



AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of **First Street Capital (Private) Limited** ("Company" or "the Company"), which comprise the Balance sheet as at June 30, 2017 and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes, 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 purposes of our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. This responsibility includes designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance over whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the Company 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 financial statements.

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 and to the best of our information and according to the explanations given to us, the Company's financial statements conform with approved accounting standards as applicable in Pakistan, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the Company's affairs as at June 30, 2017 and of the Company's profit, comprehensive income, changes in equity and cash flows for the year then ended.

A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING FIRMS

**Report on Other Matters Required by the Companies Ordinance, 1984**

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
- c) The expenditure incurred during the year was for the purpose of the Company's business;
- d) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company; and
- e) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



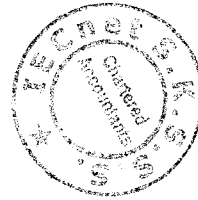
IECnet S.K.S.S.S

Chartered Accountants

Engagement Partner: **Muhammad Aslam Khan**

Lahore.

October 02, 2017.



**FIRST STREET CAPITAL (PVT.) LTD
BALANCE SHEET
AS AT JUNE 30, 2017**

SHARE CAPITAL AND RESERVES

Authorized Capital

5,000,000 (2016: 5,000,000) Ordinary Shares
of Rs. 10/- each

Notes	2017 Rupees	2016
	<u>50,000,000</u>	<u>50,000,000</u>

Issued, subscribed and paid up capital

100,000 (2016: 100,000) Ordinary shares of Rs.10/-
each fully paid in consideration other than cash

2,400,000 (2016: 2,400,000) Ordinary shares of
Rs.10/- each fully paid in consideration other than

Unappropriated Profit/(Loss)

Share Deposit Money

4	1,000,000	1,000,000
	24,000,000	24,000,000
	12,167,269	8,943,172
	25,000,000	5,000,000
	62,167,269	38,943,172

NON CURRENT LIABILITIES

Loan From Director

468,000

CURRENT LIABILITIES

Trade & Other Payables

5

15,887,744

3,895,571

Short Term Borrowings-Unsecured-Considered Good

6

24,500,491

13,890

Provision for Taxation

613,230

14,986

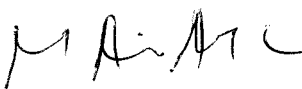
Contingencies and commitments

7

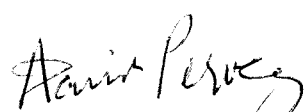
103,636,734

42,867,619

The annexed notes from 1 to 27 form an integral part of these financial statements.


CHIEF EXECUTIVE

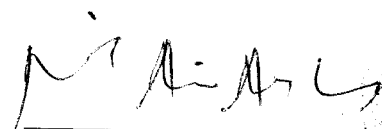



DIRECTOR

FIRST STREET CAPITAL (PVT.) LTD
BALANCE SHEET
AS AT JUNE 30, 2017

	Notes	2017 Rupees	2016
PROPERTY AND ASSETS			
Operating fixed assets	8	3,092,917	1,798,225
Intangible assets	9	5,000,000	5,000,000
Long term deposits	10	1,111,800	676,000
Long term investment	11	18,000,000	18,000,000
		27,204,717	25,474,225
CURRENT ASSETS			
Short term investment	12	11,033,000	724,020
Trade debts	13	1,073,030	160,141
Short Term Advances	14	220,391	93,392
Advance Tax Refundable		1,258,992	220,206
Bank balances	15	62,846,604	16,195,635
		76,432,017	17,393,394
		<u>103,636,734</u>	<u>42,867,619</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



CHIEF EXECUTIVE


DIRECTOR

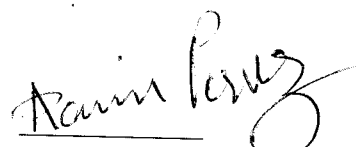
**FIRST STREET CAPITAL (PVT.) LTD
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2017**

