

Pearl Securities Limited
Financial Statements
For the period ended 30 June 2016

Auditors' Report to the Members

We have audited the annexed balance sheet of Pearl Securities Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, statement of cash flows 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 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 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 misstatements. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

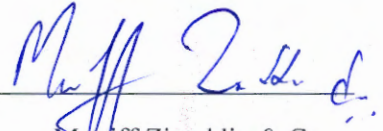
- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows 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 30 June 2016 and of the profit, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat has been deducted at source under the Zakat and Ushr Ordinance, 1980.



OTHER MATTER

The financial statements of the Company for the year ended June 30, 2015, were audited by another firm of Chartered Accountants, whose reports dated September 18, 2015 expressed an unqualified opinion thereon.

Date: **24 SEP 2016**
Karachi


Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem) 

Pearl Securities Limited

Balance Sheet

As at 30 June 2016

for 2016-2017

	Note	2016	2015
		(Rupees)	
SHARE CAPITAL & RESERVES			
Authorized capital			
50,000,000 (2015: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	4	144,136,000	144,136,000
Unappropriated profit		423,869,369	622,592,826
		568,005,369	766,728,826
NON-CURRENT LIABILITIES			
Term finance facility - secured	5	368,000,000	425,000,000
CURRENT LIABILITIES			
Trade creditors, accrued and other liabilities	6	218,038,439	229,279,446
Accrued markup		38,804,339	42,964,321
Short term borrowings	7	2,161,845,078	2,802,649,523
		2,418,687,856	3,074,893,290
		3,354,693,225	4,266,622,116
Contingencies and commitments	8		
NON-CURRENT ASSETS			
Property and equipment	9	43,877,007	36,882,232
Intangible assets	10	6,436,253	6,576,933
Deferred tax	11	13,741	122,721
Long term investments	12	14,965,000	14,965,000
Long term deposits	13	12,188,146	5,659,809
		77,480,147	64,206,695
CURRENT ASSETS			
Short term investments	14	1,750,062,930	3,066,863,635
Receivable against margin financing transactions		321,847,292	286,089,865
Trade debts	15	1,049,275,509	640,895,534
Advances, deposits, prepayments and other receivables	16	10,103,397	75,409,132
Taxation - net		31,451,783	23,237,967
Cash and bank balances	17	114,472,167	109,919,288
		3,277,213,078	4,202,415,421
		3,354,693,225	4,266,622,116

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive



Director

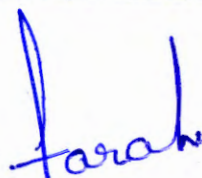
Pearl Securities Limited

Profit and Loss Account

For the year ended 30 June 2016

	Note	2016 ----- (Rupees) -----	2015
Operating revenue	18	337,256,756	462,521,927
Capital gain on short term investments		19,893,413	26,658,085
Administrative and operating expenses	19	(160,955,736)	(148,538,846)
Operating profit		<u>196,194,433</u>	<u>340,641,166</u>
Finance cost	20	(227,858,960)	(292,430,678)
		<u>(31,664,527)</u>	<u>48,210,488</u>
Other income	21	90,134,970	51,528,228
Profit before taxation		<u>58,470,443</u>	<u>99,738,716</u>
Taxation			
- Current		(24,023,326)	(36,739,028)
- Deferred		(409,414)	2,969,785
	22	<u>(24,432,740)</u>	<u>(33,769,243)</u>
Profit after taxation		<u>34,037,703</u>	<u>65,969,473</u>
Earnings per share - basic and diluted	23	<u>2.36</u>	<u>4.58</u>

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive



Director

Pearl Securities Limited
Statement of Comprehensive Income
For the year ended 30 June 2016

	2016	2015
	----- (Rupees) -----	
Profit after taxation for the year	34,037,703	65,969,473
Other comprehensive income for the year		
Unrealised (loss) / gain on available-for-sale investments	(178,710,160)	483,211,891
Total comprehensive income for the year	<u>(144,672,457)</u>	<u>549,181,364</u>

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive



Director

Pearl Securities Limited

Statement of Cash flows

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		58,470,443	99,738,716
<i>Adjustments for:</i>			
- Amortization		4,834,417	4,137,225
- Unrealized loss on held-for-trading investments		254,680	469,110
- Gain on disposal of fixed assets		10,337,718	7,657,247
- Finance cost		(2,750,796)	(221,209)
Cash generated from operating activities before working capital changes		227,858,960	292,430,678
		240,534,979	304,473,051
(Increase) / decrease in current assets			
Trade debts		(444,137,402)	2,089,380,695
Advances, deposits, prepayments and other receivables		65,305,735	(15,549,779)
(Decrease) / increase in current liabilities			
Trade creditors, accrued and other liabilities		(11,241,007)	(411,955,288)
Short term borrowings		(640,804,445)	599,203,149
		(1,030,877,119)	2,261,078,777
Financial charges paid		(232,018,942)	(322,502,698)
Taxes paid		(55,898,264)	(59,854,274)
Net cash (used in) / generated from operating activities		(1,019,788,903)	2,282,933,572
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(13,138,118)	(7,830,625)
Proceeds from disposal of property and equipment		4,059,722	1,542,800
Net proceeds on sale of short term investments		1,150,999,515	(2,266,366,248)
Long term deposits		(6,528,337)	(4,809)
Net cash generated from / (used in) investing activities		1,135,392,782	(2,272,658,882)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(54,051,000)	(28,827,200)
(Repayments) / proceeds from long term loan		(57,000,000)	95,000,000
Net cash (used in) / generated from financing activities		(111,051,000)	66,172,800
Net increase in cash and cash equivalents		4,552,879	76,447,490
Cash and cash equivalents at the beginning of the year		109,919,288	33,471,798
Cash and cash equivalents at the end of the year	24.	114,472,167	109,919,288

