AUDITED FINANCIAL STATEMENTS
OF
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LIMITED
FOR THE YEAR ENDED
JUNE 30, 2016

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Karachi, Lahore & Islamabad

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Mohammad Munir Mohammad Ahmed Khanani Securities (Private) Limited ("the Company")** as at **June 30, 2016**, and the related profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 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 the 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 & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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, total comprehensive income, changes in equity and its cash flows 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).

Other Matter Paragraph

The financial statements of the company for the year ended June 30, 2015 were audited by another firm of chartered accountants who through their report dated September 15, 2015 expressed an unqualified opinion thereon.

Karachi.
Date: 28 SEP 2016

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Rafiq Dosani

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		Rupees	
NON CURRENT ASSETS			
Property and equipment	3	13,220,389	14,299,545
Intangible Assets	4	44,966,524	44,983,818
Long term Investment	5	40,073,830	40,073,830
Long term deposit	6	1,290,000	1,194,809
Investment property	7	26,445,650	-
		125,996,393	100,552,002
CURRENT ASSETS			
Short term investment	8	1,749,980,922	1,687,446,287
Trade debts	9	1,848,711,250	2,242,601,126
Advance and other receivable	10	10,918,794	128,196,710
Advance income tax		93,686,299	65,017,454
Cash and bank balances	11	328,187,516	429,481,198
		4,031,484,782	4,552,742,775
		4,157,481,175	4,653,294,777
EQUITIES AND LIABILITIES			
Share Capital			
Authorized Capital			
50,000,000 Ordinary Shares of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	12	395,140,540	395,140,540
Unappropriated profit		892,332,292	848,145,541
		1,287,472,832	1,243,286,081
CURRENT LIABILITIES			
Short term running finance	13	2,410,029,766	2,895,356,419
Trade and other payable	14	413,522,914	466,314,345
Accrued markup		46,455,663	48,337,931
		2,870,008,343	3,410,008,695
Contingencies and commitments	15		
		4,157,481,175	4,653,294,777

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

CHIEF EXECUTIVE **DIRECTOR**

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		Rupees	
Operating Revenue	16	**477,903,129**	536,874,005
Administration Expenses	17	**154,550,228**	150,644,752
Finance costs	18	**216,442,125**	199,269,287
		370,992,354	349,914,039
		106,910,775	186,959,966
Apprerciation/(dimunition) in fair value of short term investment	8	**(57,123,471)**	78,192,059
Other Income	19	**12,626,580**	3,381,042
Profit before taxation		**62,413,883**	268,533,067
Taxation	20	**18,227,132**	29,669,890
Profit after taxation		**44,186,751**	238,863,177
Earning per share	21	**1.12**	6.05

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

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	Rupees	
Profit for the year	**44,186,751**	238,863,177
Other comprehensive Income	-	-
Total Comprehensive income for the year	**44,186,751**	238,863,177

CHIEF EXECUTIVE

DIRECTOR

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, Subscribed & paid up Capital	Unappropriated Profit / (Loss)	Total
	Rupees		
Balance as at July 01, 2014	395,140,540	609,282,364	1,004,422,904
Total Comprehensive income for the year			
Profit after taxation for the year ended June 30, 2015	-	238,863,177	238,863,177
Total Comprehensive income for the year	-	238,863,177	238,863,177
Balance as on June 30, 2015	395,140,540	848,145,541	1,243,286,081
Total Comprehensive income for the year			
Profit after taxation for the year ended June 30, 2016	-	**44,186,751**	**44,186,751**
Total Comprehensive income for the year	-	**44,186,751**	**44,186,751**
Balance as on June 30, 2016	**395,140,540**	**892,332,292**	**1,287,472,832**