	NOTES,	2017 Rupees	2016
Brokerage Commission	16	1,701,268	476,762
Investment Income	17	4,760,209	190,361
		<u>6,461,477</u>	<u>667,123</u>
OPERATING EXPENSES			
Administrative expenses	18	(3,327,247)	(1,340,167)
Financial charges	19	(3,718)	(32,497)
		(3,330,965)	(1,372,664)
Other income	20	691,829	765,484
Profit before taxation		<u>3,822,341</u>	<u>59,943</u>
Taxation - Current	21	(598,244)	(14,986)
Profit after taxation.		<u><u>3,224,097</u></u>	<u><u>44,957</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.


 CHIEF EXECUTIVE

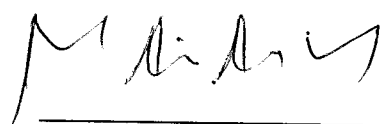



 DIRECTOR

**FIRST STREET CAPITAL (PVT.) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

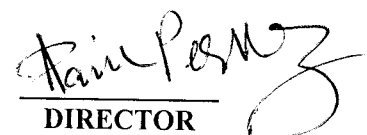
	<u>2017</u>	<u>2016</u>
	Rupees	
Profit for the year	3,224,097	44,957
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>3,224,097</u></u>	<u><u>44,957</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



CHIEF EXECUTIVE





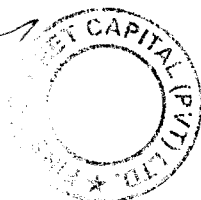
DIRECTOR

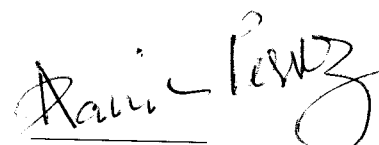
FIRST STREET CAPITAL (PVT.) LTD
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital (Rupees)	Unappropriated loss (Rupees)	Total (Rupees)
Balance as at July 01, 2016	25,000,000	8,898,215	33,898,215
Total Comprehensive income for the year	-	44,957	44,957
Share Deposit Money	5,000,000	-	5,000,000
Balance as at June 30, 2016	<u>30,000,000</u>	<u>8,943,172</u>	<u>38,943,172</u>
Balance as at July 01, 2016	30,000,000	8,943,172	38,943,172
Total Comprehensive income for the year	-	3,224,097	3,224,097
Share Deposit Money	20,000,000	-	20,000,000
Balance as at June 30, 2017	<u>50,000,000</u>	<u>12,167,269</u>	<u>62,167,269</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.


 CHIEF EXECUTIVE



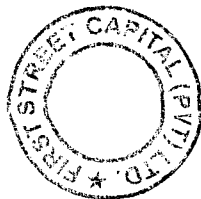

 DIRECTOR

FIRST STREET CAPITAL (PVT.) LTD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	Rupees	
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Cash generated from operations		
Loss before Taxation	3,822,341	59,943
Adjustments for items not involving movement of cash		
Depreciation	771,559	449,847
Profit on Bank Deposits	635,410	(765,484)
Finance Charges	3,718	32,497
	1,410,687	(283,140)
(Increase) / decrease in current assets		
Due From Clients	(912,889)	5,573,533
Short Term Advances	(126,999)	(76,599)
	(1,039,888)	5,496,934
Increase / (Decrease) in current liabilities		
Trade & Other Payables	11,992,174	(1,791,534)
Long Term Loan	468,000	-
Short Term Borrowings	24,486,600	-
	36,946,774	(1,791,534)
	41,139,914	3,482,203
Taxes Paid	42,985	(14,986)
Finance Cost Paid	(3,718)	(32,497)
	39,267	(47,483)
Net Cash Inflow/(Outflow) From Operating Activities	41,179,181	3,434,720
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Profit on Bank Deposits	(635,410)	765,484
Net Cash Inflow/(Outflow) From Investing Activities	(635,410)	765,484
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Net Cash Inflow/(Outflow) From Financing Activities	6,107,198	2,003,296
Net Increase In Cash & Cash Equivalents	46,650,969	6,203,500
Cash & Cash Equivalents at the Beginning of the Year	16,195,635	9,992,135
Cash & Cash Equivalents at the End of the Year	62,846,604	16,195,635

The annexed notes from 1 to 27 form an integral part of these financial statements.


