



Grant Thornton

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INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF LIQUID CAPITAL BALANCE TO THE BOARD OF DIRECTORS OF TAURUS SECURITIES LIMITED

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Opinion

We have audited the annexed Statement of Liquid Capital of Taurus Securities Limited (the Securities Broker) and notes to the Statement of Liquid Capital as at June 30, 2018 (together 'the statement').

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 requirements of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 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 Securities 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 Securities Broker, SECP, PSX and NCCPL and should not be distributed to parties other than the Securities 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 requirements of the Third Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 issued by the Securities & Exchange Commission of Pakistan (SECP), 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.

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.

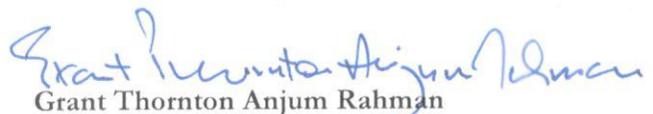
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Shaukat Naseeb.

September 13, 2018
Karachi


Grant Thornton Anjum Rahman
Chartered Accountants

Taurus Securities Limited

Statements of Liquid Capital Balance

As at June 30, 2018

TAURUS SECURITIES LIMITED
STATEMENT OF LIQUID CAPITAL BALANCE
AS AT JUNE 30, 2018

S. No.	Head of Account	Note	Net book value as per financial statements	Hair Cut / Adjustments	Net Adjusted Value
I. Assets					
1.1	Property & Equipment		8,943,280	100%	-
1.2	Intangible Assets		438,396	100%	-
1.3	Investment in Govt. Securities		-	0%	-
	Investment in Debt. Securities				
	If listed than:				
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		-	5%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	7.5%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		-	10%	-
1.4	If unlisted than:				
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		-	10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	12.5%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		-	15%	-
	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.	3	132,702,616	19,905,392	112,797,224
	ii. If unlisted, 100% of carrying value.			100%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.		-	100%	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable.		21,353,582	100%	-
1.6	Investment in subsidiaries		-	100%	-
	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.		-	0%	-
	ii. If unlisted, 100% of net value.		-	100%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.		-	100%	-
1.9	Margin deposits with exchange and clearing house.		193,420,448	0%	193,420,448
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	0%	-
1.11	Other deposits and prepayments		10,491,812	100%	-
	<i>Carried forward</i>		367,350,134		306,217,672

SPM

S. No.	Head of Account	Note	Net book value as per financial statements	Hair Cut / Adjustments	Net Adjusted Value
	Brought forward		367,350,134		306,217,672
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)		150,000	-	150,000
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		-	100%	-
1.13	Dividends receivables.		-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)		-	-	-
	i. Short Term Loan to Employees: Loans are Secured and Due for repayment within 12 months		2,356,620	-	2,356,620
	ii. Receivables other than trade receivables	4	48,821,916	100%	-
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.		25,287,650	100%	-
	Receivables from customers i. In case receivables are against margin financing, the aggregate of (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. Lower of net balance sheet value or value determined through adjustments. ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut		-	-	-
1.17	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value v. In case 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. v. Lower of net balance sheet value or value determined through adjustments vi. 100% haircut in the case of amount receivable from related parties.	5	165,494,521	0%	165,494,521
		5.1	17,208,553	9,101,573	8,106,980
			1,009,402	100%	-
1.18	Cash and Bank balances i. Bank Balance-proprietary accounts ii. Bank balance-customer accounts iii. Cash in hand		7,830,339 137,373,278 40,729	- - -	7,830,339 137,373,278 40,729
1.19	Total Assets		772,923,142		627,570,139

CPM

S. No.	Head of Account	Note	Net book value as per financial statements	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities					
2.1	Trade Payables				
	i. Payable to exchanges and clearing house		75,271,152	-	75,271,152
	ii. Payable against leveraged market products		-	-	-
	iii. Payable to customers		140,091,624	-	140,091,624
2.2	Current Liabilities				
	i. Statutory and regulatory dues		-	-	-
	ii. Accruals and other payables	6	10,822,886	-	10,822,886
	iii. Short-term borrowings		219,609,684	-	219,609,684
	iv. Current portion of subordinated loans		-	-	-
	v. Current portion of long term liabilities		-	-	-
	vi. Deferred Liabilities		-	-	-
	vii. Provision for bad debts		3,278,207	-	3,278,207
	viii. Provision for taxation		-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements		-	-	-
2.3	Non-Current Liabilities				
	i. Long-Term financing				
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease				
	b. Other long-term financing				
	ii. Staff retirement benefits				
	iii. Advance against shares for Increase in Capital of Securities broker:				
	a. The existing authorized share capital allows the proposed enhanced share capital				
	b. Board of Directors of the company has approved the increase in capital				
	c. Relevant Regulatory approvals have been obtained				
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.				
e. Auditor is satisfied that such advance is against the increase of capital.					
iii. Other liabilities as per accounting principles and included in the financial statements					
2.4	Subordinated Loans				
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:				
2.5	Total Liabilities		449,073,553		449,073,553