The annexed notes 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

Pearl Securities Limited
Statement of Changes in Equity
For the year ended 30 June 2016

	Issued, subscribed & paid-up capital	Unappropriated profit	Unrealised gain on available-for- sale investments	Total Equity
	(Rupees)			
Balance as at 01 July 2014	144,136,000	136,015,455	(33,776,793)	246,374,662
Transactions with owners				
Final Dividend for the year ended 30 June 2014 at the rate of Rs. 2 per share	-	(28,827,200)	-	(28,827,200)
Total comprehensive income for the year ended 30 June 2015				-
Profit after taxation for the year	-	65,969,473	-	65,969,473
Other comprehensive income				
Unrealised gain on available-for-sale investments	-	-	483,211,891	483,211,891
Balance as at 30 June 2015	144,136,000	173,157,728	449,435,098	766,728,826
Total comprehensive income for the year ended 30 June 2016				
Profit after taxation for the year	-	34,037,703	-	34,037,703
Other comprehensive income				
Unrealised gain on available-for-sale investments	-	-	(178,710,160)	(178,710,160)
Transactions with owners				
Final Dividend for the year ended 30 June 2015 at the rate of Rs. 3.75 per share	-	(54,051,000)	-	(54,051,000)
Balance as at 30 June 2016	144,136,000	153,144,431	270,724,938	568,005,369

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive



Director

Pearl Securities Limited
Notes to the Financial Statements
For the year ended 30 June 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

Pearl Securities Limited (the Company) was incorporated as a private limited company on May 8, 2000 under the Companies Ordinance, 1984 and was subsequently converted into a public limited Company on April 27, 2009. The Company is a corporate member of Pakistan Stock Exchange Limited (PSX).

The Company is a Trading Right Entitlement Certificate (TREC) holder of PSX and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities, commodities and other financial instruments, securities research, financial consultancy and underwriting. The registered office of the Company is situated at Office No. 204, 2nd floor, Business and Finance Centre I. I. Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except financial assets and financial liabilities which have been stated at their fair values.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

2.4 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, the Regulations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about 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 estimates are revised and in any future periods affected. Assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are significant to the financial statements:

	Note
a) Useful life of property and equipment	3.1
b) Carrying amount of intangible assets	3.2
c) Impairment of financial assets	3.6
d) Provision against trade debts	3.9
e) Provision for current and deferred taxation	3.10
f) Creditor, accrued and other liabilities	3.14

2.5 New and amended standards and interpretations

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective

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

- (a) IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 July 2015, as per adoption status of IFRS in Pakistan.
- (b) The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial information of the Company.
- (c) IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial information of the Company.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective;

The following standards, amendments and interpretations or approved accounting standards are only effective for accounting periods beginning on or after 1 July 2016:

- (a) 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 use of 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 inappropriate can 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 the Group's consolidated financial statements.
- (b) 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 or an investment company; 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 the Group's consolidated financial statements.
- (c) 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 the Group's consolidated financial statements.
- (d) Amendment to IAS 27 'Separate Financial Statement' (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 the Group's consolidated financial statements.
- (e) 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 the Group's consolidated financial statements.

- (f) 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 the Group's consolidated financial statements.
- (g) 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. The amendments are not likely to have an impact on the Group's consolidated financial statements.
- (h) 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 the Group's consolidated financial statements.

2.5.3 Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contains 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 the Group's consolidated financial statements.
- 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 the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 9. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis at the rates specified in note 9.

3.2 Intangible assets

These represent TREC of Pakistan Stock Exchange Limited and membership cards of Pakistan Mercantile Exchange Limited. These intangible assets have indefinite useful life and are stated at revalued amount.

The carrying amount of intangible assets are reviewed at each balance sheet date to assess whether they are in excess of their recoverable. Provisions are made for decline in values, other than temporary, of these assets where the carrying values exceed estimated recoverable amounts.

Amortization is charged from the month of addition to the month proceeding the month of retirement / disposal, by applying reducing balance method at the rates specified in note 10.

3.3 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

3.4 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instruments. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortized cost as the case may be.

3.5 Off-setting for financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

3.7 Investments

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

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held-for-trade'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trade'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held-to-maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are remeasured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed off or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of term finance certificates, units of open end mutual funds and government securities are determined on the basis of rates notified by Mutual Funds Association of Pakistan for term finance certificates, relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

3.8 Long term deposits

These are stated at cost which represents the fair value of consideration given.