CHIEF EXECUTIVE




DIRECTOR

FIRST STREET CAPITAL (PVT.) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

First Street Capital (Private) limited ("Company") was incorporated under the Companies Ordinance, 1984 on March 31, 2006 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The registered office of the Company is situated in Lahore. The Company is principally engaged in the business of stock brokerage services, shares transfer, securities, commercial papers, Modarba Certificates, bonds, Obligations, debentures stocks and financial instruments under the license or with permission or approval of Securities and Exchange Commission of Pakistan (SECP) and stock exchanges.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated; however, the Securities and Exchange Commission of Pakistan (SECP) communicated the Commission's decision that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been 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 as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain short term investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 Initial application of new standards and amendments to approved accounting standards

2.5.1 Amendments to approved accounting standards effective during the year ended June 30, 2017:

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements.

2.5.2 Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2017:

There are certain new standards and amendments to the approved accounting standards that will become effective for the Company's annual accounting periods beginning on or after July 1, 2017. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the SECP. In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Operating fixed assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including

Disposal of an item of operating fixed assets is recognized when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account using reducing balance method. Depreciation is charged from the day when an asset is available for use till the date of disposal of asset.

3.2 Intangible assets

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

Trading Right Entitlement (TRE) Certificate

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.

3.3 Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

3.4 Financial assets

3.4.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are

not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

b) Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets as the management intends to dispose off the same within 12 months.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

3.4.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income / expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of operating income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognized in the profit and loss account

3.4.3 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

3.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously.

3.6 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.7 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.9 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.12 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.13 Provisions

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

3.14 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognizing of the financial assets and liabilities is taken to profit and loss account currently.

3.15 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are

3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Income from bank deposits is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.

3.17 Borrowing costs

Borrowing costs are recognized as an expense in the year in which they are incurred except where such costs are directly attributable to the acquisition or construction of qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017 Numbers	2016		2017 Rupees	2016
2,400,000	2,400,000	Ordinary shares of Rs. 10/- each issued for consideration other than cash	24,000,000	24,000,000
100,000	100,000	Ordinary shares of Rs. 10/- each issued for cash	1,000,000	1,000,000
<u>2,500,000</u>	<u>2,500,000</u>		<u>25,000,000</u>	<u>25,000,000</u>

4.1 Pattern of shareholding

Categories of shareholders	2017		2016	
	Number of shares held	% of Shares held	Number of shares held	% of Shares held
<i>Individuals</i>				
Faisal Ali Asghar	1,000	0.04%	1,000	0.04%
Aamir Pervez	1,000	0.04%	1,000	0.04%
Nasir Mahmud Khan	2,498,000	99.92%	2,498,000	99.92%
	<u>2,500,000</u>	<u>100.00%</u>	<u>2,500,000</u>	<u>100.00%</u>

5	TRADE AND OTHER PAYABLE	Note	2017	2016
			Rupees	
	Due to Clients		6,049,169	46,622
	Accrued Liabilities		95,409	95,409
	Other Payables		9,743,166	3,753,539
			<u>15,887,744</u>	<u>3,895,570</u>

6 SHORT TERM BORROWINGS

Financing from Bank	<u>24,500,491</u>	<u>13,890</u>
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7 CONTINGENCIES AND COMMITMENTS

No contingencies and commitments existed at the balance sheet date.