CHIEF EXECUTIVE **DIRECTOR**

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**62,413,883**	268,533,067
Adjustments for :			
Depreciation		**3,286,506**	1,809,208
Amortization of software		**17,294**	24,706
Apprerciation/(dimunition) in fair value of short term investment		**57,123,471**	(78,192,059)
Financial charges		**216,442,125**	199,269,287
		276,869,396	122,911,142
Operating (loss) / profit before Working Capital Changes		**339,283,279**	391,444,209
Change in Working Capital			
(Increase)/Decrease in Current Assets			
Short term investment		**(119,658,107)**	83,102,327
Trade debts		**393,889,875**	(1,013,805,548)
Advance and other receivable		**117,277,916**	(39,906,407)
Advance income tax		**(28,668,845)**	(4,913,225)
		362,840,839	(975,522,853)
Increase/(Decrease) in Current Liabilities			
Trade and other payable		**(52,791,431)**	22,683,185
Accrued markup		**(1,882,268)**	11,942,457
		(54,673,699)	34,625,642
		308,167,140	(940,897,211)
Cash (used in) / generated from operations		**647,450,419**	(549,453,002)
Financial charges paid		**(216,442,125)**	(199,269,287)
Income tax paid		**(18,227,132)**	(29,669,890)
Net cash (outflow) / inflow from operating activities		**412,781,162**	(778,392,179)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(1,177,000)**	(8,302,280)
Acquisition of investment property		**(27,476,000)**	-
Long term deposit		**(95,191)**	390,191
Net cash (outflow) from investing activities		**(28,748,191)**	(7,912,089)
Net (decrease) / increase in cash & cash equivalents		**384,032,971**	(786,304,268)
Cash and cash equivalents at the beginning		**(2,465,875,221)**	(1,679,570,953)
Cash and cash equivalents at the end of the year	22	**(2,081,842,250)**	(2,465,875,221)

CHIEF EXECUTIVE **DIRECTOR**

MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

1. GENERAL INFORMATION

Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt) Limited is a private limited incorporated under the Companies Ordinance, 1984 on March 02, 2006. The Company is a Trading Right Entitlement Certificate Holder of the Karachi Stock Exchange Limited. The principal activity of the company is to carry on the business of stock, brokerage, underwriting and investment etc. The registered office is situated at 624-627, Karachi Stock Exchange Building, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of these accounts are summarized below :

2.1 Statement of Compliances

The Financial statement have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance 1984. Approved Accounting Standards comprise of such International Accounting Standard / International Financial Reporting Standards as are notified under the provisions of the Companies Ordinance, 1984. Whenever the Requirements of the Companies Ordinance, 1984, or directives issued by the Securities 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 measurement

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values except for financial assets which are taken over on fair value basis.

2.3 Use of 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.

2.4 **Amendments / interpretation to existing standard and forthcoming requirements**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriatecan be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016)allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Company's financial statements.

2.5 Property and Equipment

a) Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on reducing balance method at the rates indicated in notes to the accounts.

b) Depreciation is charged on assets capitalized during the year considering the date of purchase and on disposals upto the month immediately preceding the disposal.

c) Normal repairs and maintenance are charged to expenses as and when incurred.

d) Gains and losses, if any, on disposal of assets are included in income currently.

2.6 Investment property

These are stated at cost less accumulated depreciation if any.Depreciation is charged on reducing balance method. Gains and losses on disposal is appropriately recognized in profit and loss account.

2.7 Trade debts

Debts considered irrecoverable if any, are written off and provision is made for debts considered doubtful.

2.8 Investments available for sale

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognized directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

2.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value, and short-term running finance under mark-up arrangements.

2.10 Sale and Repurchase Agreements

Securities purchased under agreements to resell ('reverse repose') are shown as receivable against margin trading system. Securities sold subject to a linked repurchased agreement ('repose') are retained in the financial statements as trading or investment securities and the counter party liability is include in borrowing under repurchase agreements. The difference between sale and repurchase price is treated as income /expense from margin trading system.

2.11 Short term investments

These are valued at market price ruling on the Balance Sheet date determined on an aggregate basis. The provision, if any, required to bring marketable securities to market value is charged to profit & loss account.

2.12 Taxation

Provision for current taxation is based on taxable income at current rate of taxation after taking into accounts applicable tax credits available rebates and exemptions, if any. No liability for deferred taxation is made as the timing difference are not likely to reverse in the foreseeable future.

2.13 Staff retirement benefits

There has been no policy in this respect.

2.14 Revenue recognition

Profit or loss on sale of securities are recorded on the date of transaction and included in the profit and loss account in the period in which they arise.

Dividend income is recognized when the right to receive payment is established. Whereas, return on securities other than shares is recognized on accrual basis.

Underwriting commission is recognized when the agreement is executed.

Mark-up income is recognized on a time proportion basis by reference to the principal outstanding that takes into account the effective yield.

Income on CFS is recognized on time proportion basis by reference to the principal outstanding that takes into account the effective yield.

