083	106,471,961
Less: Provision for taxation			
Current		10,393,990	47,998,639
Prior year		(284,437)	465,212
	24	10,109,553	48,463,851
		<u>59,390,530</u>	<u>58,008,110</u>
12 CASH AND BANK BALANCES			
Cash in hand		3,865	3,591
Cash at bank - current accounts		22,033,165	343,152
Cash at bank - saving accounts	12.1	19,726	33,800,169
		<u>22,056,757</u>	<u>34,146,912</u>
12.1 This includes saving accounts in Samba Bank Limited. Mark-up rate on bank profit on these saving accounts ranges from 5.50% to 6.00%.			
13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
12,500,000 Ordinary shares of Rs. 10/- each, issued for cash (2015: 12,500,000)		<u>125,000,000</u>	<u>125,000,000</u>

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
14 REVALUATION SURPLUS			
Trading Right Entitlement Certificate	14.1	<u>4,900,000</u>	-
14.1 This represents surplus created by the revaluation of Trading Right Entitlement Certificate (TREC) as per notice no. PSX/N-1947 dated March 30, 2016 of Pakistan Stock Exchange.			
15 SHORT TERM BORROWINGS			
NIB Bank Limited	15.1	347,905,442	450,290,045
Bank Al Habib Limited	15.2	242,847,190	-
		<u>590,752,632</u>	<u>450,290,045</u>
15.1 These borrowings are secured against pledge of shares of companies with 30%-50% margin, letter of pledge, lien & authority for securities and personal guarantee of all directors. Mark-up is payable on quarterly basis, calculated as the average of last seven (7) days' average 3 months KIBOR ask side prevailing from day to day or as the rules and regulations promulgated by the State Bank of Pakistan (SBP).			
15.2 These borrowings are secured against lien/pledge over Diversified portfolio of Shares listed at Karachi Stock Exchange in favour of Bank Al Habib Limited in CDC Pledgee Account Net of 40% margin as per Bank's approval shares list. Exposure against single script shall not exceed 20% of the facility amount at any point of time and personal guarantee of Directors each for Rs. 300,000,000/-. Mark-up is payable in arrears on a calendar quarterly basis and the KIBOR shall be revised on a calendar quarterly basis and is calculated as 3 Months Avg. KIBOR (ASK) to be reviewed on 1st working day of every calendar quarter on the basis of Arithmetic mean of preceeding 6 working days plus 2.00% per annum.			
16 TRADE AND OTHER PAYABLES			
Trade payables		21,545,483	33,184,352
Accrued liabilities		976,433	8,375,740
Worker welfare fund (WWF)		90,611	308,683
		<u>22,612,528</u>	<u>41,868,775</u>
17 DIRECTORS' LOAN			
Mr. Dawood Jan Muhammad	17.1	9,767,988	44,548,357
Mr. Muhammad Yaqoob	17.1	17,398,176	38,490,530
		<u>27,166,163</u>	<u>83,038,887</u>
17.1 These represent unsecured loans injected by the directors. These directors' loan are interest free and repayable on demand.			
18 LOAN AND ADVANCES			
Loan from Sheikh Farrukh Saleem	18.1	31,999,941	32,213,091
Others		-	31,773,966
		<u>31,999,941</u>	<u>63,987,057</u>
18.1 This represents loan received from Sheikh Farrukh Saleem at nil mark-up, payable on demand.			
19 CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments as at June 30, 2016.			
20 REVENUE			
Brokerage revenue	20.1	21,907,614	25,895,250
Capital gain on sale of investment		50,729,937	380,249,507
Dividend income from long and short term investments.		40,718,168	55,393,896
		<u>113,355,719</u>	<u>461,538,653</u>

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
20.1 BROKERAGE REVENUE			
Brokerage revenue including FED.		25,473,970	30,160,079
Less: Federal excise duty		(3,566,356)	(4,264,829)
		<u>21,907,614</u>	<u>25,895,250</u>
21 ADMINISTRATIVE EXPENSES			
Director remuneration	27	2,070,000	1,920,000
Staff salary and benefits		4,004,952	3,943,160
Utilities		1,893,727	2,030,508
Auditors' remuneration	21.1	100,000	99,750
Rent, rate and taxes		332,937	358,996
Entertainment		317,590	198,730
Printing and stationery		129,000	-
Travelling and conveyance		1,599,365	854,058
Repair and maintenance expense		1,483,832	1,416,730
Fee and subscription charges	21.2	7,546,269	9,145,405
Donation		6,905,000	1,870,000
Miscellaneous expenses		237,048	156,864
Legal and professional charges		207,900	116,000
Depreciation and amortization	4 & 5.1	277,825	1,255,869
Provision for doubtful debts		-	140,000,000
		<u>27,105,445</u>	<u>163,366,070</u>
21.1 AUDITORS' REMUNERATION			
Audit fee		75,000	60,000
Certification charges		25,000	39,750
		<u>100,000</u>	<u>99,750</u>
21.2 FEE AND SUBSCRIPTION CHARGES			
KSE laga charges / KSE Investor Fund / clearing house fee		2,326,118	2,488,564
NCCPL charges exp.(Laga CGT)		574,640	524,040
SECP transaction fee/Laga charges		425,126	571,217
KSE and SECP off market reporting fee		26,035	63,256
Broker / NCEL renewal / terminal fees		364,800	330,000
NCCPL charges exp.(Laga)		1,840,455	2,641,690
CDC charges / SECP Penalty		1,989,095	1,928,037
		<u>7,546,269</u>	<u>8,546,804</u>
22 FINANCIAL CHARGES			
Bank mark-up		38,046,332	36,191,475
Bank charges		123,226	175,186
		<u>38,169,558</u>	<u>36,366,661</u>
23 OTHER INCOME			
<i>Income from financial assets:</i>			
Profit on bank saving accounts		212,035	640,614
Mark-up rate on bank profit ranges from 5.50% to 6.00%.			

