

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of B & B 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 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 conduct 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 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 accounts and are further in accordance with accounting policies consistently applied;

- (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, 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 loss, its comprehensive loss, 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).

Emphasis of matter

We draw attention to note 24.2 of the financial statement which indicate that provision of Rs.20.932 million has been made against overdue receivable of Rs. 68.301 million and management believes that balance of Rs 47.369 million is recoverable from overdue trade debtors.

Our opinion is not qualified in respect of this matter.


Haroon Zakaria & Company
Chartered Accountants



Engagement Partner:
Farhan Ahmed Memon

Place: Karachi

Dated: 10 OCT 2016

B & B SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipments	5	506,077	586,617
Intangible assets	6	5,000,000	15,000,000
Long term investment	7	39,993,682	40,434,494
Long term deposits		400,000	400,000
Deferred tax asset	8	1,652,643	1,652,643
Long term advances		1,448,903	1,448,903
		<u>49,001,305</u>	<u>59,522,657</u>
Current Assets			
Short term investments	9	14,994,467	40,460,998
Trade debts	10	99,235,238	91,171,849
Trade deposits and prepayments	11	643,910	113,083
Taxation - net	12	1,983,240	1,308,841
Cash and bank balances	13	3,628,342	4,118,184
		<u>120,485,197</u>	<u>137,172,955</u>
Total Assets		<u><u>169,486,502</u></u>	<u><u>196,695,612</u></u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
17,000,000 (2015 : 17,000,000) Ordinary shares of Rs.10 each		<u>170,000,000</u>	<u>170,000,000</u>
Issued, subscribed and paid-up capital			
17,000,000 (2015 : 17,000,000) Ordinary shares of Rs.10 each		170,000,000	170,000,000
Capital reserve		21,462,832	29,934,494
Accumulated losses		(78,715,672)	(71,146,322)
		<u>112,747,160</u>	<u>128,788,172</u>
Long Term Liabilities			
Long term loan	14	2,744,747	2,419,651
Current Liabilities			
Short term borrowings	15	45,956,769	57,173,725
Trade and other payables	16	7,379,744	6,876,119
Accrued markup		658,082	1,437,945
		<u>53,994,595</u>	<u>65,487,789</u>
Contingencies and Commitments			
	17	-	-
Total Equities and Liabilities		<u><u>169,486,502</u></u>	<u><u>196,695,612</u></u>

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





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

	Note	2016 Rupees	2015 Rupees
Revenues			
Brokerage income	18	7,138,039	6,487,948
Dividend income		2,444,570	2,316,771
Capital (loss) / gain on sale of securities		(4,033,178)	2,489,210
Unrealized (loss) / Gain on re-measurement of investment		(447,758)	1,254,143
Other income		43,341	300,716
Interest income	19	1,573	1,414,443
Liabilities written back		-	672,871
		<u>5,146,587</u>	<u>14,936,103</u>
Expenses			
Administrative and operating expenses	20	5,170,641	4,099,729
Impairment in value of TREC		1,969,150	-
Financial charges	21	5,198,761	4,942,596
		<u>12,338,552</u>	<u>9,042,325</u>
(Loss) / profit before tax		(7,191,965)	5,893,778
Taxation			
Current		377,385	690,603
Prior		-	(70,180)
Deferred		-	(559,825)
		<u>377,385</u>	<u>60,598</u>
(Loss) / profit after tax		<u>(7,569,350)</u>	<u>5,833,180</u>

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


 Chief Executive


 Director

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

	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
(Loss) / profit for the year	(7,569,350)	5,833,180
Other comprehensive income		
(Deficit) / surplus on revaluation of intangible asset	(8,030,850)	8,030,850
(Reversal) / surplus of surplus on revaluation of investment	(440,812)	21,903,644
Total comprehensive (loss) / income for the year	<u><u>(16,041,012)</u></u>	<u><u>35,767,674</u></u>

