



M/S. ASDA SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/S. ASDA SECURITIES (PRIVATE) LIMITED** as at June 30, 2016 and related profit and loss account, 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 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 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 accounts 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 the 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.

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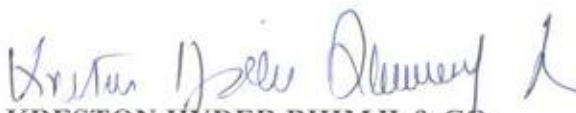
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KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, 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 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(XVIII of 1980).


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi: 05 OCT 2016

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Asda Securities (Private) Limited
Balance Sheet
As at June 30, 2016

	Note	June 2016	June 2015
-----Rupees-----			
ASSETS			
Non-Current assets			
Property, Plant and Equipment	5	7,401,730	2,586,938
Intangible Assets	6	1,193,067	5,052,800
Long Term Investments	7	40,073,830	40,073,830
Long Term Loan to Staff		82,000	568,500
Long Term Deposits	8	504,809	504,809
		49,255,436	48,786,877
Current Assets			
Trade Debts	9	140,127,926	172,024,416
Loans and Advances	10	3,042,863	6,640,285
Trade Deposits, Prepayments and other receivables	11	18,809,260	5,739,049
Short term investments	12	156,926,650	109,758,600
Cash and Bank Balances	13	9,711,487	3,408,202
		328,618,186	297,570,552
TOTAL ASSETS		377,873,622	346,357,429
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
15,000,000 (2015: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, Subscribed and Paid-up capital	14	140,000,000	140,000,000
Unappropriated profit		34,023,183	25,273,997
		174,023,183	165,273,997
CURRENT LIABILITIES			
Trade and other payables	15	72,636,385	40,399,296
Accrued markup	16	2,728,619	2,526,293
Short term borrowings -secured	17	128,485,435	138,157,843
		203,850,439	181,083,432
Contingencies and commitments	18	-	-
		377,873,622	346,357,429

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



Chief Executive



Director

Asda Securities (Private) Limited
Profit and Loss Account
For The Year Ended June 30, 2016

	Note	<u>June</u> 2016	<u>June</u> 2015
-----Rupees-----			
Operating Revenues	19	22,363,412	21,344,975
Unrealized gain on remeasurement of listed shares		10,679,943	6,306,181
Unrealized gain on remeasurement of mutual fund		43,000	-
Realized gain on sale of listed shares		9,609,848	24,531,742
		<u>42,696,203</u>	<u>52,182,898</u>
Administrative Expenses	20	13,348,577	9,884,261
Other operating Expenses	21	5,581,581	5,992,708
Finance Cost	22	10,909,369	8,545,557
		<u>29,839,527</u>	<u>24,422,527</u>
Profit before taxation		<u>12,856,676</u>	<u>27,760,371</u>
Provision for taxation	23	(4,107,490)	(3,255,761)
Profit after taxation		<u>8,749,186</u>	<u>24,504,610</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u><u>8,749,186</u></u>	<u><u>24,504,610</u></u>
Earning Per Share - Basic and diluted		<u>0.62</u>	<u>1.75</u>

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



Chief Executive



Director

Asda Securities (Private) Limited
Cash Flow Statement
For The Year Ended June 30, 2016

	Note	<u>June</u> 2016	<u>June</u> 2015
-----Rupees-----			
Cash flows From Operating activities			
Cash flow from operations	24	95,174,884	(56,142,100)
Finance cost paid		(10,707,043)	(7,694,330)
Long term loan to employees		486,500	(568,500)
Income tax Paid		(4,107,268)	(3,504,609)
Net Cash generated / (used in) from operating activities		80,847,073	(67,909,539)
Cash flows From Investing Activities			
Additions to property , plant and equipment		(9,123,387)	(2,197,700)
Addition in intangible assets		(1,000,000)	-
Sales proceed of disposal in property, plant and equipment		3,100,000	-
Short term Investments - net		(57,847,993)	12,961,979
Net Cash (used in)/generated from investing activities		(64,871,380)	10,764,279
Net Cash (used in)/generated from Financing Activities			
Repayment of loan from chief executive		(3,793,003)	(5,606,997)
Net (decrease)/increase in cash and cash equivalents		12,182,690	(62,752,257)
Cash and cash equivalent at beginning		(130,956,638)	(68,204,381)
Cash and cash equivalent at end	25	(118,773,948)	(130,956,638)


