ALFA ADHI SECURITIES (PRIVATE) LIMITED

Financial Statements
For the year ended June 30, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ALFA ADHI SECURITIES (PRIVATE) LIMITED** as at June 30, 2016, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 financial statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

(a) in our opinion, proper books of account have been kept by the Company as required by the 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 Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Haroon Zakaria & Co

Haroon Zakaria & Company
Chartered Accountants

11 OCT 2016

Place: Karachi
Dated:

Engagement Partner:
Mohammad Iqbal

ALFA ADHI SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	**7,913,452**	8,413,016
Intangible assets	5	**4,542,753**	4,702,720
Long term investment	6	**9,084,046**	9,084,046
Long term deposits	7	**3,964,000**	3,664,000
Deferred tax asset	8	**166,383**	428,676
		25,670,634	26,292,458
Current Assets			
Trade debts	9	**41,127,866**	30,683,839
Loans and advances	10	**2,815,098**	498,951
Deposits and other receivables	11	**7,440,829**	2,136,320
Tax refunds due from government	12	**4,836,024**	2,683,602
Cash and bank balances	13	**30,851,340**	29,455,146
		87,071,157	65,457,858
Total Assets		**112,741,791**	91,750,316
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
10,000,000 Ordinary shares of Rs.10 each		**100,000,000**	100,000,000
Issued, subscribed and paid-up share capital	14	**50,490,000**	50,490,000
Unappropriated profit		**17,501,087**	17,205,041
Shareholders' Equity		**67,991,087**	67,695,041
Non-Current Liabilities			
Deferred liabilities	15	**2,349,796**	1,942,301
Long term deposits	16	**521,652**	-
		2,871,448	1,942,301
Current Liabilities			
Trade and other payables	17	**29,350,712**	22,112,974
Mark up accrued		**375,718**	-
Short term bank borrowing	18	**12,152,826**	-
		41,879,256	22,112,974
Contingencies and Commitments	20	**-**	-
Total Equity and Liabilities		**112,741,791**	91,750,316

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

Chief Executive — *Director*

ALFA ADHI SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Operating revenue	21	**19,080,018**	22,350,731
Administrative expenses	22	**19,401,734**	17,080,572
Operating (loss) / profit		**(321,716)**	5,270,159
Financial charges	23	**973,874**	535,707
Other operating expenses	24	**1,249,625**	286,748
		2,223,499	822,455
		(2,545,215)	4,447,704
Other income	25	**3,559,678**	5,427,840
Profit before taxation		**1,014,463**	9,875,544
Taxation	26	**(718,417)**	(3,181,552)
Profit after taxation		**296,046**	6,693,992

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

Chief Executive

Director

ALFA ADHI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Profit after taxation	**296,046**	6,693,992
Other comprehensive income	-	-
Total comprehensive income for the year	**296,046**	6,693,992

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

Chief Executive

Director

ALFA ADHI SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,014,463**	9,875,544
Adjustment for:		
Depreciation	**816,186**	778,247
Provision in respect of employees gratuity fund	**407,495**	385,450
Reversal of provision for doubtful debts	**(1,229,283)**	(1,648,763)
Liabilities written back	**-**	(243,916)
Amortization	**159,967**	307,967
	154,365	(421,015)
Cash generated from operating activities before working capital changes	**1,168,828**	9,454,529
(Increase) / decrease in current assets		
Trade debts	**(9,214,743)**	40,429,869
Loans and advances	**(2,316,147)**	(235,846)
Deposits and other receivables	**(5,304,509)**	604,253
Decrease / (increase) in current liabilities		
Trade and other payables	**7,237,738**	(26,664,220)
Mark up accrued	**375,718**	-
Short term borrowing	**12,152,826**	-
	2,930,883	14,134,056
Net cash generated from operations	**4,099,711**	23,588,585
Income taxes paid	**(2,608,546)**	(2,878,478)
Long term deposits received	**521,652**	-
Net cash generated from operating activities	**2,012,816**	20,710,107
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets expenditure	**(316,622)**	(886,186)
Long term deposits paid	**(300,000)**	-
Net cash used in investing activities	**(616,622)**	(886,186)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend distributed to shareholders	**-**	(5,553,900)
Net cash used in financing activities	**-**	(5,553,900)
Net increase / (decrease) in cash and cash equivalent (A+B+C)	**1,396,194**	14,270,021
Cash and cash equivalents at the beginning of the year	**29,455,146**	15,185,125
Cash and cash equivalents at the end of the year	**30,851,340**	29,455,146