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


 Chief Executive


 Director

B & B SECURITIES (PRIVATE) LIMITED
CASH FLOWS STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(7,191,965)	5,893,778
Adjustments for non cash items:		
Depreciation	94,190	110,733
Financial charges	5,198,761	4,942,596
Unrealized loss / (Gain) on re-measurement of investment	447,758	(1,254,143)
Impairment of TREC	1,969,150	-
Interest income on amortized cost	-	(1,391,197)
	<u>7,709,859</u>	<u>2,407,989</u>
Operating profit before working capital changes	517,894	8,301,767
(Increase)/Decrease in Current Assets		
Short term investments	25,018,773	(8,071,766)
Trade debts	(8,063,389)	(24,949,635)
Trade deposits	(530,827)	516,363
	<u>16,424,557</u>	<u>(32,505,038)</u>
(Decrease)/Increase in current liabilities		
Trade and other payables	503,625	2,483,592
	<u>17,446,076</u>	<u>(21,719,679)</u>
Taxes paid	(1,051,784)	(1,060,928)
Finance charges paid	(5,653,528)	(4,366,891)
	<u>(6,705,312)</u>	<u>(5,427,819)</u>
Net cash generated from / (used in) operating activities	10,740,764	(27,147,498)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipments	(13,650)	(25,000)
Net cash used in investing activities	(13,650)	(25,000)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital	-	10,000,000
Long term loan from directors-net		(10,000,000)
Short term borrowing	(11,216,956)	28,321,722
Net cash (used in) / generated from financing activities	(11,216,956)	28,321,722
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(489,842)	1,149,224
Cash and cash equivalents at the beginning of the year	4,118,184	2,968,960
Cash and cash equivalents at the end of the year	3,628,342	4,118,184

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


Chief Executive


Director

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Chief Executive

Director

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B & B SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED JUNE 30, 2016

1 NATURE AND STATUS OF BUSINESS

B & B Securities (Private) Limited was incorporated in Pakistan as a private company under the Company Ordinance, 1984, on July 18, 2003, the company is a corporate member of Karachi Stock Exchange. The company has commenced commercial activities from March 8, 2004 and is primarily engaged in trading and brokerage of listed equities.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of company ordinance 1984. Approved accounting standards comprise of such international Accounting standards as notified under the provisions of the company ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the Security and exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of Measurements:

These financial statements have been prepared under Historical cost convention without any adjustments for the effects of inflation or current values except investments, which are stated as per the policy.

These financial statements have been prepared following accrual basis of accountings except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

3 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards 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 increased disclosures in certain cases:

Standards or interpretation

**(Effective for annual periods
beginning on or after)**

IFRS 2 Share-Based Payments- Classification And Measurement of Share
based Transactions (Amendments)

January 01, 2018

Standards or interpretation***(Effective for annual periods
beginning on or after)***

IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities And IAS 28 Investment in Associates -Investment Entities : Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10	Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an investor and its associates or Joint venture (Amendment)	Not yet Finalized
IFRS 11	Joint Arrangements-Accounting for acquisition of interest in Joint operation (Amendment)	January 01, 2016
IAS 1	Presentation of Financial Statements-Disclosure Initiative (Amendment)	January 01, 2016
IAS 7	Financial instruments: Disclosures-Disclosure Initiative-(Amendment)	January 01, 2017
IAS 12	Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	January 01, 2017
IAS 16	Property, Plant and Equipment and IAS 38Intangible Assets-Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27	Separate Financial Statements-Equity Method in Separate Financial Statements	January 01, 2016

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB (International Accounting Standards Board). Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards***(Effective for annual periods
beginning on or after)***

IFRS 9	Financial Instruments- Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property plant and equipments

These are stated at cost less accumulated depreciation except assets not in operation, which are stated at cost.

Depreciation is charged using reducing balance method by applying rates specified in the relevant note.

Full year depreciation is charged on the addition during the year whereas on assets deleted, no depreciation is charged in the year of disposal.

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Maintained and normal repairs are charged to Income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

4.2 Impairments

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairments. If such indication exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. the recoverable amount is higher of the assets fair value less cost to sell and value in use.

4.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization except assets that are not available for its indefinite use, which are stated at cost. Amortization is charged using straight line method at the rates given in relevant notes to write-off the historical cost of assets over their estimated useful life. In the year of addition full year's amortization is charged.

4.3.1 Trading right entitlement certificate and Room

Initially it is stated at notional value by apportioning the value of previous Membership Card among TREC and KSEL shares on the basis of proportion of designated values for margin purpose. Subsequent to initial recognition, TREC is valued at value taken for base minimum capital.