9 INTANGIBLE ASSETS

Trading Rights Entitlement (TRE) Certificate	9.1	<u>5,000,000</u>	<u>5,000,000</u>
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9.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies (referred to as "corporatization") along with separation of ownership rights from members' trading rights (referred to as "demutualization"). As a result of demutualization, membership cards were replaced by shares in ISE Towers REIT Management Limited (Formerly Islamabad Stock Exchange) being financial asset classified under "long term investment" and trading rights entitlement certificates (TREC) representing rights to trade on the Exchange being an intangible asset. The value represents cost of membership allocated to TREC based on fair value of TREC and shares in the Exchange at a split-off date and subsequent impairment loss, if any. TREC has indefinite useful life. In order to meet Base Minimum Capital (BMC), TREC has been pledged with Pakistan Stock Exchange Limited (PSX), which came into existence as a result of integration of stock exchanges on 11 January, 2016. Notional value of TREC notified by PSX amounts to Rs. 5 million, hence no impairment has been recognized in the books of accounts.

10 LONG TERM DEPOSITS

	Note	2017	2016
		Rupees	
- Central Depository Company of Pakistan Limited		100,000	100,000
- National Clearing Company of Pakistan Limited		300,000	300,000
- Pakistan Stock Exchange Limited-Clearing House	10.1	631,800	196,000
- Office Premises		80,000	80,000
		<u>1,111,800</u>	<u>676,000</u>

FIRST STREET CAPITAL (PVT.) LTD
PROPERTY PLANT & EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2017

8 Following is the detail of operating fixed assets:

DESCRIPTION	C O S T			D E P R E C I A T I O N				W.D.V. As on 30-06-17
	As on 01-07-16	Additions	As on 30-06-17	Rate %	As on 01-07-16	Charge for the Year	As on 30-06-17	
	Rupees			Rupees				
Furniture & Fixture	127,000	-	127,000	10	59,507	6,749	66,256	60,744
Computers & Office Equipments	279,375	-	279,375	30	225,245	16,239	241,484	37,891
Vehicle	2,095,752	2,066,251	4,162,003	20	419,150	748,571	1,167,721	2,994,282
2017	2,502,127	2,066,251	4,568,378		703,902	771,559	1,475,461	3,092,917
2016	371,375	2,130,752	2,502,127		254,055	449,847	703,902	1,798,225

Depreciation expense for the year has been allocated as follows:

2017 Rupees	2016 Rupees
771,559	449,847
771,559	449,847

Administrative Expenses (Note : 13)

- 10.1 This includes deposits placed with PSX for taking exposures in regular, future market and cash deposited against BMC requirements.

11	LONG TERM INVESTMENT	Note	2017 Rupees	2016 Rupees
	<i>Available for sale</i>			
	Investment in ISE Towers REIT Management Limited (unquoted) - at cost	11.1	<u>18,000,000</u>	<u>18,000,000</u>

- 11.1 This represents 3,034,603 shares of Rs. 10 each which were allotted to the Company subsequent to demutualization of stock exchanges as referred in Note 7.1 to the financial statements. The Company received 1,213,841 shares being 40% of total shares allotted to the Company. Remaining 60% of the shares are transferred to CDC sub-account in the Company's name under ISE's participant IDs with the CDC which will remain blocked until these are sold to strategic investors, general public and financial institutions. 3,034,603 shares are pledged with PSX to meet BMC requirements.

The break-value of these shares as notified by PSX amounts to Rs. 12.13 per share, hence no impairment has been recognized in the books of accounts for these shares.

12	SHORT TERM INVESTMENTS	Note	2017 Rupees	2016 Rupees
	<i>Available for sale</i>			
	Investment in quoted equity securities		<u>11,033,000</u>	<u>724,020</u>

- 12.1 Unrealized gain on remeasurement of short term investments as of the reporting date

Market Value of shares of Investment	11,033,000	724,020
Less: Cost of shares investment	<u>10,101,547</u>	<u>867,569</u>
	<u>931,453</u>	<u>(143,549)</u>

- 12.2 Fair value of shares pledged as at 30 June 2017:

	<u>Number of securities</u>	<u>Amount (Rupees)</u>
Clients	850,000	36,125,000
Brokerage House	<u>1,213,841</u>	<u>12,138,410</u>
Total	<u>2,063,841</u>	<u>48,263,410</u>

13	TRADE DEBTS	Note	2017 Rupees	2016 Rupees
	Trade Debts	13.1	1,073,030	160,141

All trade debts are more than five days overdue. The Company holds, as collateral against the receivables, securities held for clients with a total fair value in excess of Rs. 365 million.