3.9 Trade debts

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

3.10 Taxation

Current

The Company's business income is assessable under Section 233A 'Collection of tax by a stock exchange registered in Pakistan' of the Income Tax Ordinance, 2001 and in accordance with Letter No. 4(1) ITP / 2004 - SE of the Revenue Division, Central Board of Revenue dated July 03, 2004. However, provision for other taxable income (excluding dividend & property rental income) is based at current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.11 Revenue recognition

- Brokerage and commission income is recognised as and when such services are provided.
- Dividend income is recognised at the time when the right to receive dividend is established
- Interest income is recognised on a time proportion basis that takes into account the effective yield
- Income on continuous funding system is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- Gains / (loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held-for-trading' are included in profit and loss account in the period in which they arise.

- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'available-for-sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account into other income / other
- All other incomes are recognised on an accrual basis.

3.12 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

3.13 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.15 Dividend

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are

3.16 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks.

3.17 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

	2016	2015
	----- (No. of shares) -----	
	<u>14,413,600</u>	<u>14,413,600</u>
Issued for cash	<u>14,413,600</u>	<u>14,413,600</u>

Note

2016 2015

----- (Rupees) -----

5. TERM FINANCE FACILITY - SECURED

Silk Bank Limited	5.1	168,000,000	225,000,000
Government of Khyber Pakhtunkhwa GPI Fund and Pension Fun	5.2	200,000,000	200,000,000
		<u>368,000,000</u>	<u>425,000,000</u>

5.1 This represents term finance facility from a banking company amounting to Rs.168 million (2015: Rs. 225 million) repayable by Rs.42 million and Rs.126 million in June 2017 and July 2018 respectively. The said facility carries mark-up rate of 3-months Karachi Inter Bank Offered Rate (KIBOR) plus 2.5% per annum which at the year end amounted to 8.85% per annum (2015: 12.67%), payable on quarterly basis. The facility is secured by lien on receivables of the Company.

5.2 This represents amount due to GPI and Pension Funds of Government of Khyber Pakhtunkhwa as Rs.120 million and Rs.80 million (2015: Rs. 120 million and Rs.80 million) respectively to meet working capital requirements. The said facility carries mark-up rate of 1-month Karachi Inter Bank Offered Rate (KIBOR) plus 4.5% per annum.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors for purchase of shares		91,778,904	99,308,809
Creditors of PMEX- Client		5,994	-
Creditors for money market transactions		102,171,515	-
Payable to Pakistan Stock Exchange Limited		-	107,083,873
Payable to Government of Khyber Pakhtunkhwa		-	505,822
Sindh sales tax on brokerage services		2,852,483	2,715,777
Commission payable to traders		15,748,675	13,902,274
Accrued and other liabilities		5,480,868	5,762,891
		<u>218,038,439</u>	<u>229,279,446</u>

7. SHORT TERM BORROWINGS

From banking companies - secured

Bank Al-Falah Limited		-	23,543,607
Summit Bank Limited	7.1	349,844,051	656,264,487
NIB Bank Limited	7.2	205,579,246	281,770,647
Silk Bank Limited	7.3	289,449,688	311,427,618
Sindh Bank Limited	7.4	645,794,595	222,019,126
Askari Bank Limited	7.5	246,177,498	157,624,038

From investment companies - secured

Saudi Pak Industrial & Agricultural Investment Company Limited	7.6	325,000,000	100,000,000
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Other borrowings - secured

Repurchase agreement borrowings	7.7	100,000,000	1,050,000,000
		<u>2,161,845,078</u>	<u>2,802,649,523</u>

- 7.1 This includes two running finance facilities against readily marketable shares of quoted companies and receivables of the Company amounting to Rs. 350 and Rs. 100 million respectively (2015: Rs. 620 million). These facilities carrying markup at the rate of 3 months KIBOR plus 200 bps per annum and 3 months KIBOR plus 300 bps per annum respectively, which at the year end amounted to 8.35% and 9.35% per annum respectively (2015: 9.99% per annum). These facilities expire in March 2017 and March 2017 respectively.

This also includes short term finance facility under repurchase arrangement with a limit of Rs. 300 million (2015: Rs. 300 million), secured by readily marketable securities of quoted companies with minimum 30% margin. As at balance sheet date, the Company had availed Rs. Nil (2015: Nil).

In addition to the above facilities the Company has also availed Intra Day Finance facility with a limit of Rs. 150 million for the purpose of settlement of intra-day demands payable to NCCPL and release of shares pledged with Bank. This facility is repayable and adjustable on the same day on which the facility is availed and valid till December 2016. Intra-day facility fee at the rate of 5% (exclusive of Sindh Sales Tax) on the consolidated amount utilized by customer for all debit transactions / value of shares released is charged and payable on weekly basis.