4.4 Investments

The Company's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investments at fair value through profit and loss account".

Held to maturity

If any securities with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity and are measured at cost, less any impairment loss recognized to reflect irrecoverable amounts

Fair value through profit or loss - Held for trading

These are securities which are either acquired for generating a profit from short term fluctuation in prices or are securities in a portfolio in which a pattern of short term profit taking exists.

Held for trading investments are measured at subsequent reporting dates at fair value. Unrealized gains and losses are included in the net profit and loss for the year.

Available for sale

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale-unquoted are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in equity until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Upon impairment, gain / (loss) including the gain / (loss) that had been previously recognized directly in equity, is included in the profit and loss account for the year. Fair value is determined and taken as book value of KSEL as level III fair value.

4.5 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount which is equal to fair value, less an estimate made for doubtful debts and other receivables based on a review of all outstanding amounts at the year end. Bad debts and other receivables are written off when identified.

4.6 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis. Borrowing costs are charged to profit and loss account in the period in which these are incurred, except when borrowing cost incurred to obtain the qualifying assets, which is capitalised as part of the cost of that asset.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks.

4.8 Cash and bank balances

Cash and bank balances are carried at nominal amount.

4.9 Taxation

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account credits / rebates, if any, and the minimum tax computed at the prescribed rate on turnover.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it

4.10 Trade and other payables

Liabilities for trade 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 services received, whether or not billed to the Company.

4.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and 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.

4.12 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

4.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to setoff the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.14 Revenue recognition

Brokerage income is recognized as and when services are provided.

Dividend income is recognized at the time of closure of share transfer books of the company declaring dividend. Commission income is recognized on receipt basis.

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

4.15 Transactions with related parties

Transactions with related parties are carried out at arm's length prices.

4.16 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards require the management to: -

- Exercise its judgment in process of applying the Company's accounting policies, and
- Use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while

b) *Property, plant and equipment*

Management has made estimate of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any changes in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

c) *Provision for doubtful debts*

An estimated provision is made against those trade debts having no activity during the current financial year and is considered doubtful by the management where as debts considered bad and irrecoverable are written off when identified.

PROPERTY, PLANT AND EQUIPMENTS

	COST		Rate	Depreciation		Written down value as at June 30, 2015
	As at July 01, 2015	Additions/ Deletions		As at June 30, 2016	For the year	
	----- Rupees -----			----- Rupees -----		
Furniture and fixtures	268,015	-	10%	186,287	8,173	73,555
Office equipments	463,138	-	10%	286,228	17,691	159,219
Computer equipments	761,245	13,650	20%	644,669	26,045	104,181
Vehicles	1,575,072	-	20%	1,363,669	42,281	169,122
Total Rupees-2016	3,067,470	13,650		2,480,853	94,190	506,077

	COST		Rate	Depreciation		Written down value as at 30-06-2014
	As at 01-07-2014	Additions/ Deletions		As at 01-07-2014	For the year	
	----- Rupees -----			----- Rupees -----		
Furniture and fixtures	268,015	-	10%	177,206	9,081	81,728
Office equipments	463,138	-	10%	266,571	19,657	176,910
Computer equipments	736,245	25,000	20%	615,525	29,144	116,576
Vehicles	1,575,072	-	20%	1,310,818	52,851	211,403
Total Rupees-2015	3,042,470	25,000		2,370,120	110,733	586,617

	2016	2015
Note	Rupees	Rupees

6 INTANGIBLE ASSETS

Trading Rights Entitlement Certificate	6.1	<u>5,000,000</u>	<u>15,000,000</u>
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- 6.1 Pakistan Stock Exchange Limited has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for base minimum capital purpose amounting to Rs.5 million.

	2016	2015
Note	Rupees	Rupees

7 LONG TERM INVESTMENT

Available for sale

Shares of Pakistan Stock Exchange Limited	7.1	<u>39,993,682</u>	<u>40,434,494</u>
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- 7.1 This represents shares of Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of KSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of KSEL 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 KSEL is equally distributed among 200 members of KSEL by issuance of 4,007,383 shares to each member 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;

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under KSEL'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 proceed 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 KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of KSEL.

During current year value of available for sale investment has been determined by the Stock exchange is Rs.9.98 per share based on Net book value of KSEL shares as on June 30,2016. This final value categorized in level II fair value.