CSM

S. No.	Head of Account	Note	Net book value as per financial statements	Hair Cut / Adjustments	Net Adjusted Value
3. Ranking Liabilities Relating to :					
3.1	Concentration in Margin Financing 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.				
3.2	Concentration in securities lending and borrowing 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				
3.3	Net underwriting Commitments (a) in the case of right issues : if the market value of securities 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 issues 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				
3.4	Negative equity of subsidiary The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary				
3.5	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency				
3.6	Amount Payable under REPO 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 securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.				
3.8	Concentrated proprietary positions 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			1,956,828	1,956,828

Carried forward

1,956,828

1,956,828

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S. No.	Head of Account	Note	Net book value as per financial statements	Hair Cut / Adjustments	Net Adjusted Value
	Brought forward		-	1,956,828	1,956,828
	Opening Positions in futures and options				
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying 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. In case 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. In case 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 Liabilities		-	1,956,828	1,956,828

Calculations Summary of Liquid Capital

- (i) Adjusted value of Assets (serial number 1.19)
- (ii) Less: Adjusted value of liabilities (serial number 2.5)
- (iii) Less: Total ranking liabilities (series number 3.11)

627,570,139
(449,073,553)
(1,956,828)
176,539,757

The annexed notes 1 to 7 form an integral part of this statements.

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Chief Financial Officer



Chief Executive Officer

TAURUS SECURITIES LIMITED
NOTES TO THE STATEMENT OF LIQUID CAPITAL
AS AT JUNE 30, 2018

1. STATEMENT OF COMPLIANCE

The statement of liquid capital balance ("the Statement") has been prepared in accordance with requirements as contained in the third schedule read with regulation 6(4) of the Securities Brokers (Licensing and Operations) Regulations, 2016.

The statement is prepared specifically to meet the above mentioned requirements and for submission to the Pakistan Stock Exchange, National Clearing Company of Pakistan Limited or the Securities and Exchange Commission of Pakistan under regulation 6(4) of the Securities Brokers (Licensing and Operations) Regulations, 2016. As a result, the statement may not be suitable for another purpose.

2. BASIS OF ACCOUNTING

This statement has been prepared on Trade Date accounting basis and accordingly account for income, assets and liabilities.

3. INVESTMENT IN LISTED SECURITIES IN THE NAME OF BROKER

Name of Securities	June 30, 2018		
	Available Quantity	Fair Value in Rupee	Net Value at Risk in Rupee
ASL	614,500	9,690,665	8,237,065
TRG	1,366,500	39,136,560	33,266,076
BOP	1,958,000	23,633,060	20,088,101
ATRL	5,000	1,076,550	915,068
FCCL	236,000	5,392,600	4,583,710
ISL	24,500	2,491,650	2,117,903
MLCF	621,500	31,534,910	26,804,674
PAEL	219,000	7,765,740	6,600,879
PSO	4,500	1,432,395	1,217,536
PSX	521,759	10,304,740	8,759,029
JSCL	13,400	243,746	207,184
Total	5,584,659	132,702,616	112,797,224

4. RECEIVABLES OTHER THAN TRADE RECEIVABLES

June 30, 2018
(Rupees)

Other Receivables	9,291,412
Taxation - net	39,530,504
	48,821,916

5. TRADE RECEIVABLES

Trade debts - gross	209,000,126
Less: Trade debts under margin trading system	(25,287,650)
Less: Outstanding for more than 5 days	(18,073,886)
Less: Due from related parties (not over due by more than 5 days)	(144,069)
Trade debts not overdue by more than 5 days - gross	165,494,521

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TAURUS SECURITIES LIMITED
NOTES TO THE STATEMENT OF LIQUID CAPITAL
AS AT JUNE 30, 2018

	June 30, 2018 (Rupees)
5.1	
Trade debts overdue by more than 5 days - gross	18,073,886
Less: Due from related parties (over due by more than 5 days)	<u>(865,333)</u>
	<u>17,208,553</u>

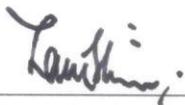
6 ACCRUALS AND OTHER PAYABLES

Accrued expenses	1,967,918
Accrued markup on running finance	718,447
Liabilities attributable to client identified subsequent to balance sheet date	357,352
Others	<u>7,779,169</u>
	<u>10,822,886</u>

7 DATE OF ISSUANCE

This statement was authorized for issue on Sep 13, 2018

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Chief Executive Officer



Chief Financial Officer