

SHAJAR CAPITAL PAKISTAN
(PRIVATE) LIMITED

STATEMENT OF LIQUID CAPITAL BALANCE

AS AT JUNE 30, 2018

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS





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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS REPORT ON STATEMENT OF LIQUID CAPITAL

To the Chief Executive Officer of Shajar Capital Pakistan (Private) Limited.

Opinion

We have audited the Statement of Liquid Capital (the Statement) of Shajar Capital Pakistan (Private) Limited (the Security Broker) and notes to the Statement as at June 30, 2018.

In our opinion, the financial information in the Statement of the Securities Broker as at June 30, 2018 is prepared, in all material respects, in accordance with the requirements of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) issued by the Securities & Exchange Commission of Pakistan (SECP).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the Statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement is prepared to assist the Security Broker to meet the requirements of the SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the Security Broker, SECP, PSX and NCCPL and should not be distributed to parties other than the Security Broker, the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the Regulations, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance is responsible for overseeing the Securities Broker's financial reporting process.

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Parker Randall-A.J.S.

CHARTERED ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Securities Broker's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Accountants

Audit Engagement Partner:
Muhammad Shabbir Kasbati

Date: 14 SEP 2018

Place: Karachi

SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED
Statement of Liquid Capital
REGULATION 6 (4) AND SCHEDULE III OF THE SECURITIES BROKERAGE (LICENCING AND
OPERATIONS) REGULATIONS, 2016
As at June 30, 2018

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	18,725,989	100.00%	-
1.2	Intangible Assets	2,430,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)	-	0.00%	-
	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.50%	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	10.00%	-
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	-	15.00%	-
	Investment in Equity Securities			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	9,163,860	1,510,475	7,653,385
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,294,000	100.00%	-
1.9	Margin deposits with exchange and clearing house.	36,165,368	-	36,165,368

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1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	1,257,899	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)	-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	Receivables other than trade receivables	3,675,428	100.00%	-
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>		-	-
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>		5.00%	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>		-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	3,340,279	-	3,340,279

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	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.	4,120,788	3,390,564	3,390,564
	v. Lower of net balance sheet value or value determined through adjustments			
	vi. 100% haircut in the case of amount receivable form related parties.	-	100.00%	-
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	11,871,027	-	11,871,027
	ii. Bank balance-customer accounts	39,343,001	-	39,343,001
	iii. Cash in hand	25,611	-	25,611
1.19	Total Assets	131,413,250		101,789,235
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	38,647,338	-	38,647,338
	Current Liabilities			
	i. Statutory and regulatory dues		-	-
	ii. Accruals and other payables	12,893,551	-	12,893,551
	iii. Short-term borrowings	3,251,355	-	3,251,355
	iv. Current portion of subordinated loans	-	-	-
2.2	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	8,772,645	-	8,772,645
	Non-Current Liabilities			
2.3	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Subordinated Loans			
2.4	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	Total Liabilites	63,564,889		63,564,889

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3. Ranking Liabilities Relating to :			
Concentration in Margin Financing			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	-	-
Concentration in securites lending and borrowing			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-
Net underwriting Commitments			
3.3	(a) in the case of right issue : if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-
Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-
Foreign exchange agreements and foreign currency positions			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency	-	-
3.6	Amount Payable under REPO	-	-

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Repo adjustment				
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
Concentrated proprietary positions				
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security	-	13,600	13,600
Opening Positions in futures and options				
3.9	i. In case of customer positions, the total margin requiremets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	Total Ranking Liabilites	-	13,600	13,600

Liquid Capital

38,210,746



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SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED
 NOTES TO STATEMENT OF LIQUID CAPITAL
 FOR THE PERIOD ENDED JUNE 30, 2018

1. BASIS OF ACCOUNTING

The Statement of Liquid Capital (the Statement) has been prepared in accordance with the requirements of the third schedule of the Securities Brokers (Licensing and Operations) Regulations 2016 (the regulations) issued by the Securities and Exchange Commission of Pakistan.

The accounting policies and methods of computation used in the preparation of the balance sheet column of the Statement are disclosed in the financial statement for the period ended June 30, 2018. Therefore, the Statement should be read in connections with the aforesaid financial statements.

The valuation of assets and liabilities for the purpose of liquid capital has been determined on the basis as disclosed in the Statement.

2. INVESTMENT IN LISTED SECURITIES

Number of shares	Name of investee	Market value	VaR value	Net of 15 Hair cut	Lower of VaR or hair cut
50,000	FAYSAL BANK LIMITED	1,300,000	1,105,000	1,105,000	1,105,000
5,000	FAUJI FERTILIZER BIN QASIM LTD	193,000	164,050	164,050	164,050
10,000	FFC FOODS	322,800	266,310	274,380	266,310
5,000	HASCOL PETROLEUM LTD.	1,568,800	1,294,260	1,333,480	1,294,260
25,000	K- ELECTRIC LTD	142,000	120,700	120,700	120,700
35,000	LOTTE CHEMICAL PAKISTAN LTD	418,600	355,810	355,810	355,810
5,000	MCB BANK LIMITED	988,850	840,523	840,523	840,523
3,000	NETSOL TECHNOLOGIES LTD.	363,210	299,648	308,729	299,648
200,000	SILK BANK LIMITED.	272,000	210,800	231,200	210,800
100,000	SUMMIT BANK LTD.	215,000	123,625	182,750	123,625
20,000	UNITED BANK LTD.	3,379,600	2,872,660	2,872,660	2,872,660
		<u>9,163,860</u>	<u>7,653,386</u>	<u>7,789,282</u>	<u>6,548,386</u>

2.1 At June 30, 2018 1,602,953 shares of Pakistan Stock Exchange Limited having market value of 35.906 million have been applied a haircut of 100% as per SECP's Circular No SMD/SE/2(20/2016) for the purpose of liquid capital, as the same are in freeze category as per CDC statement of the Company.

3. MARGIN DEPOSIT WITH EXCHANGE AND CLEARING HOUSE

This represents deposits held with NCCPL for trading in ready and future markets. Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarification issued by Securities and Exchange Commission of Pakistan (SECP).

(Signature)

4. RECEIVABLES FROM CUSTOMERS

4.1 This represents receivable from customers for not more than 5 days overdue, in accordance with the clause (v) of 1.17 of the Securities Brokers (Licensing and Operations) Regulations, 2016.

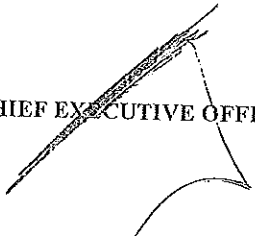
4.2 This represents receivable overdue for not more than 5 days, in accordance with the clause (v) of 1.17 of the Securities Brokers (Licensing and Operations) Regulations, 2016.

5. GENERAL

This Statement is prepared to meet the requirement of Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). Therefore, this Statement may not be suitable for any other purpose and should not be distributed to parties other than SECP, PSX and NCCPL.

6. DATE OF AUTHORIZATION

This Statement was authorized for issue on 14 SEP 2018


CHIEF EXECUTIVE OFFICER




CHIEF FINANCIAL OFFICER