Pursuant to integration No.1/2016 dated January 06, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), whereby Lahore Stock Exchange Limited (LSE) and Islamabad Stock Exchange Limited (ISE) were integrated with Karachi Stock Exchange Limited to form Pakistan Stock Exchange (PSX) with effect from January 11, 2016. By virtue of Integration Order, all TRE Certificate Holders of ISE and LSE become the TRE Certificate Holder of PSX from the effective date of integration.

	Note	2016 Rupees	2015 Rupees
8 DEFERRED TAX ASSET/(LIABILITY)			
Deferred taxation comprises differences relating to:			
Credit balance arises due to:			
Accelerated tax depreciation		(4,923)	(5,033)
Debit balance arises due to:			
Alternate corporate tax		-	39,394
Provision for doubtful debt		6,698,398	6,698,398
Minimum tax		71,814	-
Tax loss		1,015,819	-
		7,786,031	6,737,792
Deferred tax not recognized	8.1	(6,128,465)	-
		<u>1,652,643</u>	<u>1,652,643</u>

8.1 Deferred tax asset of Rs.7,781,108 has been arisen, however recognition of deferred tax tax been restricted to Rs.1,652,643.

	Note	2016 Rupees	2015 Rupees
9 SHORT TERM INVESTMENTS			
Fair value through profit or loss - held for trading			
Shares of listed securities	9.1	<u>14,994,467</u>	<u>40,460,999</u>

9.1 Investments in companies - quoted

2016	2015			
Number of shares				
3,500	3,500	Allied Bank Limited	314,860	349,790
469	7,000	Arif Habib Limited	21,161	487,270
-	13,012	Adamjee Insurance Company Limited	-	619,631
-	52	Askari Bank Limited	-	1,103
1,000	5,600	Attock Refinery Limited	437,540	1,279,320
150,000	145,233	Bank of Punjab Limited	1,206,000	1,325,977
-	1,800	BYCO Petroleum Pakistan Limited	-	41,652
-	8,500	D.G Khan Cement Limited	-	1,213,545
10,000	-	Dewan Farooque Motors Limited	141,600	-
-	100,000	Dewan Salman Fibre Limited	-	263,000
-	231	EFU General Insurance Limited	-	33,957
1,500	500	Engro Corporation Limited	499,455	148,400
8,000	-	Engro Fertilizer Limited	515,840	-
1,000	-	Engro Foods Limited	163,330	-
110,000	460,599	Engro Polymer and Chemical Limited	935,000	4,509,264
-	37,000	Fauji Cement Company Limited	-	1,290,190

2016	2015		2016	2015
Number of shares			Rupees	Rupees
		b/f.	4,234,786	11,563,099
7,500	-	Fauji Cement Company Limited	268,500	-
4,000	2,000	Fauji Fertilizer Bin Qasim Limited	212,040	110,640
4,000	9,000	Fauji Fertilizer Company Limited	458,880	1,344,780
500	-	Fauji Foods Limited	52,530	-
-	4,300	Flying Cement Limited	-	47,601
-	15,000	Ghani Gases Limited	-	424,500
600	-	GlaxoSmithKline Consumer Healthcare Pakistan Limited	9.2	-
-	504	Habib Bank Limited	-	108,436
47,000	-	Hi-Tech Lubricant limited	2,780,990	-
1,000	-	Hascol Petroleum Limited	195,370	-
430	178,430	Jahangir Siddiqui Company Limited	8,514	4,433,986
150,000	150,000	K-Electric Limited	1,209,000	1,263,000
25,000	125,000	Lotte Chemical Pakistan Limited	150,250	865,000
1,500	2,100	Lucky Cement Limited	972,765	1,091,202
-	4,300	Mari Petroleum Company Limited	-	2,014,980
50	50	Metropolitan Steel Co. Ltd. -Freeze	9.3	-
-	3	Innovative Investment Bank Limited - Freeze	9.3	-
-	18,853	National Bank of Pakistan	-	1,002,791
-	1,000	Netsol Technologies Limited	-	45,950
-	5,000	NIB Bank Limited	-	10,100
12,500	500	Oil & Gas Development Company Ltd.	1,725,875	89,620
500	7,550	Pakistan Oilfields Limited	173,740	3,048,841
-	3,960	Pakistan Petroleum Limited	-	650,470
3,400	-	Pakistan Suzuki Company Limited	1,299,310	-
249	249	Pakistan Stock Market Fund-Freeze	9.3	-
2,000	27,950	Pakistan State Oil Company Limited	750,920	10,782,831
2,500	22,600	Pakistan Telecommunication Co. Limited	37,575	463,300
10,000	-	Ravi Textile Mills limited	27,500	-
-	1,500	Shell Pakistan Limited	-	379,440
210,098	45,000	SILKBANK Limited	357,167	86,400
219	108,446	SUMMIT Bank Limited	655	367,632
5,000	-	Shakarganj limited	78,100	-
-	10,000	Sui Northern Gas Pipelines Limited	-	266,400
			<u>14,994,467</u>	<u>40,460,999</u>