Surplus / (deficit) on remeasurement of investment at balance sheet date arising from marking to market of investment classified as 'financial assets at fair value through profit or loss and investment in associates' are included in profit and loss account in the period in which they arise.

Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.

2.13 Related party transactions

The Company account for all transactions at arm's length prices using Comparable Uncontrolled Price Method.

3 PROPERTY AND EQUIPMENT

	Office Premises	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Sub Total
As at July 01, 2014						
Cost	-	2,111,513	11,831,728	327,659	5,092,655	19,363,555
Accumulated depreciation	-	(1,145,163)	(8,717,513)	(145,856)	(1,548,550)	(11,557,082)
Net book value	-	966,350	3,114,215	181,803	3,544,105	7,806,473
Year ended June 30, 2015						
Opening net book value	-	966,350	3,114,215	181,803	3,544,105	7,806,473
Additions during the year	7,500,000	-	802,280	-	-	8,302,280
Depreciation for the year	(31,250)	(96,635)	(954,322)	(18,180)	(708,821)	(1,809,208)
Closing net book value	7,468,750	869,715	2,962,173	163,623	2,835,284	14,299,545
As at June 30, 2015						
Cost	7,500,000	2,111,513	12,634,008	327,659	5,092,655	27,665,835
Accumulated depreciation	(31,250)	(1,241,798)	(9,671,835)	(164,036)	(2,257,371)	(13,366,290)
Net book value	7,468,750	869,715	2,962,173	163,623	2,835,284	14,299,545
Year ended June 30, 2016						
Opening net book value	7,468,750	869,715	2,962,173	163,623	2,835,284	14,299,545
Additions during the year	-	-	1,177,000	-	-	1,177,000
Depreciation for the year	(373,438)	(86,972)	(1,212,327)	(16,362)	(567,057)	(2,256,156)
Closing net book value	7,095,312	782,743	2,926,846	147,261	2,268,227	13,220,389
As at June 30, 2016						
Cost	7,500,000	2,111,513	13,811,008	327,659	5,092,655	28,842,835
Accumulated depreciation	(404,688)	(1,328,770)	(10,884,162)	(180,398)	(2,824,428)	(15,622,446)
Net book value	7,095,312	782,743	2,926,846	147,261	2,268,227	13,220,389
Annual rates of depreciation	5%	10%	30%	10%	20%	

		2016	2015
		Rupees	
3.1 Depreciation charge for the year has been allocated as under:-			
Administrative Expenses		2,256,156	1,809,208

4 INTANGIBLE ASSETS

	Note	2016	2015
Computer Software	4.1	40,354	57,648
Trading Rights Entitlement (TRE) Certificate	5	44,926,170	44,926,170
		44,966,524	44,983,818

4.1 Computer Software

	2016	2015
Cost		
Opening as at July 1	1,000,000	1,000,000
Additions during the year	-	-
Closing balance	1,000,000	1,000,000
Accumulated amortization		
Opening as at July 1	(942,352)	(917,646)
Charge for the year	(17,294)	(24,706)
Closing balance	(959,646)	(942,352)
Net book value as at June 30	40,354	57,648
Amortisation rate	30%	30%

5	INVESTMENT-AVAILABLE FOR SALE	Notes	2016	2015
			Rupees	
	Investment in shares of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited)	4.1	40,073,830	40,073,830

This represents shares of Pakistan Stock Exchange Limited PSX (formerly Karachi Stock Exchange Limited) acquired in pursuance of corporatization and demutualization of PSX as a public Company Limited by shares. As par 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 PSX is equally distributed among 200 members of PSX 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 PSX's participant ID with CDC which will remain blocked until they are divested to strategic investors, 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 PSX shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

The above shares and TREC Certificate were received against surrender of Stock Exchange Membership Card. As the fair value of both the asset transferred and asset obtained can not be determined with reasonable accuracy, the above investment has been recorded at the carrying value of Stock Exchange Membership Card in Company's books. The par value of shares received by the Company has been recognized as available for sale investment and the excess of value of shares over the carrying value to Membership Card in PSX is recognized as trading right.

