

Financial Statements and Independent Auditors' Report

Insight Securities (Private) Limited

For the year ended June 30, 2017



Grant Thornton

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Grant Thornton Anjum Rahman

Chartered Accountants



DIRECTORS REPORT

Economic Overview

Pakistan's economy posted a real growth of 5.28% in FY17 (highest in this decade), with a broad base from all key sectors. During the year, agriculture sector (which contributes nearly 20% to the GDP) witnessed a growth of 3.46% as compared to last year meager growth of 0.27%.

The Large-Scale Manufacturing (LSM) grew by 5.6%, which is a 4-year high. Notable sectors which exhibited strong output growth were Iron & Steel, which increased by 20%, electronics grew by 17%, Automobiles production enhanced by 11% and Food, beverages & tobacco advanced by 11%. Private sector credit grew by 17% to reach PKR 5.2 trillion.

On the monetary front, macroeconomic stability and subdued commodity prices aided the Central Bank to maintain policy rate at 5.75%; which is the lowest since early 1970's. Whereas on fiscal front, the deficit increased by 1.21% of GDP.

Market Overview

The benchmark KSE-100 index posted gain of 23.24% during the fiscal year (Jul16-Jun17). Key events remained the Pakistan inclusion in MSCI EM, strategic sale and IPO of PSX, judicial investigations on panama case, soft inflationary numbers, decade low interest rates and upgraded sovereign rating by global agencies.

FII's remained net sellers despite inclusion in MSCI EM, resulting in a major outflow of \$650 million whereas local MF's topped the buyer's list with inflows of \$576 million.

Company's Financial Overview

The Company has posted as revenue of Rs. 144.9 million during the period under review as compared to last year's Rs. 8.79 million. Before and after tax profit stood at Rs. 96.2 million and Rs. 81.25 million respectively as compared to last year's loss of Rs. 8.23 million and 9.45 million respectively. Company has earned earning per share of Rs. 6.77 as compared to last year's loss of Rs. 0.79.

	2017	2016
	Rupees	Rupees
Operating Revenue	144,990,972	8,779,755
Profit / (loss) before tax	96,217,474	(8,231,053)
Profit / (loss) after tax	81,253,089	(9,454,274)
Earnings / (loss) per shares	6.77	(0.79)

The main reason of healthy increase in earnings during the period is due to gain on sale of 60% shares of PSX at rate of Rs 28/- through PSX strategic sale. Further the management has focused on growth in FY 17 which helped the company to increase its market share. During the year all major local institutions got empaneled with Insight which helped the firm to post a steady increase in topline, which is depicted by a YoY increase of 1,526% in brokerage revenue.

Future Prospectus

The management of the company continues to be focused with a growth mindset, key growth areas include enhancing presence on the FII side and expanding retail client base by launching the online trading platform.

Recommendation

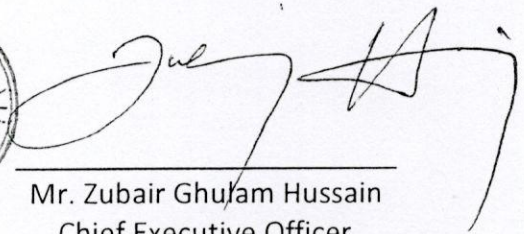
The directors have not recommended any payout due, as the capital would be used for future expansion purposes.

Auditors

The auditors M/s. Grant Thornton Anjum Rahman., Chartered Accountants have retired and being eligible offer themselves for reappointment.

Karachi the: October 03, 2017




Mr. Zubair Ghulam Hussain
Chief Executive Officer



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Insight Securities (Private) Limited** (the Company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 purposes 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 repealed 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 from 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:

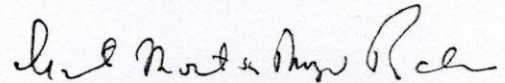
- (a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts 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 balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed 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, 2017 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Other Matter

The financial statements of the Company for the year ended June 30, 2016 were audited by another firm of Chartered accountants, whose audit report dated October 17, 2016 expressed an unmodified opinion on the aforementioned financial statements.