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

ALFA ADHI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

Description	*Share Capital*	*Reserves* *Revenue* *Unappropriated Profit*	*Shareholders' Equity*
		------------ *Rupees* ------------	
Balance as at July 1, 2015	50,490,000	16,064,949	66,554,949
Total comprehensive income for the year ended June 30, 2015	-	6,693,992	6,693,992
Dividend paid to share holders @ Rs. 1.10 per Share	-	(5,553,900)	(5,553,900)
Balance as at June 30, 2015	**50,490,000**	**17,205,041**	**67,695,041**
Total comprehensive income for the year ended June 30, 2016	-	**296,046**	**296,046**
Balance as at June 30, 2016	**50,490,000**	**17,501,087**	**67,991,087**

Unappropriated profit can be utilized for meeting any contingencies and distribution of profit by way of dividend.

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

Chief Executive

Director

ALFA ADHI SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

Alfa Adhi Securities (Private) Limited (the 'Company') was incorporated in Pakistan on November 21, 1994 as a private limited company under the Companies Ordinance, 1984 (the Ordinance). The Company is a corporate member of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) and Pakistan Mercantile Exchange Limited. The principal objects of the Company include share brokerage, money market transactions, consultancy services and underwriting etc. The registered office of the Company is situated at 308, 3rd floor, Landmark Plaza - I.I. Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting 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 the 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.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- Review of useful life and residual value of property, plant and equipment (note 3.1 and 4);
- Intangibles (note 3.2 and 5);
- Revenue recognition (note 3.10 and 21); and
- Provision for taxation including deferred tax (note 3.8 and 26).

2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IAS 27 (Revised 2011) – Separate Financial Statements

Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Effective from accounting period beginning on or after January 01, 2015

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

IFRS 10 – Consolidated Financial Statements

Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements

Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 – Disclosure of Interests in Other Entities

Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement

Effective from accounting period beginning on or after January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealized losses

Effective from accounting period beginning on or after January 01, 2017

Amendment discusses that unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization

Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants

Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Amendments to IAS 19 Employee Benefits: Amendments resulting from annual improvements to IFRSs

Effective from accounting period beginning on or after January 01, 2016

Amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

Amendments to IAS 34 - Interim Financial Reporting - Amendments resulting from annual improvements to IFRS

Effective from accounting period beginning on or after January 01, 2016

Amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

Amendments to IFRS 2 - Share Based Payments - Amendments to clarify the classification and measurement of share based payments transactions

Effective from accounting period beginning on or after January 01, 2018

Amendments contain clarifications with respect to accounting for cash-settled share-based payment transactions that include a performance condition, classification of share-based payment transactions with net settlement features and accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Amendments to IFRS 5 Non Current Assets Held for Sale and Discontinued Operations: Amendments resulting from annual improvements to IFRSs

Effective from accounting period beginning on or after January 01, 2016

Amendment adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 16 - Leases

Effective from accounting period beginning on or after January 01, 2019

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. Theses policies have been consistently applied to all the years presented, except for the depreciationpolicy as discussed in note 3.1 and 4.1.

3.1 Property and equipment and depreciation

Owned

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation on fixed assets is charged to income by applying the reducing balance method at the rates specified in the relevant note.

Depreciation is charged from the month in which they are available for use and on deletions up to the month of deletion. Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals, if any, are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit and loss account during the financial year in which they are incurred.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of assets, if any, are recognised in the profit and loss account, as and when incurred.

3.2 Intangible assets

Membership Card - Pakistan Mercantile Exchange Limited

This is stated at cost less impairment, if any. This is not amortized due to the fact that it has an indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the card. 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 the estimated recoverable amount, it is written down to its estimated recoverable amount.