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


Chief Executive


Director

Asda Securities (Private) Limited
Statement of Changes in Equity
For The Year Ended June 30, 2016

	Issued, Subscribed and Paid up Capital	Unappropriated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2015	140,000,000	769,387	140,769,387
Total Comprehensive income for the year	-	24,504,610	24,504,610
Balance as at June 30, 2015	<u>140,000,000</u>	<u>25,273,997</u>	<u>165,273,997</u>
Total Comprehensive income for the year	-	8,749,186	8,749,186
Balance as at June 30, 2016	<u><u>140,000,000</u></u>	<u><u>34,023,183</u></u>	<u><u>174,023,183</u></u>

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


Chief Executive


Director

Asda Securities (Private) Limited

Notes to the Financial Statements For The Year Ended June 30, 2016

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on 24th June, 2006 as a Private Limited Company. The company is principally engaged in the business of equity brokerage, equity research and corporate finance advisory.

2 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 International and Financial Reporting Standards for Small and Medium sized entities (IFRS for SMEs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provision of and directive issued under the Companies Ordinance, 1984. In case requirements differ, the provision or directive of the Companies Ordinance, 1984 shall prevail.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements comprise of balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with explanatory notes and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

3.3 Critical Accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumption that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on the historical experience and various factors that are believe to be reasonable under the circumstances. the result of which the basis of making judgment about the carrying amount of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are 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.

Judgments made by management that have significant effect on the financial statements and estimates with significant probability of material adjustment in future are disclosed hereunder:

- (a) Recognition of taxation and deferred taxation (note 4.6);
- (b) Determining the residual values and useful lives of property and equipment (note 4.1);
- (c) Impairment of financial assets (note 4.4); and
- (d) Classification of Investments.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and Equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation on all fixed assets is charged to profit and loss account applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life at rates given in note no. 5. A full year's depreciation is charged on additions while no depreciation is charged on assets disposed during the year.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Gain or loss on disposal of fixed assets is included and recognized as income in the year of disposal.

4.2 Capital work in Progress:

Capital work in progress, if any, is stated at cost.

4.3 Intangible assets

Intangible asset is recognized as an asset if it is probable that future economic benefit attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Amortization is charged to profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. All intangible assets are systematically tested for impairment at each balance sheet date. A full year's amortization is charged on additions while no depreciation is charged on assets disposed during the year.

a) Membership Card and Offices

Membership cards, room and booth are stated at cost of acquisition. Provision is made annually in the accounts for permanent diminution, if any, in the value of these assets. In the preceding year upon demutualization of the Pakistan Stock Exchange Limited the changes effected have been recorded which are stated in respective notes.

b) Computer Software

Expenditure incurred to acquire computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost (License Fee) and related overhead cost.

Computer Software and License are stated at cost less accumulated amortization and any identified impairment loss.

Cost associated with maintaining computer software programs are recognized as an expense when incurred.

4.4 Investments

These represent investments in equity instruments, are valued at lower of cost and fair value, determined on an aggregated basis. The fair value of these investments representing listed equity securities is determined on the basis of year-ended bid prices.

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4.5 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

4.6 Taxation

Current :

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax on turnover or alternate corporate tax, whichever is higher.

Deferred :

The Company accounts for deferred taxation arising on all temporary differences by using the liability method but does not account for net deferred tax asset unless the realization whereof is certain in foreseeable future.

4.7 Trade and other payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for good and services.

4.8 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents consist of cash in hand and balances with banks.

4.10 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

4.11 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortized cost, as the case may be.

4.12 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

4.13 Borrowings

Borrowings are recorded at the amount of proceeds received.

4.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions.

4.16 Revenue recognition

- a) Brokerage, commission, consultancy fees and other income are recognized as and when services are provided
- b) Dividend income is recognized when the right to receive the dividend is established.
- c) Gains/(Loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.