- 7.2 This represents running finance facility with a limit of Rs. 500 million (2015: Rs. 300 million) for meeting working capital requirements carrying markup at the rate of 3 months KIBOR plus 225 bps per annum subject to quarterly revisions, which at the year end amounted to 8.60% per annum (2015: 10.24% per annum). The facility is secured by pledge of listed shares of companies at 30% to 50% margin and personal guarantee of one director of the Company. The facility expires in March 2017.
- 7.3 This represents running finance facility with a limit of Rs. 315 million (2015: Rs. 315 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 250 bps per annum subject to quarterly revisions, which at the year end amounted to 8.85% per annum (2015: 10.49% per annum). The facility is secured with first pari passu charge of Rs. 525 million on receivables of the Company. The facility expires in December 2016.
- 7.4 This represents running finance facility with a limit of Rs. 650 million (2015: Rs. 250 million) for meeting the working capital requirements carrying markup at the rate of 10% per annum (2015: 12% per annum). The facility is secured by pledge of shares of listed companies with 35% margin. The facility expires in June 2017.
- 7.5 This represents running finance facility with a limit of Rs. 250 million (2015: Rs. 200 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 200 bps per annum payable on quarterly basis, which at the year end amounted to 8.35% per annum (2015: 12.17% per annum). The facility is secured by pledge of shares with 30% to 40% margin. The facility expires in March 2017.
- 7.6 This represents short term finance facility with a limit of Rs. 500 million (2015: Rs. 500 million) repayable in bullet payment upon maturity, carrying markup at the rate of 3 months KIBOR plus 300 bps per annum, subject to quarterly revision, which at the year end amounted to 9.35% per annum (2015: 13.17% per annum). The facility matures in June 2017 and is secured by shares of the listed companies along with 35% (2015: 35%) margin and personal guarantee of one director of the Company.
- 7.7 This represents short term finance facility under re-purchase arrangement with investment company on 3 years PIBs of Rs. 100 million (2015: Rs. 750 million) maturing on 12th July 2016 carrying markup at the rate of 6.5% per annum (2015: 7.7% per annum).

8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as 30 June 2016 (2015: Nil).

9. PROPERTY AND EQUIPMENTS

	30 June 2016					
	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	(Rupees)					
COST						
As at 1 July 2015	15,396,625	8,121,801	4,939,702	13,070,694	16,126,063	57,654,885
Additions	-	352,943	555,896	1,694,979	10,534,300	13,138,118
Disposals	-	(33,600)	(130,700)	(507,200)	(4,547,112)	(5,218,612)
As at 30 June 2016	15,396,625	8,441,144	5,364,898	14,258,473	22,113,251	65,574,391
ACCUMULATED DEPRECIATION						
As at 1 July 2015	-	3,811,345	2,185,901	8,311,218	6,464,189	20,772,653
For the year	-	437,301	293,308	999,456	3,104,352	4,834,417
On disposals	-	(22,153)	(59,144)	(444,535)	(3,383,854)	(3,909,686)
As at 30 June 2016	-	4,226,493	2,420,065	8,866,139	6,184,687	21,697,384
Written down value	15,396,625	4,214,651	2,944,833	5,392,334	15,928,564	43,877,007

30 June 2015

	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	(Rupees)					
COST						
As at 1 July 2014	11,796,625	7,996,801	4,486,477	12,189,294	15,112,563	51,581,760
Additions	3,600,000	125,000	447,545	937,080	2,721,000	7,830,625
Disposals	-	-	(50,000)	-	(1,707,500)	(1,757,500)
As at 30 June 2015	15,396,625	8,121,801	4,884,022	13,126,374	16,126,063	57,654,885
ACCUMULATED DEPRECIATION						
As at 1 July 2014	-	3,336,617	1,934,673	7,195,696	4,604,351	17,071,337
For the year	-	474,728	283,978	1,115,522	2,262,997	4,137,225
On disposals	-	-	(32,750)	-	(403,159)	(435,909)
As at 30 June 2015	-	3,811,345	2,185,901	8,311,218	6,464,189	20,772,653
Written down value	15,396,625	4,310,456	2,698,121	4,815,156	9,661,874	36,882,232
Depreciation rate per annum (%)	-	10	10	20	20	

Note 2016 2015
(Rupees)

10. INTANGIBLE ASSETS

Trading Right Entitlement Certificate (TREC)	10.1	5,535,000	5,535,000
Pakistan Mercantile Exchange Limited - membership card		250,000	250,000
Software	10.2	651,253	791,933
		<u>6,436,253</u>	<u>6,576,933</u>

10.1 Under the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, the Company received a TREC in lieu of its membership card of PSX. Notional value of the said TREC has been maintained by PSX at Rs. 15 million (2015: Rs. 15 million). However, the Company has not accounted for the impact of such value.

10.2 Amortization of software

As at July 1	791,933	226,138
Additions during the year	114,000	1,034,905
Total	905,933	1,261,043
Charge for the year	(254,680)	(469,110)
As at June 30	<u>651,253</u>	<u>791,933</u>

11. DEFERRED TAXATION

	2016		
	Opening balance	Charge / (reversal)	Closing balance
	(Rupees)		
Taxable temporary difference:			
Accelerated depreciation allowance	(1,873,994)	(48,473)	(1,922,467)
Deductible temporary difference:			
Lease liability	1,996,715	(60,507)	1,936,208
	<u>122,721</u>	<u>(108,980)</u>	<u>13,741</u>
	2015		
	Opening balance	Charge / (reversal)	Closing balance
	(Rupees)		
Taxable temporary difference:			
Accelerated depreciation allowance	5,527,531	3,653,537	(1,873,994)
Deductible temporary difference:			
Lease liability	(2,680,467)	(683,753)	1,996,715
	<u>2,847,064</u>	<u>2,969,784</u>	<u>122,721</u>