6	LONG TERM DEPOSIT	Note	2016	2015
			Rupees	
	KSE Clearing House		200,000	100,000
	KSE Railway Land		10,000	10,000
	KSE Provisional		100,000	100,000
	CDC		100,000	100,000
	NCSS		300,000	300,000
	Telephone		75,000	75,000
	HBL Locker		5,000	5,000
	PMEX		500,000	-
	NCEL Clearing		-	500,000
	Minimum base deposit		-	4,809
			1,290,000	1,194,809

7	INVESTMENT PROPERTY		
	Office Rooms	27,476,000	-
	Less: depreciation at 5% per annum	(1,030,350)	-
		26,445,650	-

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8 SHORT TERM INVESTMENT

	Note	2016 Rupees	2015 Rupees
Cost of investment		1,766,062,252	1,646,404,145
Remeasurement of investment			
Opening balance		41,042,142	(37,149,917)
(Loss)/gain recognized during the year		(57,123,471)	78,192,059
		(16,081,329)	41,042,142
		1,749,980,922	1,687,446,287

9 TRADE DEBTORS

		2016	2015
Receivable from PSX		5,952,705	4,209,324
Others - Considered good and unsecured		1,842,758,545	2,238,391,802
		1,848,711,250	2,242,601,126

10 ADVANCE AND OTHER RECEIVABLES

	Note	2016	2015
Advance against property		6,877,530	7,378,542
Advance against shares application	10.1	-	117,343,025
Advance against Right Shares		959,000	3,443,451
Other receivables		3,082,265	31,692
		10,918,794	128,196,710

10.1 This amount was given against book building of shares of Al Shaheer Corporation which have been subsequently received by the Company.

11 CASH AND BANK BALANCES

	Note	2016 Rupees	2015 Rupees
Cash in hand		171,882	219,560
Cash at banks - current accounts		120,020,705	429,261,638
Cash at banks - saving accounts		207,994,929	-
		328,187,516	429,481,198

12 ISSUED, SUBSCRIBED & PAID UP CAPITAL

No of Shares		2016	2015
30,651,000	Ordinary shares of Rs.10/- each in cash	306,510,000	306,510,000
8,863,054	Ordinary shares of Rs.10/- each other than in cash	88,630,540	88,630,540
39,514,054		395,140,540	395,140,540

13 SHORT TERM RUNNING FINANCE

	Note	2016	2015
Bank Alfalah Limited	13.1	25,662,255	73,962,970
Askari Bank Limited	13.2	328,627,671	298,599,364
The Bank of Khyber Limited	13.3	151,636,191	249,440,036
Bank Islami Pakistan Limited	13.4	-	-
MCB Bank Limited	13.5	168,514,138	895,582,130
Sindh Bank Limited	13.6	195,635,783	154,904,638
Summit Bank Limited	13.7	142,536,712	210,286,242
Soneri Bank Limited	13.8	-	1,290,199
NIB Bank Limited	13.9	338,237,605	90,016,212
JS Bank Limited	13.10	1,013,465,400	891,513,221
Dubai Islamic Bank Limited	13.11	45,714,010	29,761,407
		2,410,029,766	2,895,356,419

13.1 *Bank Alfalah Limited have approved banking facility for Investment in Shares / Securities / Exposure & Settlement requirement, in current finance of Rs. 200 millions against pledge of shares as per BAL's RMD approved list of shares and 40% margin against pledge of shares or as per SBP PRs, whichever is higher included Letter of Guarantee of Rs. 18 millions against equitable mortgage of the company registered office, carried markup 3months KIBOR+2% p.a.for CF and LG 0.30% per quarter payable on quarterly basis and Personal Gurantees of all Directors of the company.*

13.2 *Askari Bank Limited have approved banking facility for Investment in Shares / Securities / Exposure & Settlement requirement, in running finance of Rs. 300 millions against lien / pledge over shares of "A" & " B " categories per bank approved list of shares with 30% & 40% respective margin, carried markup 3months KIBOR+2% p.a. payable on quarterly basis.*

13.3 *The Bank of Khyber Limited have approved banking facility for Investment in Shares / Securities / Exposure & Settlement requirement, in running finance of Rs. 250 millions against pledge over shares quoted at KSE of "A" ,"B" & "C" categories per bank approved list of shares with required margin of bank policy included intra exposure limit up to 20% of outstanding RF limit, carried markup 3months KIBOR+200 bps payable on quarterly basis and Personal Gurantees of all Directors of the company.*