Date: October 03, 2017
Karachi

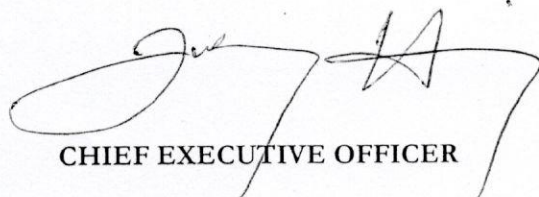

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman
Engagement Partner

Insight Securities (Private) Limited
Financial statements – audited
For the year ended June 30, 2017

INSIGHT SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-current assets			
Property and equipment	4	5,941,419	3,130,723
Intangible assets	5	5,000,000	5,000,000
Long term investment	6	41,163,833	40,073,830
Long term deposits	7	23,607,268	513,309
Total non-current assets		75,712,520	48,717,862
Current assets			
Trade debts	8	20,562,293	16,131,255
Trade deposits and short term prepayments	9	136,524,255	2,587,500
Other receivables	10	8,955,517	835,692
Short term investments	11	10,826,355	50,250,415
Advance tax- net		618,067	-
Cash and bank balances	12	253,859,549	13,296,812
Total current assets		431,346,036	83,101,674
TOTAL ASSETS		507,058,556	131,819,536
SHAREHOLDER'S EQUITY			
Share capital and reserves			
Authorized Share Capital			
12,000,000 (2016: 12,000,000) ordinary shares of Rs.10 each		120,000,000	120,000,000
Issued, subscribed and paid up share capital	13	120,000,000	120,000,000
Unappropriated profit / accumulated loss		58,567,318	(22,685,771)
Unrealized gain on revulation of available for sale investment		25,134,303	-
Total equity		203,701,621	97,314,229
LIABILITIES			
Non-current liabilities			
Long term loan from director	14	22,500,000	22,500,000
Current liabilities			
Trade and other payables	15	254,369,685	11,834,467
Short term loan from director	16	25,000,000	-
Provision for taxation		-	170,840
Accrued mark-up		1,487,250	-
Total current liabilities		280,856,935	12,005,307
CONTINGENCIES AND COMMITMENTS			
Total shareholders' equity and liabilities	17	507,058,556	131,819,536

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

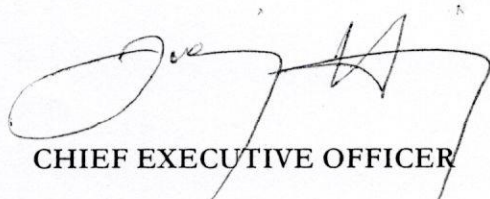

CHIEF EXECUTIVE OFFICER

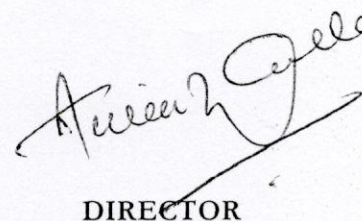

DIRECTOR

INSIGHT SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Brokerage income - share trading	18	67,721,861	4,164,978
Capital gain on sale of investments - net		30,232,045	3,332,414
Dividend income		3,757,337	1,282,363
Gain on sale of long term investment		43,279,729	-
		<u>144,990,972</u>	<u>8,779,755</u>
Operating and administrative expenses	19	(46,544,761)	(14,022,785)
		<u>98,446,211</u>	<u>(5,243,030)</u>
Other income	20	625,958	23,834
Finance cost	21	(1,653,519)	(6,232)
		<u>97,418,650</u>	<u>(5,225,428)</u>
Unrealized loss on re-measurement of investments 'at fair value through profit and loss' - net	11	(1,201,176)	(3,005,625)
Profit / (loss) before taxation		<u>96,217,474</u>	<u>(8,231,053)</u>
Taxation	22	(14,964,385)	(1,223,221)
Profit / (loss) for the year		<u>81,253,089</u>	<u>(9,454,274)</u>
		<u>81,253,089</u>	<u>(9,454,274)</u>