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5 Property, Plant and Equipment

2016				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30, 2016

Opening net book value	319,173	146,715	33,235	2,087,815	2,586,938
Additions (at Cost)	-	-	9,123,387	-	9,123,387
Deletions (WDV) (See Note 5.1)	-	-	(3,619,200)	-	(3,619,200)
Depreciation charge	(31,917)	(44,015)	(509,072)	(104,391)	(689,395)
Closing net book value	287,256	102,700	5,028,350	1,983,424	7,401,730

Gross Carrying value basis - June 30, 2016

Cost	437,824	427,740	5,550,187	2,197,700	8,613,451
Accumulated depreciation	(150,568)	(325,040)	(521,837)	(214,276)	(1,211,721)
Net book value - 2016	287,256	102,700	5,028,350	1,983,424	7,401,730

2015				
Furniture and fittings	Computers	Vehicles	Office at KSE Building	Total

-----Rupees-----

Net Carrying value basis - June 30, 2015

Opening net book value	354,637	209,593	39,100	-	603,330
Additions (at Cost)	-	-	-	2,197,700	2,197,700
Depreciation charge	(35,464)	(62,878)	(5,865)	(109,885)	(214,092)
Closing net book value	319,173	146,715	33,235	2,087,815	2,586,938

Gross Carrying value basis - June 30, 2015

Cost	437,824	427,740	46,000	2,197,700	3,109,264
Accumulated depreciation	(118,651)	(281,025)	(12,765)	(109,885)	(522,326)
Net book value - 2015	319,173	146,715	33,235	2,087,815	2,586,938

Depreciation rates

10%	30%	15%	5%
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	Note No.	June 2016	June 2015
-----Rupees-----			
6 INTANGIBLE ASSETS			
Membership Entitlements			
Pakistan Stock Exchange Limited TREC	6.1 & 7.1	10,426,170	10,426,170
Less : Impairment loss		(10,226,170)	(5,426,170)
		200,000	5,000,000
Computer Software			
Computer software - Purchase Cost		52,800	79,200
less: Amortization during the year (1/5th amortization)		(26,400)	(26,400)
		26,400	52,800
Computer software - Back office		1,000,000	-
less: Amortization during the year (1/5th amortization)		(33,333)	-
		966,667	52,800
		1,193,067	5,052,800

6.1 During the year Pakistan Stock Exchange Limited has been demutualized and in terms whereof it's members have been allowed in exchange of membership, " Trading Right Entitlement Certificate (TREC)" along with shareholding in Pakistan Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.50.5 Million as Intangibles while Pakistan Stock Exchange vide letter no: KSE/SECP-2013/1 have indicated notional value whereof at Rs. 15 Million. The Company have however allocated the carrying value/cost to the TREC at Rs.10.426 Million and taken the balance to the value of Pakistan Stock Exchange Limited shares. Fair value of the TREC has been re-evaluated and impairment loss being difference of projected bid price of TREC and recorded value has been provided for.

7 LONG TERM INVESTMENTS

Available for Sale

4,007,383 Shares of Rs. 10 each of

Pakistan Stock Exchange Limited

6.1 & 7.1

40,073,830

40,073,830

7.1 Face value of shares allotted by Pakistan Stock Exchange Limited in lieu of membership of the PSX works out at Rs.40.074 Million, while the recorded value of the membership card as Intangible asset was Rs. 50.5 Million, however the company have recorded the face value of the shares allotted and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares. In accordance with the demotulization policy 60% of allotted shares 2,404,430 have been kept in blocked account with Central Depository Company of Pakistan Limited while 1,602,953 shares are credited to Companies CDC account.