Trading Rights Entitlement Certificate (TREC)

This is initially measured at apportioned value of carrying value of surrendered card which is apportioned between TREC and shares of Pakistan Stock Exchange PSX on the basis as fully described in note 6.1 to the financial statements. Subsequent to its initial recognition, it is measured at cost less impairment, if any. Impairment test is done to assess whether this is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amounts.

Remote Terminal at Karachi Stock Exchange Limited

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated amortization and impairment losses, if any. Amortization on remote terminal is charged to profit and loss account by applying straight line method at the rates specified in the relevant note.

Full year's amortization is charged on the remote terminal acquired during the year.

The carrying values of remote terminal is reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the remote terminal is written down to its recoverable amount.

Softwares

Software are stated at cost less accumulated amortization and any identified impairment loss. Amortization on softwares is charged to income by applying straight line method at the rates specified in the relevant note.Amortization is charged from the month of acquisition of softwares, up to the month of deletion. The carrying value of softwares are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the softwares are written down to their recoverable amount.

3.3 *Investments*

All investments are initially recognized at cost, being the fair value of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

Available for sales - PSX shares

At balance sheet date the Company has its investment only in shares of PSX. These are initially measured at carrying value of surrendered card which is apportioned between TREC and Shares of PSX on the basis as fully described in Note 6.1 to the financial statements. Subsequent to its initial recognition, these are valued at fair value. Investment in equity shares that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost / carrying value.

3.4 *Advances and deposits*

Advances and deposits are carried at cost which is the fair value of the consideration to be received.

3.5 *Cash and cash equivalents*

It comprises of cash in hand and cash at bank which are carried at cost. For the purpose of cash flow statements, cash and cash equivalent include cash in hand, current and deposit account held with the banks.

3.6 *Trade debts and other receivables*

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost after deducting provision for bad debts, if any. A provision for bad debts is established when there is an objective evidence that the Company will not be able to collect all amounts due from clients according to the original terms of transactions. Trade debts and other receivables considered irrecoverable are written off.

3.7 *Trade and other payables*

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

3.8 *Taxation*

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity.

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, tax credits if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and other factors application of minimum tax regime and alternative corporate tax (ACT) can be utilized.

3.9 *Provisions*

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

3.10 *Revenue recognition*

Revenue from brokerage services

- Brokerage commission and advisory fees are recorded as and when services are provided and it is probable that the economic benefits associated with the transaction will flow to the Company.

Other revenue

- Profit on deposits is recognized on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

- Gain on sale of fixed assets is recorded when title is transferred in favor of the transferee.

- Dividend income is recorded when the right to receive the dividend is established.

- Miscellaneous income is recognized on occurrence of transactions.

3.11 *Staff retirement benefits*

Employees' gratuity

The Company operates an unfunded gratuity scheme for all its eligible employees who have completed their minimum qualifying period of service with the Company. Gratuity payable is accounted for on accrual basis. Provisions are made annually to meet the obligation on the basis of the product of employees' last drawn salary and the number of years served to date.

3.12 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.13 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

3.14 Borrowing cost

Borrowing cost are recognized as expense in the period in which these are incurred.

3.15 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Any impairment loss arising on financial assets is recognised in profit and loss account.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, 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. Value in use is ascertained through discounting the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4 PROPERTY AND EQUIPMENT