		2016	2015
	Note	(Rupees)	

12. LONG TERM INVESTMENTS

Available-for-sale investment

Shares in Pakistan Stock Exchange	12.1	14,965,000	14,965,000
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- 12.1 Under Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), the Company received 4,007,383 equity shares of Rs.10 each of PSX, whereby, 40% equity shares i.e. 1,602,953 shares were actually received by the Company and the remaining 60% shares (i.e. 2,404,430 shares) were transferred to CDC sub-account in the Company's name under the PSX's participant ID with the CDC. The said shares will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

Based on the financial statements of PSX as of 31st March 2015, the break-up value per share amounts to Rs. 10.04 per share. However, the Company has not accounted for the impact of such value.

13. LONG TERM DEPOSITS

Pakistan Stock Exchange Limited	13.1	7,603,146	604,809
National Clearing Company of Pakistan Limited		300,000	300,000
Pakistan Mercantile Exchange Limited	13.2	3,250,000	3,750,000
Central Depository Company of Pakistan Limited		100,000	100,000
Others		935,000	905,000
		<u>12,188,146</u>	<u>5,659,809</u>

- 13.1 This represents deposit placed with PSX for taking exposure in regular and future market.

- 13.2 This represents deposit placed with PMEX for taking exposure in commodity market.

14. SHORT TERM INVESTMENT

Financial assets classified as available-for-sale

Shares of listed companies - at cost	14.1	1,413,785,108	1,815,178,118
10 Years 12% Pakistan Investment Bonds - at cost		-	663,547,837
Less: Unrealized gain on revaluation of available-for-sale investments	14.1	270,724,938	449,435,098
		<u>1,684,510,046</u>	<u>2,928,161,053</u>

Financial assets classified as fair value through profit and loss - held-for-trading

Shares of listed companies - at cost	14.2	75,890,602	146,359,829
Less: Unrealized loss on revaluation of held-for-trading investments	14.2	(10,337,718)	(7,657,247)
		<u>65,552,884</u>	<u>138,702,582</u>
		<u>1,750,062,930</u>	<u>3,066,863,635</u>

	30 June 2016		30 June 2015	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			

14.1 Financial assets classified as available-for-sale

<i>Al-Shaheer Corporation Limited</i>	69,478,156	42,818,726	-	-
820,125 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>Bank Al Falah Limited</i>	67,700,431	73,360,330	169,900,000	182,160,000
2,869,000 (2015: 7,200,000) ordinary shares of Rs. 10 each fully paid				
<i>First Capital Securities Corporation Limited</i>	35,203,979	24,000,835	47,683,224	39,043,305
10,000,348 (2015: 11,091,848) ordinary shares of Rs. 10 each fully paid				
<i>First Dawood Mutual Fund Limited</i>	839,073	-	635,308	-
273,800 (2015: 273,800) ordinary shares of Rs. 10 each fully paid				

	June 30, 2016		June 30, 2015	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
<i>First Capital Equities Limited</i> 1,000,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	35,190,000	27,750,000	-	-
<i>Invest & Finance Securities Limited</i> Nil (2015: 980,000) ordinary shares of Rs. 10 each fully paid	-	-	26,291,070	29,939,000
<i>KASB Securities Limited</i> 166,100 (2015: 166,100) ordinary shares of Rs. 10 each fully paid	2,617,411	1,102,904	2,617,411	1,553,035
<i>NIB Bank Limited</i> 40,981,000 (2015: 45,300,000) ordinary shares of Rs. 10 each fully paid	111,121,270	78,273,710	117,599,770	91,506,000
<i>Nishat Chunian Power Limited</i> 25,500 (2015: Nil) ordinary shares of Rs. 10 each fully paid	1,271,940	1,340,280	-	-
<i>Pakistan Petroleum Limited</i> 131,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	20,574,891	20,311,550	-	-
<i>Pakistan Telecommunication Limited</i> 75,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	1,409,965	1,127,250	-	-
<i>Quice Food Limited</i> 150,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	1,356,350	1,234,500	-	-
<i>Summit Bank Limited</i> 24,369,519 (2015: 38,269,519) ordinary shares of Rs. 10 each fully paid	59,841,289	72,864,862	121,082,418	129,733,670
<i>Summit Bank Limited - Preference Shares</i> 37,588,404 (2015: 36,937,404) ordinary shares of Rs. 10 each fully paid	343,486,623	375,884,040	332,436,636	369,374,040
<i>Sui Southern Gas Company Limited</i> 400,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	19,964,814	11,012,000	-	-
<i>Silk Bank Limited</i> 57,000,000 (2015: 102,000,000) ordinary shares of Rs. 10 each fully paid	228,000,000	96,900,000	408,000,000	195,840,000
<i>TPL Trakker Limited</i> Nil (2015: 15,000,000) ordinary shares of Rs. 10 each fully paid	-	-	150,000,000	237,900,000
<i>TPL Properties Limited</i> 1,000,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	12,500,000	12,500,000	-	-
<i>TRG Pakistan Limited</i> 25,157,349 (2015: 33,369,055) ordinary shares of Rs. 10 each fully paid	403,228,915	844,029,059	438,932,281	1,019,424,630
	<u>1,413,785,108</u>	<u>1,684,510,046</u>	<u>1,815,178,118</u>	<u>2,296,473,680</u>