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	June 2016	June 2015
	-----Rupees-----	
8 LONG TERM DEPOSITS		
<u>Trade Deposits</u>		
Deposit with Pakistan Stock Exchange Ltd	200,000	200,000
Deposit with CDC Pakistan Ltd	100,000	100,000
Deposit with National Clearing Company of Pak Ltd	200,000	200,000
Base Minimum Capital Requirement PSX	4,809	4,809
	<u>504,809</u>	<u>504,809</u>
9 TRADE DEBTS		
<u>Unsecured</u>		
Considered Good	9.1 <u>140,127,926</u>	<u>172,024,416</u>
	<u>140,127,926</u>	<u>172,024,416</u>
9.1 This includes an amount of Rs. 3,396 (2015: Rs. Nil) receivable from Chief Executive. None of the amount is past due.		
10 LOANS AND ADVANCES-Considered good, Unsecured		
Current Portion of Long term loan to staff	152,000	130,000
Purchase of vehicle - Indus Motor Co. Ltd.	-	3,619,200
Advance Income tax - net of provisions	2,890,863	2,891,085
	<u>3,042,863</u>	<u>6,640,285</u>
11 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Trade deposits - (PSX Provisional Exposure)	-	600,000
Trade deposits - (NCCPL - Ready Exposure Margin)	6,000,000	100,000
Trade deposits - (NCCPL - MTS Exposure Margin)	9,834,080	4,485,420
Deposit Against Losses in DFC	-	4,185
Receivable from KSE	-	21,547
Receivable from NCPL	53,117	82,657
Other Receivable from Chief Executive	11.1 2,845,039	-
Sales tax input - SRB	77,024	-
Prepaid traders, shares in brokerage	-	445,240
	<u>18,809,260</u>	<u>5,739,049</u>
11.1 This represents amount of Rs. 2,845,039 (2015: Nil) receivable from Chief Executive for purchase of car.		
12 SHORT TERM INVESTMENTS		
<u>Fair value through profit or loss:</u>		
In Listed shares	12.1 155,883,650	96,693,600
NIT Units - NIT Islamic Equity Fund	12.2 1,043,000	1,000,000
Un-Listed shares - For New Subscription of Al Shaher Corp	-	12,065,000
	<u>156,926,650</u>	<u>109,758,600</u>

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	June 2016	June 2015
	-----Rupees-----	
12.1 In Listed Shares		
Cost of Investments including held under MTS	145,203,707	90,387,419
Unrealized remeasurement gain	10,679,943	6,306,181
Net Carrying Values being market values	<u>155,883,650</u>	<u>96,693,600</u>
12.2 In Mutual Fund - NIT Islamic Equity Fund		
Opening	1,000,000	3,150,000
Purchase 100,000 units during the year	-	1,000,000
Disposed during the year	-	(3,150,000)
Unrealized remeasurement gain	43,000	-
Net Carrying Values being Net Asset values	<u>1,043,000</u>	<u>1,000,000</u>
13 CASH AND BANK BALANCES		
Cash at bank - Client accounts balances	9,613,982	3,480,202
Cash at bank - Current Accounts	97,505	-
	<u>9,711,487</u>	<u>3,480,202</u>
14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
2016	2015	
Ordinary Shares of Rs. 10 each issued for consideration		
4,500,000	4,500,000	Alloted for consideration paid in 45,000,000 45,000,000
9,500,000	9,500,000	Alloted for consideration other than cash, (Conversion of KSE membership) 95,000,000 95,000,000
<u>14,000,000</u>	<u>14,000,000</u>	<u>140,000,000</u> <u>140,000,000</u>
15 TRADE AND OTHER PAYABLES		
Creditors for sale of shares on behalf of clients	15.1 9,613,032	4,217,606
MTS unreleased payable	58,443,584	26,777,720
	68,056,616	30,995,326
Due to Standard Capital Securities Pvt. Ltd.	-	5,000,000
Due to Multiline Securities Pvt. Ltd.	-	3,200,000
Traders share in commission payable	2,533,944	-
Accrued Expenses	826,111	347,030
Other Liabilities	15.2 1,219,715	856,940
	<u>72,636,385</u>	<u>40,399,296</u>

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15.1 This includes an amount of Rs. 20,343 payable to director.

June
2016
-----Rupees-----
June
2015

15.2 Other Liabilities

Withholding tax	6,971	-
Sindh sales tax on IPO Income	32,178	-
Sindh sales tax on commission	351,646	290,402
Workers welfare fund	828,919	566,538
15.2.1	<u>1,219,715</u>	<u>856,940</u>

15.2.1 Workers welfare fund is adjustable from income tax refundable as appearing in note 10.

16 ACCRUED MARKUP

Accrued mark-up on running finance - secured	<u>2,728,619</u>	<u>2,526,293</u>
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17 SHORT TERM BORROWINGS -Secured

Secured, Markup Bearing		
Running finances from bank	17.1 128,485,435	134,364,840
Unsecured, markup free		
Due to Chief Executive	17.2 -	3,793,003
	<u>128,485,435</u>	<u>138,157,843</u>

17.1 The facilities for running finance available from a commercial banks aggregating to Rs.300 Million (June-2015 : Rs.150 million) and carry mark-up at the rate 3 M Kibor + 200 points spread (June-2015 : 3 M. Kibor + 200 pints spread) per annum calculated on a daily product basis chargeable and payable quarterly. These arrangements are secured against pledge/hypothecation of marketable securities, movable assets and personal guarantee of all the directors.