Particulars	Owned Asset					Total
	Office premises	Computers	Office equipments	Furniture and fixtures	Vehicles	
	Rupees					
Year ended June 30, 2016						
Opening net book value	6,032,442	1,110,244	393,168	727,148	150,014	8,413,016
Additions during the year	-	143,622	173,000	-	-	316,622
Disposals during the year	-	-	-	-	-	-
Depreciation charge for the year	(301,622)	(369,104)	(42,742)	(72,715)	(30,003)	(816,186)
Closing net book value	5,730,820	884,762	523,426	654,433	120,011	7,913,452
As at June 30, 2016						
Cost	9,758,357	6,276,554	1,314,359	1,884,112	1,643,205	20,876,587
Accumulated depreciation	(4,027,537)	(5,391,792)	(790,933)	(1,229,679)	(1,523,194)	(12,963,135)
	5,730,820	884,762	523,426	654,433	120,011	7,913,452
Year ended June 30, 2015						
Opening net book value	6,349,939	758,238	306,915	702,468	187,517	8,305,077
Additions during the year	-	667,970	120,016	98,200	-	886,186
Disposals during the year	-	-	-	-	-	-
Depreciation charge for the year	(317,497)	(315,964)	(33,763)	(73,520)	(37,503)	(778,247)
Closing net book value	6,032,442	1,110,244	393,168	727,148	150,014	8,413,016
As at June 30, 2015						
Cost	9,758,357	6,132,932	1,141,359	1,884,112	1,643,205	20,559,965
Accumulated depreciation	(3,725,915)	(5,022,688)	(748,191)	(1,156,964)	(1,493,191)	(12,146,949)
	6,032,442	1,110,244	393,168	727,148	150,014	8,413,016
Rate of depreciation (%)	5%	30%	10%	10%	20%	

5 INTANGIBLE ASSETS	Note	2016 Rupees	2015 Rupees
Trading Right Entitlement Certificate (TREC)	6.1	**3,415,954**	3,415,954
Membership Card of PMEX		**250,000**	250,000
Remote Terminal	5.1	**-**	18,000
Microsoft Soft Ggwa Olp	5.2	**92,468**	107,879
Online Trading Software	5.3	**784,331**	910,887
		4,542,753	4,702,720

5.1 *Remote Terminal at Pakistan Stock Exchange*

	2016 Rupees	2015 Rupees
Opening net book value	**18,000**	184,000
Addition during the year	**-**	-
Amortization charge @ 10% on cost	**(18,000)**	(166,000)
Closing net book value	**-**	18,000
As at June 30, 2016		
Cost	**1,660,000**	1,660,000
Accumulated amortization	**(1,660,000)**	(1,642,000)
	-	18,000
Rate of amortization	**10%**	10%

5.2 *Microsoft GGWA OLP*

	2016 Rupees	2015 Rupees
Opening net book value	**107,879**	123,290
Addition during the year	**-**	-
Amortization charge @ 10% on cost	**(15,411)**	(15,411)
Closing net book value	**92,468**	107,879
As at June 30, 2016		
Cost	**154,112**	154,112
Accumulated amortization	**(61,644)**	(46,233)
	92,468	107,879
Rate of amortization	**10%**	10%

5.3 *Online Trading Software*

	2016 Rupees	2015 Rupees
Opening net book value	**910,887**	1,037,443
Addition during the year	**-**	-
Amortization charge @ 10% on cost	**(126,556)**	(126,556)
Closing net book value	**784,331**	910,887
As at June 30, 2016		
Cost	**1,265,555**	1,265,555
Accumulated amortization	**(481,224)**	(354,668)
	784,331	910,887
Rate of amortization	**10%**	10%

	Note	2016 Rupees	2015 Rupees
6 LONG TERM INVESTMENT			
- Unquoted shares Available for sales			
Pakistan Stock Exchnage (PSX)	6.1	9,084,046	9,084,046

6.1 Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act), the ownership rights in a Stock Exchange has been segregated from the right to trade on the exchange. Accordingly, the Company has received equity shares of PSX and a Trading Right Entitlement certificate (TREC) in lieu of its Membership Card of KSEL.

As per the arrangements, the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally allotted among 200 members of PSX by issuance of 4,007,383 shares at the face value of Rs. 10 each to each member including the Company in the following manner:

1. 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder. These shares have been pledged with Pakistan Stock Exchange.

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceeds against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale. The shares of PSX shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

Initially, in the absence of an active market of the shares of PSX and TREC, these have been valued by allocating the carrying value of the Membership Card of Rs. 12.5 million between the shares (financial asset) and TREC (an intangible asset) on the basis of the value of ordinary shares and the TREC assigned by the PSX for minimum base capital requirement purposes applicable to the Stock Exchange brokers on May 03, 2013.