	June 30, 2016		June 30, 2015	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
14.2 Financial assets classified as fair value through profit and loss - held-for-trading				
<i>Askari Bank Limited</i>	4,531,963	4,109,600	3,326,689	3,181,500
220,000 (2015: 150,000) ordinary shares of Rs. 10 each fully paid				
<i>Dewan Farooq Motors Limited</i>	1,849,177	1,670,880	-	-
118,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>Dewan Cement Limited</i>	3,585,352	3,258,000	-	-
225,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>Engro Fertilizer Limited</i>	3,394,749	2,643,680	-	-
41,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>Fauji Fertilizer Bin Qasim Limited</i>	-	-	8,033,635	7,468,200
Nil (2015: 135,000) ordinary shares of Rs. 10 each fully paid				
<i>Faysal Bank Limited</i>	-	-	23,480,348	22,008,000
Nil (2015: 1,400,000) ordinary shares of Rs. 10 each fully paid				
<i>Fauji Food Limited</i>	453,450	525,300	-	-
5,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>First Capital Equities Limited</i>	-	-	36,003,600	35,190,000
Nil (2015: 1,000,000) ordinary shares of Rs. 10 each fully paid				
<i>Golden Arrow Selected Stock Fund</i>	2,606,092	2,368,800	2,152,853	2,116,280
282,000 (2015: 191,000) ordinary shares of Rs. 10 each fully paid				
<i>Glaxosmithkline (PAK) Limited</i>	8,009,697	7,476,671	-	-
36,100 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>Glaxosmithkline Consumer Healthcare (PAK)</i>	-	-	-	-
7,350 (2015: Nil) ordinary shares of				
<i>Japan Power Generation Limited</i>	999,520	798,000	-	-
200,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>K-Electric Company Limited</i>	472,018	455,390	-	-
56,500 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>Kot Addu Power Company Limited</i>	-	-	29,520	43,020
Nil (2015: 500) ordinary shares of Rs. 10 each fully paid				
<i>Mughal Iron & Steels Limited</i>	3,739,776	2,989,955	-	-
44,500 (2015: Nil) ordinary shares of Rs. 10 each fully paid				

	June 30, 2016		June 30, 2015	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
<i>Millat Tractors Limited</i> Nil (2015: 500) ordinary shares of Rs. 10 each fully paid	-	-	249,565	342,910
<i>National Bank of Pakistan</i> Nil (2015: 154,000) ordinary shares of Rs. 10 each fully paid	-	-	10,447,447	8,191,260
<i>Nishat Mills Limited</i> Nil (2015: 37,000) ordinary shares of Rs. 10 each fully paid	-	-	4,899,353	4,226,510
<i>Pakistan Petroleum Limited</i> Nil (2015: 71,700) ordinary shares of Rs. 10 each fully paid	-	-	14,298,868	11,777,442
<i>Pakistan Refinery Limited - LoR</i> Nil (2015: 150,000) ordinary shares of Rs. 10 each fully paid	-	-	7,002,501	9,139,500
<i>Pakistan Refinery Limited</i> 47,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	2,692,024	1,935,460	-	-
<i>Pakistan Telecommunications Limited</i> 240,000 (2015: 110,000) ordinary shares of Rs. 10 each fully paid	4,548,620	3,607,200	2,685,314	2,255,000
<i>Pakcem Limited</i> 175,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	3,672,273	3,090,500	-	-
<i>Pace Pakistan Limited</i> 165,000 (2015 Nil:) ordinary shares of Rs. 10 each fully paid	1,171,359	1,031,250	-	-
<i>Quice Food Limited</i> Nil (2015 5,600:) ordinary shares of Rs. 10 each fully paid	-	-	44,856	52,640
<i>Sui Northern Gas Pipelines Limited</i> 275,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	9,420,884	9,979,750	-	-
<i>Sui Southern Gas Company Limited</i> 110,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid -	4,715,173	3,028,300	-	-
<i>Shell Pakistan Limited</i> Nil (2015: 100,000) ordinary shares of Rs. 10 each fully paid	-	-	25,342,534	25,296,000
<i>Searle Pakistan Limited</i> 15,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid	8,286,081	8,042,250	-	-
<i>Sindh Modaraba</i> 203,500 (2015: 203,000) certificates of Rs. 10 each fully paid	1,422,465	793,650	2,030,000	1,418,970
<i>Summit Bank Limited</i> 250,000 (2015: 365,000) ordinary shares of Rs. 10 each fully paid	1,261,776	747,500	1,640,206	1,237,350