9.2 The Investment in GlaxoSmithKline consumer healthcare Pakistan limited represents Bonus Shares issued by Company and does not started trading in market so value taken in accounts is NIL.

9.3 Investment in Metropolitan Steel Corporation Limited-Freeze, Pakistan Stock Market Fund--Freeze and Innovative investment Bank Limited-Freeze are freezed and no market value of shares are available, therefore they are appearing at nil value.

	Note	2016 Rupees	2015 Rupees
10 TRADE DEBTS			
Unsecured-Considered good			
Due from stock exchange Limited		2,945,567	1,812,358
Due from Clients		96,289,670	89,359,491
		<u>99,235,237</u>	<u>91,171,849</u>
Unsecured - Considered Doubtful	10.1	20,932,494	20,932,494
Less: Provision for doubtful debts		<u>(20,932,494)</u>	<u>(20,932,494)</u>
		-	-
		<u>99,235,237</u>	<u>91,171,849</u>

10.1 The Movements of the provision for the doubtful debts is as follows:

Opening balance	20,932,494	20,932,494
Provision made during the year	-	-
Closing Balance	<u>20,932,494</u>	<u>20,932,494</u>

11 TRADE DEPOSITS AND PREPAYMENTS

Trade deposits		
Unsecured - Considered good		
Karachi Stock Exchange Limited	213,083	113,083
Prepaid insurance	430,827	-
	<u>643,910</u>	<u>113,083</u>

12 TAXATION - NET

Opening balance	1,308,841	866,711
Add: Tax paid during the year	1,051,784	1,132,733
Less: Provision for taxation	<u>(377,385)</u>	<u>(690,603)</u>
Closing balance	<u>1,983,240</u>	<u>1,308,841</u>

13 CASH AND BANK BALANCES

Cash in hand	19,559	2,428
Cash at bank in current accounts	3,529,101	4,106,229
Cash at bank in deposits accounts	79,682	9,527
	<u>3,628,342</u>	<u>4,118,184</u>

14 LONG TERM LOANS

Unsecured

Directors and sponsors

Less: Interest income on Amortized Cost

Note	2016 Rupees	2015 Rupees
14.1	3,810,848	3,810,848
	(1,066,101)	(1,391,197)
	<u>2,744,747</u>	<u>2,419,651</u>

14.1 These represent interest free loans and are not repayable within next twelve months and are amortized over a period of five years at 3 Month KIBOR + 2.5% at June 30, 2016.

15 SHORT TERM BORROWINGS

Secured-from banking companies

Running finances facility-Summit Bank Limited

Murabaha finances facility-Dubai Islamic Bank Limited

Murabaha finances facility-Islami Bank Limited

Murabaha finances facility-Islami Bank Limited facility 2

Note	2016 Rupees	2015 Rupees
15.1	12,752,493	29,216,591
15.2	24,688,751	26,035,652
15.3	5,827,105	1,921,482
15.4	2,688,420	-
	<u>45,956,769</u>	<u>57,173,725</u>

15.1 The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2% (2015 : 3 months KIBOR + 2%). Total aggregate sanctioned limit is Rs.30 million (2015 : Rs.30 million) and unavailed facility is Rs.17.25 million (2015 : Rs.0.783 million).

15.2 The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2% (2015 : KIBOR + 2%). Total aggregate sanctioned limit is Rs.30 million (2015 : 30 million) and unavailed facility is Rs.5.311 million (2015 : Rs.3.964 million).