Although PSX has determined value of its shares at Rs. 10.042 per share for minimum base capital as on March 30, 2016 and also declared dividends for the period ended June 30, 2015 and December 31, 2015, yet the management has decided to measure the shares of PSX at cost as the above value do not meet the criteria of fair value in accordance with International Financial Reporting Standards.

Subsequent to the year end, PSX has revised the value of its shares at Rs. 9.98 per shares on September 29, 2016.

6.2 Securities amounting to Rs. 46,792,279 (2015: Rs. 61,120,166) million are pledged with Pakistan Stock Exchnage against trading.

	2016 Rupees	2015 Rupees
)NG TERM DEPOSITS		
Deposits with		
Pakistan Mercantile Exchange Limited - for Office	2,500,000	2,500,000
Pakistan Mercantile Exchange Limited -against Membership	750,000	750,000
Pakistan Stock Exchange	200,000	100,000
Central Depository Company of Pakistan Limited	100,000	100,000
National Clearing Company of Pakistan Limited	200,000	200,000
Against Base Minimum Capital	200,000	-
Others	14,000	14,000
	3,964,000	3,664,000

:FERRED TAX ASSET

'his comprises of the following: -		
Taxable temporary differences		
celerated depreciation for tax purposes	(1,063,472)	(1,103,824)
Deductible temporary differences		
Provision for employees gratuity	728,437	621,536
Provision for bad debts	501,418	910,963
	1,229,855	1,532,500
Deferred tax asset not recognised	-	-
	166,383	428,676

l Deferred tax asset has been recognized on the ground that the Company is certain about the timing and extent of future taxable profits against which such benefits can be utilized.

	Note	2016 Rupees	2015 Rupees
ADE DEBTS			
Co dered good			
From Chief Executive and Director- related parties	9.1	759,866	123,765
From others		40,368,000	30,560,074
		41,127,866	30,683,839
Considered doubtful - from others		1,617,477	2,846,760
		42,745,343	33,530,599
Provision for considered doubtful		(1,617,477)	(2,846,760)
		41,127,866	30,683,839

The aging of receivables from related parties at the balance sheet date was: -

Past due 1-90 days	759,866	842
Past due 91-180 days	-	5,768
Past due 181-365 days	-	1,907
More than one year	-	115,249
	759,866	123,765

	Note	2016 Rupees	2015 Rupees
10 LOANS AND ADVANCES			
Considered good			
- Loans			
Director	10.1	**1,862,848**	171,951
- Advances			
- to staff		**352,250**	327,000
- to Contractor	10.2	**600,000**	-
		952,250	327,000
		2,815,098	498,951

10.1 Loan is interest free and is repayable on demand.

10.2 Advance has been given for construction of office at Pakistan Stock Exchange building in Karachi.

	Note	2016 Rupees	2015 Rupees
11 DEPOSITS AND OTHER RECEIVABLES			
Deposits			
With Pakistan Stock Exchange Limited			
- Against Future Trading Exposure		**3,500,000**	180,933
- Against Future Market losses		**3,546,804**	1,463,750
		7,046,804	1,644,683
Other receivables - considered good			
- CDC charges recievable		**394,025**	491,637
		7,440,829	2,136,320

12 TAX REFUNDS DUE FROM GOVERNMENT

Income tax refundable		**4,836,024**	2,683,602

13 CASH AND BANK BALANCES

Cash in hand		**36,784**	162,029
Cash at banks			
Current accounts		**29,914,884**	3,060,948
PLS accounts	13.1	**899,672**	26,232,169
		30,814,556	29,293,117
		30,851,340	29,455,146

13.1 This amount carries markup ranging from 4% to 6% (2015: 4.5% to 7%) per annum.

14 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		2016	2015
Number of Shares			*Rupees*	*Rupees*
		Ordinary shares of Rs.10 each		
4,299,000	4,299,000	fully paid in cash	**42,990,000**	42,990,000
750,000	750,000	issued as bonus shares	**7,500,000**	7,500,000
5,049,000	5,049,000		**50,490,000**	50,490,000