17.2 This represents unsecured, interest/markup free loan from Chief Executive and has been repaid during the year.

18 Contingencies and Commitments

There were no contingencies and commitments at the year end.

19 OPERATING REVENUES

Brokerage Revenue - Securities	21,874,654	20,826,702
Income From Exposuer Deposites NCCPL	189,624	868,796
Income From Exposuer Deposites PSX	34,610	80,647
Income From New scrip Comossion (IPO)	422,250	92,620
	22,521,138	21,868,765
Less: Trader's shares in brokerage	(6,523,639)	(4,800,155)
	15,997,499	17,068,610
Other income	-	350,000
Dividend Income	6,365,913	3,926,365
	<u>22,363,412</u>	<u>21,344,975</u>

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	June 2016	June 2015
	-----Rupees-----	
20 ADMINISTRATIVE EXPENSES		
Salaries and benefits	5,969,500	5,254,000
Fees, subscription and charges	1,678,972	632,779
Communication	328,941	323,082
KSE IT and Kats	147,325	57,350
Utilities	190,655	172,849
Office repairs and maintenance	1,960,818	1,271,935
Software Maintainance	186,076	106,986
General Expenses	653,267	476,781
Printing and stationery / Courier Service	10,323	69,945
Rent, rates & Taxes	68,150	71,450
Computer Expenses	329,804	133,484
Entertainment	275,618	297,628
Donation	690,000	672,500
Amortization of Intangibles	59,733	26,400
Depreciation	689,395	214,092
Auditors' Remuneration	20.1 110,000	103,000
	<u>13,348,577</u>	<u>9,884,261</u>
20.1 Auditors' Remuneration		
Audit fees	50,000	50,000
Certifications fees	60,000	53,000
	<u>110,000</u>	<u>103,000</u>
21 OTHER OPERATING EXPENSES		
Loss on disposal of property, plant & equipment	519,200	-
Impairment loss on TREC	4,800,000	5,426,170
Workers welfare fund	262,381	566,538
	<u>5,581,581</u>	<u>5,992,708</u>
22 FINANCE COST		
Mark-up on short term running finance from bank	10,909,369	8,545,557
	<u>10,909,369</u>	<u>8,545,557</u>
23 PROVISION FOR TAXATION		
Current - for the year	4,107,490	1,772,188
Prior year	-	1,483,573
	4,107,490	3,255,761
Deferred-(Reversal)/Charge	23.1 -	-
	<u>4,107,490</u>	<u>3,255,761</u>

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23.1 In view of deductible temporary differences, deferred tax asset arose which has not been recognized due to remote possibility of realization whereof as final tax regime applicability on capital gains and lower normal tax regime profitability.

	June 2016	June 2015
-----Rupees-----		
24 CASH FLOW FROM OPERATION ACTIVITIES		
Profit before taxation	12,856,676	27,760,371
Adjustments for non -cash charges and other items		
Depreciation	689,395	214,092
Amortization of intangible	59,733	26,400
Loss on disposal of property, plant & equipment	519,200	-
Unrelaized loss on remeasruement of shares	10,679,943	-
Impairment loss on TREC	4,800,000	5,426,170
Finance cost	10,909,369	8,545,557
	<u>27,657,640</u>	<u>14,212,219</u>
Operating profit before working capital changes	<u>40,514,316</u>	<u>41,972,590</u>
Changes in working capital		
Trade debts	31,896,490	(25,394,427)
Loans and advances	3,597,200	(1,017,200)
Trade deposits, prepayments & other receivables	(13,070,211)	9,414,059
	<u>22,423,479</u>	<u>(16,997,568)</u>
Increase /(Decrease) in Current liabilities		
Trade and other payables	32,237,089	(81,117,122)
	<u>95,174,884</u>	<u>(56,142,100)</u>
25 CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,711,487	3,408,202
Short term finances	(128,485,435)	(134,364,840)
	<u>(118,773,948)</u>	<u>(130,956,638)</u>