14	Short Term Advances	Note	2017 Rupees	2016 Rupees
	Short Term Advances		<u>220,391</u>	<u>93,392</u>
			<u>220,391</u>	<u>93,392</u>

15	Bank Balances	Note	2017 Rupees	2016 Rupees
	- Saving Account - Client A/c		6,351,007	586,121
	- Saving Account - Proprietary A/c	15.1	<u>56,495,597</u>	<u>15,609,514</u>
			<u>62,846,604</u>	<u>16,195,635</u>
15.1	The return on these balances is 2.5% to 3.5% (2016: 4.5% to 5.5%) per annum on daily product basis.			
16	Brokerage Income	Note	2017 Rupees	2016 Rupees
	Commission income		<u>1,701,268</u>	<u>476,762</u>
			<u>1,701,268</u>	<u>476,762</u>
17	Investment Income			
	Dividend Income		-	333,910
	Gain / (Loss) on sale of shares		3,828,756	-
	Unrealized gain on shares		931,453	(143,549)
			<u>4,760,209</u>	<u>190,361</u>
18	ADMINISTRATIVE EXPENSES	Note	2017 Rupees	2016 Rupees
	Staff Salaries & Other Benefits		468,000	-
	Auditor's Remuneration		75,000	75,000
	Travelling & Conveyance		-	14,780
	Vehicle Running & Maintenance		321,049	114,663
	Printing & Stationery		75,650	85,346
	Fee & Subscription		400,136	179,680
	Entertainment		315,150	144,329
	Office Repair & Maintenance		154,500	37,535
	Generator Fuel		475,400	141,750
	Depreciation		771,559	449,847
	Miscellaneous Expenses		270,803	97,237
			<u>3,327,247</u>	<u>1,340,167</u>
19	FINANCIAL CHARGES			
	Bank charges		<u>3,718</u>	<u>32,497</u>
20	OTHER INCOME			
	Return on Bank Deposit		635,410	89,035
	Other Income		56,419	676,449
			<u>691,829</u>	<u>765,484</u>
21	TAXATION	Note	2017 Rupees	2016 Rupees
	Current Year		598,244	14,986
	Prior Years		14,986	-
			<u>613,230</u>	<u>14,986</u>
21.1	The income tax assessments of the Company have been finalised up to and including the tax year 2016. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.			

21.2 The numerical reconciliation between the tax expense and accounting profit has not been presented as the total income of the company attracted presumptive tax and minimum tax under Section 113 of the income tax ordinance, 2001.

22 FINANCIAL INSTRUMENTS

22.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company has exposure to the following risks from its use of financial

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness.

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for already provided. None of the other financial assets are either past due or impaired. The aging of trade debts at the reporting date is disclosed in note 13.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(iii) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions denominated in foreign currencies. Currently, the Company is not exposed to currency risk since there

are no foreign currency transactions and balances at the reporting date.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date, the Company does not hold any significant interest bearing financial instruments.

(c) Price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in levels of Pakistan Stock Exchange-Index and the value of individual shares.

The table below summarises the Company's equity price risk as at June 30, 2017 and shows the effect of a hypothetical 5% increase or decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenario.