14.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

	Note	2016 Rupees	2015 Rupees
15 DEFERRED LIABILITIES			
Employees' Gratuity	15.1	**2,349,796**	1,942,301
15.1 Employees' Gratuity			
Opening balance		**1,942,301**	1,556,851
Provision for the year		**407,495**	385,450
Payment during the year		**-**	-
		2,349,796	1,942,301
16 LONG TERM DEPOSITS			
Client Deposits		**521,652**	-
17 TRADE AND OTHER PAYABLES			
Trade payables		**28,650,464**	21,496,330
Sindh Sales Tax on services payable		**358,048**	456,480
Accrued liabilities		**342,199**	160,165
		29,350,712	22,112,974
18 SHORT TERM BANK BORROWING			
- from banking company (secured)			
Running finance	19.1	**12,152,826**	-

19 SHORT TERM RUNNING FINANCE FACILITIES

19.1 The Company has available running finance facility of Rs. 50 million (2015: Rs. 50 million) at markup of 3 months KIBOR plus 2% from a banking company to meet working capital requirements. At year end the unavailed facility amounting to Rs. 37.847 (2015: Rs. 50) million.

19.2 The Company has available facility for bank guarantee upto Rs.15 (2015: Rs. 15) million of which Rs.5 (2015 : Rs. 10) million is unavailed at the year end.

19.3 These facilities are secured against: -

- Equitable mortgage over properties of the Company with SECP registered charge.
- Pledge of shares in CDC account amounting to Rs. 41,964,579 (2015: Rs. 5,907,272) with a minimum margin of 30% on shares as per bank's approved list.
- Personal guarantees of all the Directors of the Company.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 The Company has given irrevocable financial bank guarantee in favor of Karachi Stock Exchange Limited amounting to Rs.10 (2015 : Rs.5) million.

20.1.2 The Company has not recorded provision for Workers' Welfare Fund for the year ended June 30, 2014 amounting to Rs. 218,490 respectively on the ground that issue of chargeability of WWF on such companies is under litigation before the Honourable High Court of Sindh, whereby stay has been granted to various companies. However, the Company itself has not challenged the levy in the Court and may be required to pay the amount in case tax authorities issue any order in this respect.

20.2 Commitments

Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows:

	2016 Rupees	*2015 Rupees*
For purchase of shares	**40,650,535**	32,367,460
For sale of shares	**36,405,013**	35,302,265

21 OPERATING REVENUE

Commission income - gross	**26,373,297**	30,525,878
Less: Sindh Sales Tax on Services	**(3,637,696)**	(4,210,466)
	22,735,601	26,315,413
Less: Commission paid to agents	**(3,655,584)**	(3,964,681)
	19,080,018	22,350,731

	Note	*2016 Rupees*	*2015 Rupees*
22 *ADMINISTRATIVE EXPENSES*			
Salaries, allowances and other benefits	22.1	**7,169,918**	6,231,268
Directors' remuneration	27	**3,660,000**	3,060,000
Postage and telephone		**967,098**	901,917
Fees and subscription		**2,397,658**	2,336,369
Depreciation	4	**816,186**	778,247
Amortization	5.1	**159,967**	307,967
Electricity charges		**843,511**	739,664
Computer expenses		**1,312,017**	1,158,134
Traveling expenses		**44,450**	132,721
Legal and professional charges		**105,750**	53,970
Repairs and maintenance expenses		**228,205**	281,352
CDC charges		**1,267,806**	620,296
Printing and stationery expenses		**74,833**	157,541
Entertainment expenses		**156,401**	165,569
Advertisement expenses		**50,600**	-
Remote terminal charges		**127,800**	120,000
Water and sewerage		**19,535**	35,556
		19,401,734	17,080,572

22.1 This includes provision for gratuity of Rs. 407,495 (2015 : Rs. 385,450).

	Note	*2016 Rupees*	*2015 Rupees*
23 *FINANCIAL CHARGES*			
Bank Charges		**241,489**	135,778
Mark-up on running finance		**732,385**	399,929
		973,874	535,707

	Note	*2016 Rupees*	*2015 Rupees*
24 *OTHER OPERATING EXPENSES*			
Auditors' remuneration	24.1	**314,550**	82,500
Penalty by regulators		**-**	50,000
Research and Development Charges		**709,677**	-
Miscellaneous expenses		**225,399**	154,249
		1,249,626	286,749