	June 30, 2016		June 30, 2015	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
<i>TRG Pakistan Limited</i>	4,610,212	3,858,250	-	-
115,000 (2015: Nil) ordinary shares of Rs. 10 each fully paid				
<i>TPL Trakker Limited</i>	4,447,942	3,142,500	4,692,540	4,758,000
250,000 (2015: 300,000) ordinary shares of Rs. 10 each fully paid				
	<u>75,890,602</u>	<u>65,552,886</u>	<u>146,359,829</u>	<u>138,702,582</u>
			2016	2015
	Note		(Rupees)	
15. TRADE DEBTS				
Considered good			1,049,275,509	640,895,534
Considered doubtful			<u>6,050,650</u>	<u>6,050,650</u>
			1,055,326,159	646,946,184
Less: Provision against doubtful debts	15.1	(6,050,650)	<u>(6,050,650)</u>	<u>(6,050,650)</u>
			<u>1,049,275,509</u>	<u>640,895,534</u>
15.1 (Reversal) of / provision against doubtful debts				
As at July 1			6,050,650	6,050,650
(Reversal) / charge for the year			-	-
As at June 30			<u>6,050,650</u>	<u>6,050,650</u>
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES				
Advances - considered good			1,422,570	2,765,015
Trade deposit	16.1	3,470,113	56,920,735	56,920,735
Prepayments		731,821	1,471,119	1,471,119
Mark-up receivable		-	8,063,342	8,063,342
Others		<u>4,478,893</u>	<u>6,188,921</u>	<u>6,188,921</u>
		<u>10,103,397</u>	<u>75,409,132</u>	<u>75,409,132</u>
16.1	This includes deposits with PSX against ready and future exposures and with PMEX for taking exposure in commodity market.			
17. CASH AND BANK BALANCES				
Cash in hand			2,236,851	558,850
At banks:				
- Current accounts		105,291,680	1,596,848	1,596,848
- Saving accounts	17.1	<u>6,943,636</u>	<u>107,763,590</u>	<u>107,763,590</u>
		<u>114,472,167</u>	<u>109,919,288</u>	<u>109,919,288</u>
17.1	The interest rates on saving accounts range from 3.75% to 6.00% per annum (2015: from 5% to 7%).			

	Note	2016	2015
		----- (Rupees) -----	
18. OPERATING REVENUE			
Brokerage commission		139,297,457	154,708,946
Inter-bank brokerage commission		13,332,379	26,187,462
Settlement charges		179,915,952	276,021,362
Underwriting commission		4,710,968	5,604,157
		<u>337,256,756</u>	<u>462,521,927</u>
19. ADMINISTRATIVE AND OPERATING EXPENSE			
Salaries, benefits and other allowances		43,270,989	35,458,973
Directors' remuneration		3,072,800	3,335,000
Insurance		772,528	655,310
Utilities		2,168,297	2,165,521
Printing and stationery		840,403	787,401
Entertainment		1,707,626	1,665,907
Communication		5,543,564	5,007,192
Vehicle running		2,989,136	2,730,836
Repairs and maintenance		2,283,450	2,602,028
Traveling and conveyance		4,316,380	1,267,983
Legal and professional charges		5,565,000	2,698,281
Fee and subscriptions		2,626,919	2,172,690
Auditors' remuneration	19.1	385,450	443,430
Rent, rates and taxes		5,004,283	4,268,421
Depreciation	9	4,834,417	4,137,225
Amortization	10	254,680	469,110
Transaction and settlement cost		14,430,919	19,605,202
Commission to traders		39,618,966	46,234,473
Bank charges		318,789	399,781
Unrealized loss on held-for-trading investments		10,337,718	7,657,247
Business promotion		4,902,100	2,153,878
Miscellaneous		5,711,322	2,622,957
		<u>160,955,736</u>	<u>148,538,846</u>
19.1 Auditors' remuneration			
Statutory audit fee		385,450	385,000
Sindh sales tax @ 8% (2015: 6%)		30,836	23,100
Out-of-pocket expenses		33,714	35,330
		<u>450,000</u>	<u>443,430</u>
20. FINANCE COST			
Markup on short term borrowings		185,133,845	268,382,394
Markup on long term borrowings		40,724,763	21,029,441
Mark-up on borrowing of securities		2,000,352	3,018,843
		<u>227,858,960</u>	<u>292,430,678</u>
21. OTHER INCOME			
<i>Income from financial assets</i>			
Return on short term investment		38,753,105	11,524,742
Return on margin financing & MTS		33,463,506	20,390,183
Dividend income		7,940,397	10,675,287
Return on cash margins with PSX & PMEX		1,398,096	4,190,577
Profit from profit and loss sharing account		701,708	517,487
		<u>82,256,812</u>	<u>47,298,276</u>
<i>Income from non-financial assets</i>			
Gain on disposal of fixed assets		2,750,796	221,209
Expenses recovered from customers		2,847,294	3,626,673
Miscellaneous		2,280,068	182,440
IPO commission		-	199,630
		<u>7,878,158</u>	<u>4,229,952</u>
		<u>90,134,970</u>	<u>51,528,228</u>

22. TAXATION

The Company has filed income tax return for the tax year 2015 (financial year ended June 30, 2015) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