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
24 PROVISION FOR TAXATION			
Current for the year		10,393,990	47,998,639
Prior year charge		(284,437)	-
Provision for Deferred Taxation		(87,617)	-
		<u>10,021,935</u>	<u>47,998,639</u>
24.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.			
		%	%
Applicable tax rate		32.00	33.00
Effect of change in prior year		(0.01)	-
Effect of income assessed at lower rate		(0.92)	(2.66)
Effect of income exempt for tax purposes		-	-
Others		(8.99)	(12.03)
		(9.92)	(14.69)
		<u>20.79</u>	<u>18.31</u>
25 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED			
(Loss) / profit after taxation		<u>(30,924,294)</u>	<u>277,318,787</u>
Weighted average number of ordinary shares		<u>12,500,000</u>	<u>12,500,000</u>
(Loss) / Earning per share - basic and diluted		<u>(2.47)</u>	<u>22.19</u>
26 CASH AND CASH EQUIVALENTS			
Cash and bank balances		22,056,757	34,146,912
Short term borrowings		(590,752,632)	(450,290,045)
		<u>(568,695,875)</u>	<u>(416,143,133)</u>
27 REMUNERATION OF KEY MANAGEMENT PERSONNEL			
		DIRECTORS	
		2016	2015
		Rupees	Rupees
Managerial remuneration		740,000	640,000
House rent allowance		296,000	256,000
Utilities		74,000	64,000
		<u>1,110,000</u>	<u>960,000</u>
		CHIEF EXECUTIVE	
		2016	2015
		Rupees	Rupees
		640,000	640,000
		256,000	256,000
		64,000	64,000
		<u>960,000</u>	<u>960,000</u>
No. of persons		<u>2</u>	<u>1</u>
28 RELATED PARTY TRANSACTIONS			
The company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrollable price method.			
Transactions with related parties shown under receivable and payables during the year and their closing balances are as follows:			
Name and relation with the related Party	Nature	2016 Rupees	2015 Rupees
REMMCO Builders & Developers Limited - Associate (Formerly Real Estate Modarba Management Company Limited)	Loan balance	110,837,000	160,000,000
Mr. Dawood Jan Muhammad - Director	Loan payable	9,767,988	44,548,357
Mr. Muhammad Yaqoob - Director	Loan payable	17,398,176	38,490,530
29 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES			
Attached as per annexure "A".			

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

"Annexure A"

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

DESCRIPTION	INTEREST / MARK UP BEARING		NON INTEREST / MARK-UP BEARING		TOTAL	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	2016	2015
FINANCIAL ASSETS						
Long term deposits and deferred cost	-	-	-	150,208,656	150,208,656	190,371,656
Trade debits	-	-	77,331,514	-	77,331,514	116,929,147
Advance and other receivables	-	-	5,593,820	-	5,593,820	99,790
Cash and bank balances	22,056,757	-	-	-	22,056,757	34,146,912
	22,056,757	-	82,925,334	150,208,656	255,190,747	341,547,505
FINANCIAL LIABILITIES						
Short term borrowings	590,752,632	-	-	-	590,752,632	450,290,045
Trade and other payables	-	-	22,612,528	-	22,612,528	188,894,719
	590,752,632	-	22,612,528	-	613,365,160	639,184,764

29.1 Financial Instruments and Financial risk management

The company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

29.2 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	2016	
	Contractual cash flows	Less than 1 year
Short term borrowings	590,752,632	590,752,632
Trade and other payables	22,612,528	22,612,528
	613,365,160	613,365,160

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

	2015	
	Contractual cash flows	Less than 1 year
	Rupees	
Short term borrowings	450,290,045	450,290,045
Trade and other payables	188,894,719	188,894,719
	<u>639,184,764</u>	<u>639,184,764</u>

29.3 Capital Risk Management

The company's prime objectives when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debts. The gearing ratio as at period ended June 30, 2015 and June 30, 2016 are as follows:-

	2016	2015
	Rupees	Rupees
Total Borrowing	590,752,632	450,290,045
Less: Cash and bank balances	22,056,757	34,146,912
Net Debt	568,695,875	416,143,133
Total Equity	1,147,026,332	1,177,950,626
Total Capital	<u>1,715,722,207</u>	<u>1,594,093,759</u>
Gearing Ratio	<u>0.33</u>	<u>0.26</u>

29.4 Fair Value of Financial Instruments

The Carrying amounts of financial assets and financial liabilities approximate their fair values.

D.J.M. SECURITIES (PVT.) Limited

Notes to the financial statements for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
30 NUMBER OF EMPLOYEES			
Number of employees at the year end		<u>12</u>	<u>12</u>
Average number of employees		<u>12</u>	<u>12</u>

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on

14 OCT 2016

32 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Corresponding figures, where necessary, have been rearranged for the purpose of comparison.
- Significant reclassification for better presentation include:

From	To	Note	Rupees
Membership card	Intangible assets	5	250,000
Short term investments	Long term investment	6	16,029,530
Cash at banks-current accounts	Cash at banks-saving accounts	12	33,800,169
Trade and other payables	Directors' loan	17	83,038,887
Trade and other payables	Loan and advances	18	63,987,057

CHIEF EXECUTIVE

DIRECTOR