13.4 *Bank Islami Pakistan Limited have approved banking facility for Purchases / trading of regularly traded Shariah compliant shares of listed companies, in Shares Murabahah of Rs. 30 millions against equitable mortgage of personal property of CEO of the company estimated market value Rs.27 millions and FSV of Rs. 22.950 millions and pledge Shariah compliant shares in CDC account at minimum margin 30% or higher approved by BIPL, carried markup 3months KIBOR+2% p.a.payable on quarterly basis.*

13.5 *MCB Bank Limited have approved banking facility for Finance Trading / Investment in Shares, in running finance of Rs. 400 millions against pledge of shares of companies (as per MCB's approved list of shares) quoted at KSE duly incorporated / registered with CDC and personal guarantees of all directors of the company covering aggregate amount of bank's exposure, carried markup 3months KIBOR+1.75% p.a. payable on quarterly basis.*

13.6 *Sindh Bank Limited have approved banking facility to meet working capital requirement / Investment in Shares / Settlement, in running finance of Rs. 200 millions against pledge of shares of companies with margin as per approved list of Sindh Bank Limited to be held in bank CDC account under our lien and personal guarantees of all directors of the company, carried markup 3months KIBOR+2% p.a. payable on quarterly basis.*

13.7 *Sumit Bank Limited have approved banking facility to finance working capital / short term investment requirements of the customers, in running finance of Rs. 200 millions against pledge of shares of companies readily marketable securities in the form of shares of quoted companies as per approved list of SBML with minimum 30% margin placed under SMBL pledge in CDC account and personal guarantees of all directors of the company, carried markup 3months KIBOR+200 bps payable on quarterly basis.*

13.8 *Soneri Bank Limited have approved banking facility for Investment in Shares / Securities / Exposure & Settlement requirement, in running finance of Rs. 50 millions against lien / pledge over bank approved list of shares with 30% , 40% & 50% margin, carried markup 3months KIBOR+2% p.a. payable on quarterly basis.*

13.9 *NIB Bank Limited have approved banking facility to Finance Customer's Working Capital requirement, in running finance of Rs. 400 millions against pledge of shares of companies as per NIB's approved list of shares from House account/ Sub account through sub account against proper mandate as allowed by SBP, Letter of Pledge, Lien and authority of securities. In addition, the Bank shall have a banker's lien on all the Customer's deposits, accounts, and properties held with the Bank and personal guarantees of all directors of the company, carried markup 3months KIBOR+225 bps payable on quarterly basis.*

13.10 *JS Bank Limited have approved TWO (2) banking facilities to finance daily clearing obligations of KSE and settlement of clients trades requirement, in first Running Finance of Rs. 900 millions against pledge of shares of companies as per JS's approved list of shares and the scripts along with personal guarantees of directors and equitable mortage of under construction residencial bungalow NHS Karsaz and second Bank Guarantee of Rs. 100 millions to issue in favour of KSE as marging eligible security against equitable mortgage of properties on 30% margin on market value, carried markup 3months KIBOR+200 bps payable on quarterly basis.*

13.11 *Dubai Islami Bank Limited have approved banking facility for Purchases / trading of regularly traded Shariah compliant shares of listed companies, in Shares Murabahah of Rs. 100 millions against personal guarantees of all directors along with personal Net Worth Statement and pledge Shariah compliant shares in CDC account at minimum margin 30% & 40% or higher approved by DIPL, carried markup 3months KIBOR+2% p.a.payable on quarterly basis.*

14 TRADE AND OTHER PAYABLES

	Note	2016	2015
		Rupees	
Trade payable		**325,400,108**	446,520,659
Accrued expense		**2,782,387**	3,587,996
SST payable		**2,014,968**	4,940,261
CGT payable		**1,206,412**	8,307,564
Tax payable		**942,595**	-
Other payables		**81,176,443**	2,957,865
		413,522,914	466,314,345

15 CONTINGENCIES AND COMMITMENTS

The Taxation Officer Inland Revenue Has Created Demand of Rs.5,601,557/- on the account of FED which is duly Challanged before Commissioner appeals which is pending adjudiction. The management of company is confident that ultimate outcome of appeal would be in their favour.Accordingly no provision has been made in these accounts.