15.3 The facility is secured against pledge of listed securities held by the member and personal guarantee of all the Directors along with their personal net worth statements covering facility amount plus markup. The facility carries markup at the rate of 3 months KIBOR + 2.5% (2015 : KIBOR + 2.50%). Total aggregate sanctioned limit is Rs.30 million (2015 : 30 million) and unavailed facility is Rs.28.36 million (2015 : 28.079 million).

15.4 The facility is secured against 100% cash security in shape of lien over current account of Chief executive Officer of the company. The facility carries markup at the rate of 2.5% P.A (2015 : Nil). Total aggregate Exposure limit is Rs.30 million (2015 : Nil million) and unavailed facility is Rs.24.169 million (2015 : Nil million).

16 TRADE AND OTHER PAYABLES

	Note	2016 Rupees	2015 Rupees
Due to clients		3,506,259	5,692,600
Other liabilities		2,915,745	-
Accrued expenses		945,947	1,169,130
With holding tax payable		11,793	14,389
		<u>7,379,744</u>	<u>6,876,119</u>

17 CONTINGENCIES AND COMMITMENTS**17.1 Contingencies**

There was no contingent liability as at balance sheet date.

17.2 Commitments

There was no commitment as at balance sheet date.

18 BROKERAGE INCOME

Gross commission		8,502,446	7,427,313
Federal excise duty		(813,440)	(939,365)
		<u>7,689,006</u>	<u>6,487,948</u>
Commission to dealers & agents		(550,967)	-
		<u>7,138,039</u>	<u>6,487,948</u>

19 INTEREST INCOME

Interest income on amortized cost		-	1,391,197
Interest income on bank deposit		1,573	23,246
		<u>1,573</u>	<u>1,414,443</u>

20 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits		2,676,763	2,007,080
Postage, telephone and telegraph		217,400	170,660
Repair and maintenance		224,986	223,895
Utilities		63,017	88,611
Printing and stationery		22,992	73,816
Fee and subscription		970,143	554,650
Legal and professional charges		160,600	184,875
Audit fees	20.1	239,320	263,555
Deposits written off		-	4,326
Entertainment		179,255	147,783
Charity and donations		35,074	-
Penalty		27,398	10,000
Depreciation	5	94,190	110,733
Miscellaneous		259,503	259,745
		<u>5,170,641</u>	<u>4,099,729</u>

20.1 Audit fees

	2016 Rupees	2015 Rupees
Statutory audit		
Haroon Zakaria and Co	189,000	171,985
System audit		
Naveed Zafar Ashfaq Jaffery and Co	-	47,250
Certification		
Net capital balance	50,320	44,320
	<u>239,320</u>	<u>263,555</u>

21 FINANCIAL CHARGES

Mark up on:

Long term loan		
Short term borrowing-Running Finance	2,037,560	3,126,370
Short term borrowing-Murabaha Facility	2,676,871	1,624,180
Directors loan	325,096	-
Bank charges	159,234	192,046
	<u>5,198,761</u>	<u>4,942,596</u>

22 REMUNERATION OF CHIEF EXECUTIVE AND OTHER EXECUTIVE

The aggregate amount in the financial statements for remuneration, including all benefits to Chief executive and Executives of the company is Nil (2015: Nil). The chief executive is also provided with free use of company maintained vehicle.

2016 Rupees	2015 Rupees
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23 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

Investment-available for sale		
Long term investment	39,993,682	40,434,494
Investment held for trading		
Short term investments	14,994,467	40,460,998
Loans and receivables		
Long term advances	1,448,903	1,448,903
Long term deposits	400,000	400,000
Trade debts	99,235,238	91,171,849
Trade deposits	213,083	113,083
Taxation - net	1,983,240	1,308,841
Cash and bank balances	3,628,342	4,118,184
	<u>106,908,806</u>	<u>98,560,860</u>
	<u>161,896,955</u>	<u>179,456,352</u>

FINANCIAL LIABILITIES

Financial liabilities - at amortized cost

Long-term loans	2,744,747	2,419,651
Short term borrowings	45,956,769	57,173,725
Accrued markup	658,082	1,437,945
Trade and other payables	7,367,951	6,861,730
	<u>56,727,549</u>	<u>67,893,051</u>

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

24.1 Risk Management Policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances 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.