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26 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets and Liabilities of the company, interest and non interest bearing, along with their maturities are as follows:

	2016						Total
	Markup / Interest Bearing		Non Markup / Interest Bearing		Sub Total	Sub Total	
	Maturity Upto One Year	Maturity after One Year	Maturity Upto One Year	Maturity after One Year			
FINANCIAL ASSETS							
Long term investments	-	-	-	40,073,830	40,073,830	40,073,830	40,073,830
Long Term deposits	-	-	-	504,809	504,809	504,809	504,809
Trade Debts	-	-	140,127,926	-	140,127,926	140,127,926	140,127,926
Short term investments	-	-	156,926,650	-	156,926,650	156,926,650	156,926,650
Loans and advances	-	-	152,000	82,000	234,000	234,000	234,000
Trade deposits	15,834,080	-	2,898,156	-	18,732,236	18,732,236	18,732,236
Cash and Bank Balances	-	-	9,711,487	-	9,711,487	9,711,487	9,711,487
	15,834,080	-	309,816,219	40,660,639	350,476,858	350,476,858	366,310,938
FINANCIAL LIABILITIES							
Trade and other payables	-	-	72,636,385	-	72,636,385	72,636,385	72,636,385
Short-term borrowing	128,485,435	-	-	-	128,485,435	128,485,435	128,485,435
Accrued Markup	-	-	2,728,619	-	2,728,619	2,728,619	2,728,619
	128,485,435	-	75,365,004	-	75,365,004	75,365,004	203,850,439

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	2015					
	Markup / Interest Bearing			Non Markup / Interest Bearing		
	Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total
FINANCIAL ASSETS						
Long term investments	-	-	-	-	40,073,830	40,073,830
Long Term deposits	-	-	-	-	504,809	504,809
Trade Debts	-	-	-	172,024,416	-	172,024,416
Short term investments	-	-	-	109,758,600	-	109,758,600
Loans and advances	-	-	-	130,000	568,500	698,500
Trade deposits	4,585,420	-	4,585,420	708,389	-	708,389
Cash and Bank Balances	-	-	-	3,408,202	-	3,408,202
	4,585,420	-	4,585,420	286,029,607	41,147,139	327,176,746
						331,762,166
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	40,399,296	-	40,399,296
Short-term borrowing	134,364,840	-	134,364,840	3,793,003	-	3,793,003
Accrued Markup	-	-	-	2,526,293	-	2,526,293
	134,364,840	-	134,364,840	46,718,592	-	46,718,592
						181,083,432

The effective interest/markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements. While commission chargeable on off balance sheet items is chargeable as advised by the banks.

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27 FINANCIAL INSTRUMENTS

27.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a certain financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management programs focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) under policies approved by the board. The Board provides formal principles for overall risk management, as well as significant policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The information about the company's exposure to each of the above risk, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital, is as follows;

a) Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk inter alia by limiting advances and credit to individual customers based on their credit worthiness, obtaining advance against exposure, obtaining collaterals where considered necessary and making appropriate provision for doubtful receivables.

Exposure to credit Risk

Company's credit risk is mainly attributable to loans and advances, balances with banks and financial institutions, and credit exposure to customers, including trade receivables and committed transactions. The maximum exposure of the company to credit risk is as follows:

	2016	2015
	Rupees	
Long Term deposits	504,809	504,809
Long Term Investments	40,073,830	40,073,830
Long term loan	82,000	568,500
Trade Debts	140,127,926	172,024,416
Short term investments	156,926,650	109,758,600
Loans and advances	152,000	130,000
Trade deposits	18,732,236	5,293,809
Bank Balances	9,711,487	3,408,202
	<u>366,310,938</u>	<u>331,762,166</u>

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Loans and advances

These loans and advances are essentially due from employees and are usually adjustable against their salaries and retirement benefit balances. The Company regularly pursues for the recovery of the these and the Company does not expect these employees will fail to meet their obligations. Hence the company believes that no impairment allowance is necessary in respect of loans.