24.1 Auditors' remuneration

Statutory audit		**95,000**	82,500
Other assignments		**219,550**	-
		314,550	82,500

	Note	2016 Rupees	2015 Rupees
25 OTHER INCOME			
- from financial assets			
Mark up on PLS deposit account		**245,159**	1,529,730
Mark up on PSX deposits		**147,957**	285,126
Dividend from Pakistan Stock Exchange Limited		**1,282,362**	1,202,215
		1,675,478	3,017,070
- from other than financial assets			
Liabilities written back		**-**	243,916
Recovery against provision for bad debts		**1,229,283**	1,648,763
Commission on Book Building		**654,917**	518,091
		1,884,200	2,410,770
		3,559,678	5,427,840

26 *TAXATION*

	Note	2016 Rupees	2015 Rupees
Current tax (For the year)	26.1	**456,124**	2,645,956
Deffered tax	8	**262,293**	535,596
		718,417	3,181,552

26.1 Relationship between Current tax expense and accounting Profit / (loss) for the year is as follows

Reconciliation between tax expense and accounting profit for the year ended June 30, 2016 has not been made as relationship between these could not be developed due to tax being arising under minimum tax regime u/s. 113 of the Income Tax Ordinance, 2001 owing to taxable losses.

Returns for the tax year up to 2015 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001, however the CIT has power to re-assess any of the five preceding tax years.

	2016 Rupees	2015 Rupees
27 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS		
To Chief Executive Officer (One)		
Managerial remuneration	**432,000**	360,000
House rent	**144,000**	120,000
Conveyance allowance	**72,000**	60,000
Utilities	**72,000**	60,000
	720,000	600,000
To Directors (Four)		
Managerial remuneration	**1,764,000**	1,476,000
House rent	**588,000**	492,000
Conveyance allowance	**294,000**	246,000
Utilities	**294,000**	246,000
	2,940,000	2,460,000
Total	**3,660,000**	3,060,000

	Note	2016 Rupees	2015 Rupees
28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			
28.1 Financial Instrument by Category			
Financial Asset			
Available for sale			
Long term investment	6	**9,084,046**	9,084,046
Loans and receivables			
Long term deposits	7	**3,964,000**	3,664,000
Trade debts	9	**41,127,866**	30,683,839
Loans and advances	10	**2,215,098**	498,951
Deposits and other receivables	11	**7,440,829**	2,136,320
Cash and bank balances	13	**30,851,340**	29,455,146
		85,599,133	66,438,256
		94,683,179	75,522,302
Financial Liabilities			
At fair value through profit or loss			
Trade and other payables	17	**28,992,664**	21,656,494
Mark up accrued		**375,718**	-
Short term bank borrowing	18	**12,152,826**	-
		41,521,207	21,656,494

28.2 *Financial risk management*

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 foreign exchange / currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performançe. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risks without any material change from previous period in the manner described in the notes below.

The Company has exposures to the following risks from its use of financial instruments: -

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

28.3 *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. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

28.5 *Credit Rating of Company's Banks*

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows: -

Name of banks	*Rating Agency*	*Credit rating*	
		Short term	*Long term*
Bank Alfalah Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
JS Bank Limited	PACRA	A1 +	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AA+
National Bank Limited	JCR-VIS	A1+	AAA

28.6 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, working capital and running finance facility from banks with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments:-

	2016			
	Carrying Amount	*Contractual cash out flows*	*Upto one year*	*More than one year*
	------------ Rupees ------------			
Financial liabilities				
Trade and other payables	**28,992,664**	**28,992,664**	**28,992,664**	-
Mark up accrued	**375,718**	**375,718**	**375,718**	-
Short term bank borrowing	**12,152,826**	**12,152,826**	**12,152,826**	-
	41,521,207	**41,521,207**	**41,521,207**	

	2015			
	Carrying Amount	*Contractual cash out flows*	*Upto one year*	*More than one year*
	------------ Rupees ------------			
Financial liabilities				
Trade and other payables	21,656,494	21,656,494	21,656,494	-

28.7 *Market risk*

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

Interest / mark up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

	2016	2015	2016	2015
	Effective interest rate (%)		Carrying amounts	
			Rupees	Rupees
Financial assets				
Bank Balances	**4.5 % to 7%**	7% to 9%	**899,672**	26,232,169
Financial Liabilities				
Short term bank borrowing	**3 month KIBOR + 2%**	-	**12,152,826**	-

Cash flow sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on same basis for 2015.