During the year WWF has not been accounted for, as management of company intends to file writ pettion before honorable High Court of Sindh. Accordingly no provision on account of WWF has been recognized of Rs. 1,268,724/- Rs. 3,739,199/- & Rs. 8,527,298/- for the years 2016, 2015 & 2014 respectively.

16 OPERATING REVENUE

	Note	2016	2015
		Rupees	
Commission income	**16.1**	**218,233,689**	254,620,026
Gain on sale of shares		**55,597,681**	241,767,531
Commission on share application		**3,859,106**	2,065,794
Dividend income		**41,432,505**	36,610,221
Profit on Future cash margin		**3,924,887**	1,760,284
Profit on MTS margin		**991**	51
Profit on redemption of shares		**1,710,340**	-
Others	**16.2**	**153,143,929**	50,098
		477,903,129	536,874,005

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	Note	2016	2015
		Rupees	

16.1 **Commission income**

Commission income including Federal Excise Duty		**248,786,402**	292,812,986
Less: Sindh Sales Tax		**(30,552,713)**	(38,192,960)
		218,233,689	254,620,026

16.2 It represents charges obtained from client in respect of expenses incurred on trading activities.

17 ADMINISTRATION EXPENSES

	Note	2016	2015
Staff salaries & allowances		**7,856,000**	7,255,200
Directors Remuneration	**17.1**	**600,000**	600,000
KSE charges		**9,514,440**	13,997,391
CDC charges		**8,626,098**	6,893,983
NCSS & UIN charges		**6,575,945**	8,429,123
IKATS & gateway charges		**453,300**	320,800
Entertainment		**510,189**	499,734
Traveling & Conveyance		**239,885**	607,120
Telephone & fax bills		**414,854**	378,010
Insurance		**573,717**	417,978
Communication		**1,336,770**	1,174,122
Repair & Maintenance		**27,500**	235,700
Legal and professional charges		**151,332**	483,300
Printing & stationary		**209,985**	206,892
Electricity bills		**1,061,944**	1,133,437
Office rent		**203,865**	132,000
General expense		**3,857,044**	988,611
Audit fee	**17.2**	**250,000**	75,000
Brokerage & Commission		**103,372,419**	101,361,783
Water charges		**184,200**	181,800
Postage and Courier		**277,864**	227,558
Software charges		**678,600**	1,196,700
Fees and subscription		**441,610**	223,490
Rent, rates and taxes		**178,868**	139,263
Donation		**3,650,000**	1,651,842
Amortization of software		**17,294**	24,706
Depreciation on investment property	7	**1,030,350**	-
Depreciation on property and equipment	3.1	**2,256,156**	1,809,208
		154,550,228	150,644,752

17.1 **Remuneration of Directors**

	Director	
	June 2016	**June 2015**
Managerial remuneration	**400,000**	400,000
House rent allowance	**160,000**	160,000
Utilities	**40,000**	40,000
	600,000	600,000
No. of person	**1**	1

17.2 **Auditors' Remuneration**

Audit fee	**250,000**	75,000

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		Note	2016	2015
			——— Rupees ———	
18	**FINANCE COST**			
	Markup		**214,273,539**	197,638,692
	Bank charges		**2,168,586**	1,630,595
			216,442,125	199,269,287
19	**OTHER INCOME**			
	Profit on saving account		**4,033,042**	-
	Gain on disposal of investment property		**1,693,538**	3,381,042
	Rental income		**6,900,000**	-
			12,626,580	3,381,042
20	**TAXATION**			
	Current year		**18,227,132**	26,004,245
	Prior year		**-**	3,665,645
			18,227,132	29,669,890
21	**EARNING PER SHARE**			
	Profit after taxation		**44,186,751**	238,863,177
	Weighted average number of ordinary shares		**39,514,054**	39,514,054
	Earning per share		**1.12**	6.05
22	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances		**328,187,516**	429,481,198
	Short term running finance		**(2,410,029,766)**	(2,895,356,419)
			(2,081,842,250)	(2,465,875,221)

23 FINANCIAL RISK MANAGEMENT

Financial Risk Factors

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

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.

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Market Risk

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

Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up 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 or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs.1749 million (2015: 1,687 million).

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 10% (2015: 16%) during the financial year.