24.2 Credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and cash and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows: -

	2016 Rupees	2015 Rupees
Long term investment	39,993,682	40,434,494
Short term investments	14,994,467	40,460,998
Long term advances	1,448,903	1,448,903
Long term deposits	400,000	400,000
Trade debts	99,235,238	91,171,849
Trade deposits	213,083	113,083
Taxation - net	1,983,240	1,308,841
Bank balances	3,608,783	4,115,756
	<u>161,877,396</u>	<u>179,453,924</u>

The ageing of trade receivables at the reporting date is:

Past due 1-90 days	48,920,723	48,285,339
Past due over 90 days	68,301,441	62,006,646
	<u>117,222,164</u>	<u>110,291,985</u>

The ageing has been prepared on first in first out basis by applying receipts to earliest invoices.

All the trade debtors at balances sheet date are domestic parties and management expects that overdue receivables will be recovered soon and provision of Rs.20.932 million is sufficient in respect of doubtful debt.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired other than trade debts against which a provision amounting to Rs. 20.932 million (2015 : Rs. 20.932 million) has been recorded.

24.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing 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 stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

	2016				
	Carrying Amount	On Demand	Contractual Cash flows	Less than one year	More than one year
	-----Rupees-----				
Financial Liabilities					
Long term loans	2,744,747	-	(3,810,848)	-	(3,810,848)
Short term borrowings	45,956,769	(45,956,769)	(45,956,769)	(45,956,769)	-
Accrued markup	658,082	(658,082)	(658,082)	(658,082)	-
Trade and other payables	7,367,951	(7,367,951)	(7,367,951)	(7,367,951)	-
	56,727,549	(53,982,802)	(57,793,650)	(53,982,802)	(3,810,848)
	2015				
	Carrying Amount	On Demand	Contractual Cash flows	Less than one year	More than one year
	-----Rupees-----				
Financial Liabilities					
Long term loans	2,419,651	-	(3,810,848)	-	(3,810,848)
Short term borrowings	57,173,725	(57,173,725)	(57,173,725)	(57,173,725)	-
Accrued markup	1,437,945	(1,437,945)	(1,437,945)	(1,437,945)	-
Trade and other payables	6,861,730	(6,861,730)	(6,861,730)	(6,861,730)	-
	67,893,051	(65,473,400)	(69,284,248)	(65,473,400)	(3,810,848)

24.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company believes that it is not exposed to any significant level of currency risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2016	2015	2016	2015
	<i>Effective Rate</i>		<i>Carrying amount</i>	
	<i>(In percent)</i>		<i>Rupees</i>	<i>Rupees</i>
Financial liabilities				
Variable rate instrument				
Short term borrowings	3M KIBOR +2% to 3M KIBOR 2.5%	3M KIBOR +2% to 3M KIBOR 2.5%	45,956,769	28,852,003
			<u>45,956,769</u>	<u>28,852,003</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) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	<i>Profit and loss</i>	
	<i>100 bp</i>	<i>100 bp</i>
	<i>Increase</i>	<i>Decrease</i>
As at June 30, 2016		
Cash flow sensitivity - variable rate financial liabilities	<u>459,568</u>	<u>(459,568)</u>
As at June 30, 2015		
Cash flow sensitivity - variable rate financial liabilities	<u>288,520</u>	<u>288,520</u>

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

c) 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.

- Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below.

	2016	2015
<i>Effect on profit</i>	<i>Rupees</i>	<i>Rupees</i>
Increase / Decrease	774,632	1,526,020

25 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

<i>Relation with the Company</i>	<i>Nature of Transaction</i>	2016	2015
		<i>Rupees</i>	<i>Rupees</i>
Directors / Sponsors	Issue of share capital	-	10,000,000

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Capital risk management

The Company monitors capital using a gearing ratio, which is net debt divided by total capital which is the sum of equity and net debt. Equity comprises of share capital, capital and revenue reserves. Net debt is arrived at by deducting cash and bank balances from borrowings. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios worked out as follows: -

	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
Total borrowings	48,701,516	60,984,573
Cash and bank balances	(3,628,342)	(4,118,184)
Net debt	45,073,174	56,866,389
Total equity	112,747,160	128,788,172
Total Capital	157,820,334	185,654,561
Gearing ratio	28.56%	30.63%