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

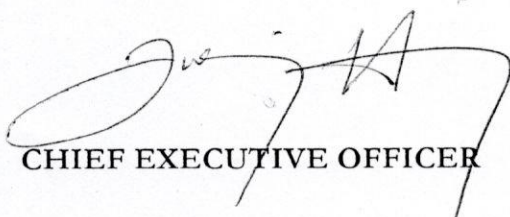

CHIEF EXECUTIVE OFFICER

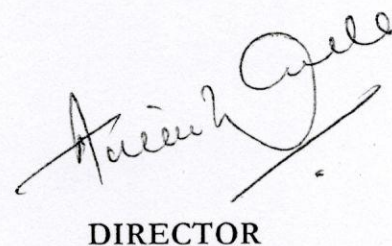

DIRECTOR

INSIGHT SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Profit/ (Loss) for the year		81,253,089	(9,454,274)
Other comprehensive income :			
<i>Items that will not be reclassified subsequently to profit and loss</i>		-	-
<i>Items that may be reclassified subsequently to profit and loss</i>			
Remeasurement of Investment classified as 'available for sale'	6	25,134,303	-
Total comprehensive income / (loss) for the year		<u>106,387,392</u> <u>2,128</u>	<u>(9,454,274)</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

INSIGHT SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		96,217,474	(8,231,053)
Adjustments for:			
Depreciation		1,417,999	152,067
Impairment loss on intangible asset		-	10,000,000
Unrealized loss on re-measurement of investments at fair value through profit and loss - held for trading' - net		1,201,176	3,005,625
Capital gain on sale of short term investments		(30,232,045)	-
Capital gain on sale of long term investment		(43,279,729)	-
Finance cost		1,653,519	6,232
Dividend income		(3,757,337)	-
Operating cash flows before changes in working capital		23,221,057	4,932,871
Decrease/(Increase) in current assets			
Trade debts		(4,431,038)	(16,131,255)
Trade deposits and short-term prepayments		(133,936,755)	(2,587,500)
Other receivables		(8,119,825)	(835,692)
Increase/(Decrease) in current liabilities			
Trade and other payables		242,535,218	11,747,858
		96,047,600	(7,806,589)
Cash generated from operations		119,268,657	(2,873,718)
Income tax paid		(15,753,292)	(1,052,382)
Finance cost paid		(166,269)	(6,232)
Net cash generated from/(used in) operating activities		103,349,096	(3,932,332)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(4,228,695)	(3,282,790)
Proceeds from sale of long term investments		67,324,029	-
Long term deposits		(23,093,959)	(8,500)
Short term investments - net		68,454,929	(53,256,040)
Dividend received		3,757,337	-
Net cash generated from /(used in) investing activities		112,213,641	(56,547,330)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received from director		25,000,000	22,500,000
Share Capital issued		-	50,000,000
Long term loan repaid		-	(2,241,228)
Net cash generated from financing activities		25,000,000	70,258,772
Net increase in cash and cash equivalents		240,562,737	9,779,110
Cash and cash equivalents at beginning of the year		13,296,812	3,517,701
Cash and cash equivalents at end of the year		253,859,549	13,296,812
Cash and Bank Balances	12	253,859,549	13,296,812

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

INSIGHT SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Reserves		Total reserves	Total shareholders' equity
	Unrealized gain on revaluation of available for sale investment	Revenue reserve		
Share capital		Unappropriated profit / accumulated loss		
Balance as at July 01, 2015	70,000,000	-	(13,231,497)	(13,231,497)
Issue of shares	50,000,000	-	-	50,000,000
Loss for the year	-	(9,454,274)	(9,454,274)	(9,454,274)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(9,454,274)	(9,454,274)	(9,454,274)
Balance as at June 30, 2016	120,000,000	-	(22,685,771)	(22,685,771)
Balance as at July 01, 2016	120,000,000	-	(22,685,771)	(22,685,771)
Profit for the year	-	81,253,089	81,253,089	81,253,089
Other comprehensive income	-	25,134,303	25,134,303	25,134,303
Total comprehensive income	-	81,253,089	81,253,089	81,253,089
Balance as at June 30, 2017	120,000,000	25,134,303	106,387,392	106,387,392
		58,567,318	83,701,621	203,701,621

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

CHIEF EXECUTIVE OFFICER

DIRECTOR