Trade Debts and Investments

Trade debts are against client shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential margin are made and recovered. Similarly investments mainly represents shareholding in listed securities which are actively traded in the market and realizable amounts are worked out, while for the differential re-measurement differences are instantly recorded.

Trade Deposits

These are given to PSX/NCCPL which are prime regulator and enjoys sound creditability.

Bank balances

The company maintains balances with banks that have good and stable credit rating. Given these credit ratings, management does not expect that any counter party will fail to meet their obligations.

b) Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. Contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements, are shown in the Note 26.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management forecasts liquidity risks on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Foreign Exchange / Currency risk, interest rate risk and other price risk. The company is directly exposed to other price risk and interest rate risk only.

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Foreign exchange / Currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange. The Company is not exposed to the risk.

Interest / Markup rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest / mark-up rates. The exposure to interest rate risk is mainly arises in respect of variable markup / interest bearing long term and short borrowings from banks. The Company's net exposure to markup/interest rate risk is as follows;

	2016	2015
	Rupees	
Short term borrowings	<u>128,485,435</u>	<u>134,364,840</u>
	<u>128,485,435</u>	<u>134,364,840</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased profit for the year by Rs. 1,284,854 (2015: Rs. 1,343,648). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

d) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk which is managed and mitigated by keeping sufficient exposure from the client's of the brokerage house.

At reporting date if the share price of investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2016	2015
Effect on profit and investment	<u>15,692,665</u>	<u>9,769,360</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

27.2 Fair value of Financial Assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value except those which are described in policy notes.

28 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

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The Company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. In order to maintain or adjust capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. Consistent with others in industry , the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of shareholders.

During year the Company's strategy was to maintain gearing. The gearing ratio as at balance sheet date is as follows:

	2016	2015
	Rupees	
Total interest bearing borrowings	128,485,435	134,364,840
Interest free borrowings from director	-	3,793,003
Cash and bank	(9,711,487)	(3,408,202)
Net debt	118,773,948	134,749,641
Total equity	174,023,183	165,273,997
Total capital	292,797,131	300,023,638
Gearing ratio	40.57%	44.91%

29 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive		Director	
	2016	2015	2016	2015
Remuneration	1,200,000	1,200,000	-	-
Bonus	100,000	-	-	-
	1,300,000	1,200,000	-	-
Number of persons	1	1	-	-

30 NO OF EMPLOYESS

	2016	2015
As on balance sheet date	12	12
Average during the year	12	6

The Company has yet to formulate employees retirement benefit policy which is underway.

31 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on October 05, 2016

32 RECLASSIFICATION & GENERAL

32.1 The comparative figures of workers welfare fund have been reclassified from income tax refundable (Note 10) to other liabilities (Note 15) and Base minimum deposit classified under trade deposits (Current assets note 11) has been reclassified under long term deposits in note 8 for correct and better presentation of the items.

32.2 Figures have been rounded off to the nearest rupee. W


Chief Executive


Director



Directors Report

Your Directors are pleased to welcome you at the Annual General Meeting and present Annual Audited Financial statements for the year ended 30-June-2016. During the year company's business remained positive as is evident from the profit because of capital gain which is attributable to the stringent efforts of our team members.

Financial Results	(Rupees)
Profit after taxation	8,749,186/=
Brought forward Profit	25,273,997/=
Profit carried forward	8,749,186/=
Earning Per Shares	Re. 0.62

Future Prospectus

Your directors project for growth in brokerage business of the company as during the last year appetite for securities and investment activities of the county will likely to persist as well in the year to come and that will enable your company to penetrate and grab its due market share with the innovations and ideas of IT technology.

Recommendation

In view of the business growth requiring financing no recommendations as to dividend has been proposed by the directors.

The auditor's M/s. KRESTON HYDER BHIMJI & CO., Chartered Accountants retire and being has been eligible offers the for reappointment.

We acknowledge the dedication, loyalty support of the shareholders at all the times.

For and on behalf of Board of Directors

A handwritten signature in blue ink, appearing to read 'Aftab Sattar', is written over a horizontal line.

Aftab Sattar
(Chief Executive)

Karachi the: October 05, 2016