23. EARNING PER SHARE - BASIC AND DILUTED

Profit after taxation for the year	<i>Rupees</i>	<u>34,037,703</u>	<u>65,969,473</u>
Weighted average number of ordinary shares	<i>Number of shares</i>	<u>14,413,600</u>	<u>14,413,600</u>
Earning per share - basic and diluted	<i>Rupees</i>	<u>2.36</u>	<u>4.58</u>

24. CASH AND CASH EQUIVALENTS

Cash and bank balances	17	<u>114,472,167</u>	<u>109,919,288</u>
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25. REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the Chief Executive and Directors of the Company are given below:

	2016		2015	
	Chief Executive	Director	Chief Executive	Director
	<i>(Rupees)</i>			
Managerial remuneration	<u>1,289,428</u>	<u>3,072,800</u>	<u>3,335,000</u>	<u>-</u>
	<i>Number</i>			
No. of person(s)	<u>1</u>	<u>4</u>	<u>1</u>	<u>4</u>

25.1 The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company's policy.

25.2 The total number of employees as at year end were 70 (2015: 73), whereas, average number of employees during the year were 69 (2015: 69).

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

26.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances 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 accordingly to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	Carrying amount	
		2016	2015
		(Rupees)	
Long term deposits	13	12,188,146	5,659,809
Receivable against Margin Financing Transactions	.	321,847,292	-
Trade debts	15	1,049,275,509	640,895,534
Advances, deposits and other receivables	16	9,371,576	73,938,013
Bank balances	17	112,235,316	109,360,438
		1,504,917,839	829,853,794

All balances are denominated in local currency.

Bank balances

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from A1+ to A assigned by reputable credit rating agencies.

Investment in units of Mutual Funds

The Company has investments in units of mutual fund having rating of 5-Star at reporting date.

26.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

	2016					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to two years	Two to five years
	Rupees					
Financial liabilities						
Term finance facility	368,000,000	368,000,000	-	-	368,000,000	-
Trade creditors, accrued and other liabilities	218,038,439	218,038,439	218,038,439	-	-	-
Accrued mark-up	38,804,339	38,804,339	38,804,339	-	-	-
Short term borrowings	2,161,845,078	2,161,845,078	639,293,739	1,522,551,339	-	-
	2,786,687,856	2,786,687,856	896,136,517	1,522,551,339	368,000,000	-
	2015					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to two years	Two to five years
	Rupees					
Financial Liabilities						
Term finance facility	425,000,000	425,000,000	-	-	425,000,000	-
Trade creditors, accrued and other liabilities	229,279,446	229,279,446	229,279,446	-	-	-
Accrued mark-up	42,964,321	42,964,321	42,964,321	-	-	-
Short term borrowings	2,802,649,523	2,802,649,523	967,692,105	1,834,957,418	-	-
	3,499,893,290	3,499,893,290	1,239,935,872	1,834,957,418	425,000,000	-

26.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

26.3.1 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. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Carrying amount	
	2016	2015
	(Rupees)	
Variable rate instruments		
- Bank balances in profit and loss sharing accounts	6,943,636	107,763,590

Sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss.

26.3.2 Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's investments in listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.

26.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at the year end was as follows:

	Rate		Carrying values	
	2016	2015	2016	2015
			----- (Rupees) -----	
Financial assets				
Receivable against margin financing transactions	10% to 13%	10% to 15%	321,847,292	286,089,865
Bank balances	4% to 6%	5% to 7%	6,943,636	107,763,590
			<u>328,790,928</u>	<u>393,853,455</u>
Financial liabilities				
Term finance facility	9% to 12%	12% to 13%	368,000,000	425,000,000
Short term borrowing	8% to 12%	9% to 12%	2,161,845,078	2,802,649,523
			<u>2,529,845,078</u>	<u>3,227,649,523</u>
Cumulative gap			<u>(2,201,054,150)</u>	<u>(2,833,796,068)</u>

26.4 Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company's activities.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

26.5 Fair value of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

27. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, 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 to reduce the cost of capital. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

28. SHARES OF CLIENTS APPEARING IN CDC HOUSE ACCOUNT

	30 June 2016		
	Shares appearing in CDC House A/c	Shares of the Company	Shares of the clients held by the Company
	No. of shares		
AKD Capital Limited	200,000	-	200,000
TRG Pakistan Limited	25,273,905	25,272,349	1,556
	25,473,905	25,272,349	201,556

	30 June 2015		
	Shares appearing in CDC House A/c	Shares of the Company	Shares of the clients held by the Company
	No. of shares		
AKD Capital Limited	200,000	-	200,000
TRG Pakistan Limited	33,370,611	33,369,055	1,556
	33,570,611	33,369,055	201,556

29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of chief executive, directors and executives are as follows:

Key management personnel

Remuneration to key management personnel is disclosed in note 25 to these financial statements.

30. OPERATING SEGMENTS

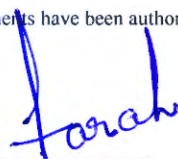
These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker.

There were no changes in the reportable segments during the year.

All non-current assets of the Company as at June 30, 2016 and June 30, 2015 are located in Pakistan.

31. GENERAL

These financial statements have been authorized for issue by the Board of Directors of the Company on September 24, 2016.


 Chief Executive


 Director