	Profit and loss 100 bp	
	Increase	(Decrease)
As at June 30, 2016		
Cash flow Sensitivity	**(112,532)**	112,532
As at June 30, 2015		
Cash flow Sensitivity	**262,322**	(262,322)

Price risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any price risk.

Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market price risk, interest rate risk and investing excessive liquidity.

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business activities and to sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2016.

Capital is monitored on the basis of gearing ratio. This is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings from financial institutions less cash and bank balances.

	2016	*2015*
	Rupees	*Rupees*
Total borrowings	**12,152,826**	-
Less: Cash and bank balances	**(30,851,340)**	(29,455,146)
Net debt	**(18,698,514)**	(29,455,146)
Total equity	**67,991,087**	67,695,041
	49,292,573	38,239,895
Gearing ratio	**0%**	0%

Company has suffiecient funds exceeding its total borrowings, therefore the gearing is shown as nil.

28.8 Fair Value of Financial Instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

	Level 1	*Level 2*	*Level 3*
		Rupees	
June 30, 2016			
Available for sale investment	-	-	**9,084,046**
June 30, 2015			
Available for sale investment	-	-	9,084,046

Exposure to credit risk

Credit risk of the Company arises principally out of receivables from customers, advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margin are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

	Note	2016 Rupees	2015 Rupees
Long term investment	6	**9,084,046**	9,084,046
Long term deposits	7	**3,964,000**	3,664,000
Trade debts	9	**41,127,866**	30,683,839
Loans and advances	10	**2,215,098**	498,951
Deposits and other receivables	11	**7,440,829**	2,136,320
Bank balances	13	**30,814,556**	29,293,117
		94,646,395	75,360,273

All the trade debtors at the balance sheet date represent individual domestic parties.

28.4 *Ageing of debtors and impairment losses*

The aging of trade debtors at the balance sheet date was: -

	2016 Rupees	2015 Rupees
Past due 1-90 days	**39,598,976**	20,867,472
Past due 91-180 days	**1,016,507**	7,299,018
Past due 181-365 days	**219,049**	2,012,498
More than one year	**1,910,811**	4,987,312
	42,745,343	35,166,300
Impaired - more than one year	**(1,617,477)**	(2,846,760)
	41,127,866	32,319,540

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due upto one year do not require any provision. The Company considers Rs. 0.293 (2015 : Rs. 2.141) million as recoverable out of total overdue debtors for more than one year and do not require any provision.

29 RELATED PARTY TRANSACTIONS

Related parties comprises, directors and key management personnel. Year end balances of related parties are disclosed in the relevant notes to these financial statements. Details of remuneration and perquisites paid to Chief Executive and Directors during the year are disclosed in Note-26. Details of other significant transactions are as follows:

	2016 Rupees	2015 Rupees
Transactions through related parties		
Sales of shares on behalf of Chief Executive and Directors	**61,862,970**	93,558,657
Purchases of shares on behalf of Chief Executive and Directors	**60,878,177**	71,688,757
Commission earned from brokerage transactions with Chief Executive and Directors	**204,796**	174,378
Loan given to Director	**1,690,897**	171,951

30 CORRESPONDING FIGURES

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation.Major changes made during the year are as follows:

Reclassification from the caption component	*Reclassification to the caption component*	*Note*	*Amount in Rupees*
Trade Debts	Deposits and other receivables	**11**	**1,463,750**
Trade Debts	Loans and advances	**10**	**171,951**

31 GENERAL

- Figures have been rounded off to the nearest Rupee.
- Number of employees as at June 30, 2016 were 35 (2015: 26).

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on [illegible] OCT [illegible] by the Board of Directors of the Company.

Chief Executive

Director