22.2 Financial instruments by category

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	2017	2016
	Rupees	
Financial Assets		
<i>Investments held at Available for Sale</i>		
Long term investment	18,000,000	18,000,000
Short term investment	11,033,000	724,020
	<u>29,033,000</u>	<u>18,724,020</u>
<i>Loans and Receivables</i>		
Long term deposits	1,111,800	676,000
Trade debts - unsecured	1,073,030	160,141
Short Term Advances	220,391	93,392
Bank balances	62,846,604	16,195,635
	<u>65,251,825</u>	<u>17,125,168</u>
Financial liabilities		
Long Term Loan	468,000	-
Trade and other payables	15,887,744	3,895,571
	<u>16,355,744</u>	<u>3,895,571</u>

22.3 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability,

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input)

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

23 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt

levels and liquid assets and keeping in view future investment requirements. Furthermore, the Company finance its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise the risk.

Net capital and Liquid capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

24 INVESTMENT TURNOVER

Turnover during the period comprises of the following:

During the year ended June 30, 2017	Turnover in Value
Institutional	36,056,520
Retail	3,946,248,974
Proprietary	97,831,627
Total	4,080,137,121

25 NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 04 (2016: 4) and average number of employees during the year are 4 (2016: 4).

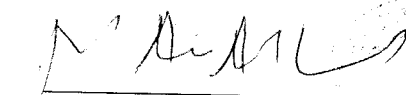
26 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on 02 October, 2017.

27 GENERAL

Figures have been rounded off to the nearest rupee and corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

The annexed notes from 1 to 27 form an integral part of these financial statements.


CHIEF EXECUTIVE

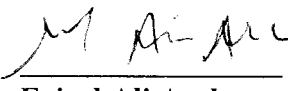

DIRECTOR



First Street Capital (Pvt.) Limited

Compliance Report with the Licensing Conditions

This is to certify that we, First Street Capital (Pvt.) Limited has obtained necessary registration certificate from Security Market Division- Securities and Exchange Commission of Pakistan to undertake the business activities as authorized in its memorandum of association, and that the Company is compliant with the conditions contained in certificate to carry on the business activities imposed by Security Market Division- Securities and Exchange Commission of Pakistan for the year ended June 30, 2017


Faisal Ali Asghar
Chief Executive Officer



30-10-2017
Lahore

House # 43-A/S, Justice Sardar Iqbal Road, Gulberg-5, Lahore
Tel: 042-35791291 Fax: 042-35791289

**Independent Assurance Report on Compliance Report with the Licensing Conditions
applicable on First Street Capital (Private) Limited**

To the Board of Directors of **First Street Capital (Private) Limited**

1. Introduction

We have been engaged to perform a limited assurance engagement on the compliance report issued by First Street Capital (Private) Limited ("the Company") on its compliance with licensing conditions to carry on business activities imposed by Securities & Exchange Commission of Pakistan for the year ended 30 June 2017, as required in terms of the Companies (Compliance with Licensing Conditions) General Order, 2016 (the SECP Order) issued by the Securities & Exchange Commission of Pakistan.

2. Applicable Criteria

The criteria against which the subject matter information ("the Compliance Report") is assessed are the SECP Order and the applicable licensing conditions imposed by the Authority.

3. Management's Responsibility for Compliance

It is the responsibility of the Board of Directors of the Company to comply with the licensing conditions applicable to the Company, and to prepare and present the Compliance Report in accordance with the applicable criteria.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

Our responsibility is to express a conclusion on the Compliance Report. We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements other than audits or reviews of historical financial statements" issued by the International Auditing and Assurance

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Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the compliance report is free from material misstatement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected were based on the requirements of SECP Order and also depended on our judgment. As part of our work, we performed, amongst others, the following procedures:

- Checked that the company has obtained necessary license from the Securities & Exchange Commission of Pakistan to undertake the business activities authorized in its memorandum of association;
- Checked that Company is compliant with the conditions contained in the license to carry the business activities imposed by the Securities & Exchange Commission of Pakistan;
- Reviewed and verified compliance, to the extent that such compliance can be objectively verified; and
- Checked that the compliance report reflects the status of the company's compliance with the applicable licensing conditions.

6. Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the compliance report does not fairly reflect, in all material respects, the Company's compliance status in accordance with the SECP's Order and the licensing conditions imposed by the Authority.

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

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

Lahore.

Date: October 30, 2017