The table below summarizes Company's equity price risk as of 30 June 2016 and 2015 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) after tax
June 30, 2016	1,749,980,922	10% increase	1,924,979,014	174,998,092	174,998,092
June 30, 2015	1,687,446,287	10% increase	1,856,190,916	168,744,629	168,744,629
		10% decrease	1,518,701,658	(168,744,629)	(168,744,629)

Interest 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. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

Financial assets and liabilities include balances of Rs. 207.99 million (2015: Rs.nil) and Rs. 2,410.02 million (2015: Rs. 2,895.35 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

At the reporting 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 (Rs.)	
Financial assets				
Bank deposits - *pls account*	4% to 5%	0%	207,994,929	-
Financial liabilities				
Short term borrowings	7.60% to 12.18%	9.25% to 12.18%	2,410,029,766	2,895,356,419

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has decrease by 96 bps during the year.

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. 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 ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities 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 net worth and proper margins are collected and maintained from the clients.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	Carrying amount	
	2016	2015
	Rupees	
Long term Investment	**40,073,830**	40,073,830
Long term deposits	**26,445,650**	0
Trade debts	**1,848,711,250**	2,242,601,126
Advance and other recievable	**10,918,794**	128,196,710
Cash and bank balances	**328,015,634**	429,261,638
	2,254,165,159	2,840,133,304

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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. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Company has cash and bank balance Rs. 328.18 million (2015:Rs. 429.28 million) and liquid assets in the form of short term securities Rs .1,749 million (2015: 1,687 million).

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

	2016			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
Financial liabilities				
Trade and other payables	413,522,914	413,522,914	413,522,914	-
Short term borrowings	2,410,029,766	2,410,029,766	2,410,029,766	-
Accrued markup on short term borrowings	46,455,663	46,455,663	46,455,663	-
	2,870,008,343	2,870,008,343	2,870,008,343	-

	2015			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities				
Trade and other payables	466,314,345	466,314,345	466,314,345	-
Short term borrowings	2,895,356,419	2,895,356,419	2,895,356,419	-
Accrued markup on short term borrowings	48,337,931	48,337,931	48,337,931	-
	3,410,008,695	3,410,008,695	3,410,008,695	-

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depends on the extent of utilization of short term borrowings facilities and the interest rates applicable at that time.

Fair value estimate

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level1 Quoted market price (unadjusted) in an active market.

Level2 Valuation techniques based on observable inputs.

Level3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

June 30, 2016	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets				
- financial assets held for trading				
Equity Securities	1,749,980,922	-	-	1,749,980,922

June 30, 2015	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
Financial assets				
- financial assets held for trading				
Equity Securities	1,687,446,287	-	-	1,687,446,287

Financial instruments by categories

As at June 30, 2016 Financial assets as per balance sheet	2016 Asset at cost	Asset at fair value through profit and loss	Loans and receivables	Other financial Asset	Total
	Rupees				
Long Term Investment	40,073,830	-	-	-	40,073,830
Short term investments	-	1,749,980,922	-	-	1,749,980,922
Trade debts	-	-	1,848,711,250	-	1,848,711,250
Other receivables	-	-	-	10,918,794	10,918,794
Cash and bank balances	-	-	-	328,187,516	328,187,516
	40,073,830	1,749,980,922	1,848,711,250	339,106,310	3,977,872,313

As at June 30, 2016 Financial liabilities as per balance sheet	Financial liabilities at amortized cost
	Rupees
Short term borrowings	2,410,029,766
Trade and other payables	413,522,914
Accrued markup	46,455,663
	2,870,008,343

As at June 30, 2015 Assets as per balance sheet	2015 Asset at cost	Asset at fair value through profit and loss	Loans and receivables	Other falnancial Assets	Total
	Rupees				
Long term investment	40,073,830			-	40,073,830
Short term investments		1,687,446,287		-	1,687,446,287
Trade debts			2,242,601,126	-	2,242,601,126
Other receivables				128,196,710	128,196,710
Cash and bank balances				429,481,198	429,481,198
	40,073,830	1,687,446,287	2,242,601,126	557,677,908	4,527,799,151

As at June 30, 2015 Financial liabilities as per balance sheet	Financial liabilities at amortized cost Rupees
Short term borrowings	2,895,356,419
Trade and other payables	466,314,345
Accrued markup	48,337,931
	3,410,008,695

24 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

	2016	2015
	Number	
25 NUMBER OF EMPLOYEES		
Total and average number of employees at year end	**12**	12

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 2 8 SEP 2016

27 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR