



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

AUDITED FINANCIAL STATEMENTS
OF
INTERMARKET SECURITIES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **INTERMARKET SECURITIES LIMITED** (herein after referred as '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.

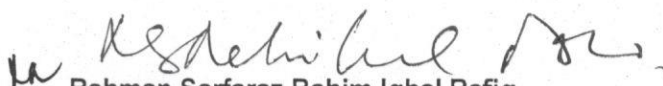
It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an 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 loss, 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, (XVII of 1980).

Karachi.
Date:

07 OCT 2016


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

INTERMARKET SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

AS AT JUNE 30, 2016		June 30, 2016	June 30, 2015 (Restated)	July 1, 2014 (Restated)
	Note	Rupees		
NON CURRENT ASSETS				
Property and equipment	4	40,689,561	30,217,041	7,193,093
Intangible assets	5	23,428,578	23,569,322	20,476,341
Investment-available for sale	6	10,530,250	10,530,250	10,530,250
Long term deposits	7	9,699,082	9,499,082	8,789,977
Long term investment	8	36,000,000	36,000,000	36,000,000
CURRENT ASSETS				
Short term Investment- at fair value through profit and loss	9	105,904,776	340,653,316	221,855,539
Short term Investment- at available for sale	10	226,148,312	310,060,525	-
Trade debts	11	663,585,272	224,810,631	277,577,602
Advances, deposits, prepayments and other receivables	12	74,340,900	23,540,031	30,658,558
Tax refund due from Government	13	36,093,907	6,637,105	969,185
Short term loan	14	51,000,000	64,000,000	64,000,000
Derivative .		533,400	819,085	-
Cash and bank balances	15	86,415,404	49,239,048	22,394,711
		1,244,021,971	1,019,759,741	617,455,595
		<u>1,364,369,442</u>	<u>1,129,575,436</u>	<u>700,445,256</u>
CAPITAL AND LIABILITIES				
Authorized Share Capital 100 million (2015:100 million))		1,000,000,000	1,000,000,000	1,000,000,000
Ordinary Shares of Rs 10 each				
Ordinary Share Capital	16	200,559,560	200,559,560	200,559,560
Unappropriated Profit		340,483,823	326,521,484	
Surplus/(Deficit) in Revaluation of Investment-net of deferred tax		83,647,416	157,070,578	96,425,335
		624,690,799	684,151,622	296,984,895
NON CURRENT LIABILITIES				
Directors' loan	17	23,779,557	21,746,280	19,886,859
Long term finance	18	10,818,429	3,943,356	-
Deferred taxation	19	16,370,111	61,451,252	4,657,337
CURRENT LIABILITIES				
Short term borrowings - secured	20	597,406,277	191,778,298	275,882,110
Trade and other payables	21	81,208,121	161,049,951	95,291,212
Current maturity of long term finance		2,754,836	793,908	
Accrued markup	22	7,341,312	4,660,769	7,742,843
		688,710,546	358,282,926	378,916,165
Contingencies and commitment	23		-	
		<u>1,364,369,442</u>	<u>1,129,575,436</u>	<u>700,445,256</u>

The annexed notes form an integral part from 1 to 36 of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

INTERMARKET SECURITIES LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

		2016	2015 (Restated)
	NOTE	Rupees	
Operating revenue	24	164,568,717	107,847,009
Gain on derivative	25	533,400	819,085
Capital gain on investment - net		128,612,759	61,190,267
(Loss)/ Gain on revaluation of investments	9	(94,447,658)	199,031,215
		<u>199,267,218</u>	<u>368,887,576</u>
OPERATING EXPENSES			
Administrative expenses	26	161,161,826	50,879,529
Finance costs	27	31,425,501 (192,587,327)	36,662,701 (87,542,230)
Other Income	28	960,001	-
Workers' Welfare Fund		(3,239,188)	(5,626,907)
Profit before taxation		<u>4,400,704</u>	<u>275,718,439</u>
Taxation	29	9,561,635	(45,622,290)
Profit for the year		<u><u>13,962,339</u></u>	<u><u>230,096,149</u></u>

The annexed notes form an integral part from 1 to 36 of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR

INTERMARKET SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015 (Restated)
Note	Rupees	
Profit after taxation	13,962,339	230,096,149
Surplus/deficit on revaluation of Investments -net of deferred tax	(73,423,162)	157,070,578
Total comprehensive (loss)/income for the year	<u>(59,460,823)</u>	<u>387,166,727</u>

The annexed notes form an integral part from 1 to 36 of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR

INTERMARKET SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

	2016	2015 (Restated)
	Rupees	
Profit before taxation	4,400,704	275,718,439
Adjustments for:		
Depreciation	9,969,595	2,818,073
Amortization	694,004	557,019
Loss / (gain) on revaluation of investments	94,447,658	(199,031,215)
Provision for WWF	3,239,188	5,626,907
Finance cost (excluding unwinding of director loan)	29,392,224	34,803,280
Gain on derivative	(533,400)	(819,085)
Unwinding of director loan	2,033,277	1,859,421
	139,242,546	(154,185,600)
	143,643,250	121,532,839

Changes in working capital items

(Increase) / Decrease in Current assets

Trade debts	(438,774,641)	52,766,971
Advances, deposits, prepayments and other receivables	(50,800,869)	10,745,899
Short term loan	13,000,000	-
	(476,575,510)	63,512,870

Increase / (Decrease) in Current liabilities

Trade and other payable	(79,841,830)	65,758,739
Operating Cash Flows	(556,417,340)	250,804,448

Finance cost paid	(26,711,681)	(37,885,354)
Tax paid	(34,185,721)	(16,934,910)
Net Cash used in operating activities	(617,314,742)	195,984,184

CASH FLOWS FROM INVESTING ACTIVITIES

Net sale / (purchase) of investments	257,555,428	(65,016,135)
Purchase of property and equipment net of finance lease	(6,623,310)	(19,224,459)
Long term deposit	(200,000)	(709,105)
Net cash generated from /(used in) investing activities	250,732,118	(84,949,699)

CASH FLOWS FROM FINANCING ACTIVITIES

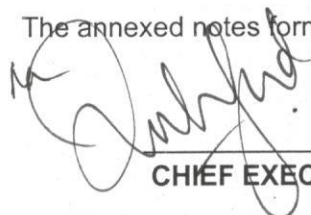
Repayment of long term finance	(1,868,999)	(86,336)
Net cash used in financing activities	(1,868,999)	(86,336)

Net cash flow during the year	(368,451,623)	110,948,149
Cash and cash equivalents at the beginning of the year	(142,539,250)	(253,487,399)
Cash and cash equivalents at the end of the year	(510,990,873)	(142,539,250)

Cash and cash equivalent at the end of the year comprises of the following:

Cash and bank balances	86,415,404	49,239,048
Short term borrowings	(597,406,277)	(191,778,298)
	(510,990,873)	(142,539,250)

The annexed notes form an integral part from 1 to 36 of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

INTERMARKET SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Unappropriated Profit	Surplus/(Deficit) in Revaluation of Investment- net of deferred tax	Total Equity
	Rupees			
Balance as at July 01, 2014 as previously reported	200,559,560	86,969,531	-	287,529,091
Effect of change in accounting policy due to amortisation of Director Loan (note 3.1.3)		9,455,804		9,455,804
Balance as at July 01, 2014 (Restated)	200,559,560	96,425,335	-	296,984,895
Profit after tax (restated)	-	230,096,149		230,096,149
Surplus/(Deficit) in Revaluation of Investment net of deferred tax (restated)			157,070,578	157,070,578
Balance as at June 30, 2015 (restated)	200,559,560	326,521,484	157,070,578	684,151,622
Profit after tax		13,962,339		13,962,339
Surplus/(Deficit) in Revaluation of Investment net of deferred tax (restated)			(73,423,162)	(73,423,162)
Balance as at June 30, 2016	200,559,560	340,483,823	83,647,416	624,690,799

The annexed notes form an integral part from 1 to 36 of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

INTERMARKET SECURITIES LIMITED
NOTES FORMING PART OF THE ACCOUNTS
AS AT JUNE 30, 2016

1. STATUS AND ACTIVITIES

Intermarket Securities Limited was incorporated under Companies ordinance, 1984 on 6th September 2002 as a private limited company. In the year 2010 the status of the Company changed to public unquoted Company. The Company is corporate member of Pakistan Stock Exchange Limited. The registered office of the company is Suite No. 309, Business & Finance Centre, I.I. Chundrigar Road, Karachi. The principal activity of the company is to carry on the business of share brokerage, underwriting, investment and portfolio management.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance, or the directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain short term investments which are stated at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting 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 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 recognised 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.

2.5 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR:

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

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Standards, amendments or interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

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 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 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 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 recognized 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:

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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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principle accounting policies are the same as those applied in the preparation of financial statements of the Company for the year ended June 30,2015 except as stated in June 30,2015.

3.1.1 Changes in accounting policy

ICAP issued TR 32 in 2016 to specify treatment of contractual director loan that is interest free in light of IAS 32 and 39. Technical Release requires interest free director loan payable at fixed date to be recognized at present value of future payments discounted at market return of similar debt instrument. Difference between cash received and present value on initial recognition to be recognized in equity and unwinding of loan in subsequent periods shall be routed through income statement.

Director loan amounting to Rs 34 million was received during financial year 2013 and company recorded at value of consideration received. Following the application of TR 32, company's policy is to account for director loan at amortised cost with difference between amortised cost and consideration received recognized net of deferred tax in equity and corresponding unwinding of director loan charged in profit and loss account.

3.1.2 Prior Period Error

In February 2015, company procured 3,263,795 shares of Al Shaheer Corporation during pre-Book Building phase. Shares were classified as held for trading and were recognized at strike price of Rs 95 determined at Book Building phase. Unrealized gain on ASCL shares amounting to Rs 179,508,725 was routed through profit and loss.

Regulation 5.4.5 of Listing of Companies and Securities states that shares held other than by sponsors and directors of the company shall not be saleable for a period of 1 year from the date of public subscription. Public subscription period expired in July, 2015. Hence, shares should have been irrevocably designated at AFS since fair value changes from instrument cannot be realized within twelve months next (June 30,2016) from the end of the reporting period in which the shares were purchased.

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Change in accounting policy and prior period error has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and corresponding figures have been restated. Due to these restatements, the restated Balance Sheet as at June 30, 2015 and July 1, 2014, as required under International Accounting Standard 1 "Presentation of Financial Statements" have also been included.

3.1.3 The company's financial statements affected are by the application of TR 32 and correction of prior period error. The reconciliation considering effects of change in accounting policy have been summarized below:

Particulars	Short term Investment at fair value	Short term Investment at AFS	Director Loan	Deferred Tax Liability	Equity
Balance as at July 1, 2014 as previously reported	221,855,539		34,000,000	-	287,529,091
Remeasurement of loan from redemption value to amortised cost	-	-	(15,813,572)	5,376,614	10,436,958
Unwinding of Director Loan in FY 2014	-	-	1,700,431	(719,277)	(981,154)
Balance as July 1, 2014 restated	221,855,539	-	19,886,859	4,657,337	296,984,895
Balance as at June 30, 2015 previously reported	650,713,841	-	34,000,000	57,530,062	672,191,720
Remeasurement of loan from redemption value to amortised cost-	-	-	(15,813,572)	5,376,614	10,436,958
Unwinding of Director Loan in FY 2014	-	-	1,700,431	(719,277)	(981,154)
Designating ASCL Investment at AFS	(310,060,525)	310,060,525	-	-	-
Unwinding of Director Loan in FY 2015	-	-	1,859,421	(736,147)	(1,123,274)
Balance as at June 30, 2015 restated	340,653,316	310,060,525	21,746,280	61,451,252	680,524,250

The change in accounting policy and correction of prior period has resulted in decrease in total comprehensive income by Rs 1,280,424 (2015: 1,123,274).

	2016 —Rupees—	2015
Impact on comprehensive income		
Profit and loss account		
Reversal of unrealized (gain)/loss on ASCL shares	83,912,213	(179,509,194)
Related reversal of Deferred tax expense	(10,489,027)	22,438,615
Unwinding of Director Loan	(2,033,277)	(1,859,421)
Related reversal of Deferred tax liability	752,853	736,147
	<u>72,142,762</u>	<u>(158,193,853)</u>
Other comprehensive income		
Unrealized gain/(loss) on ASL shares	(83,912,213)	179,509,194
Related deferred tax impact	10,489,027	(22,438,615)
	<u>(1,280,424)</u>	<u>(1,123,274)</u>
Increase/(decrease) in earnings per share	<u>3.60</u>	<u>(7.89)</u>

3.2 Property, plant and equipment

Owned

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

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

Disposal of an item of property and equipment is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset is written off over the estimated useful life at rates given in note 4. Depreciation on additions is charged from the date asset is available for use and ceases preceding the date of disposal.

3.3 Intangible assets

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Trading Rights Entitlement (TRE) Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

Computer software

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

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognised as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized over a period of four years using the straight line method.

Amortization is charged from the quarter in which the related asset is available for use while no amortization is charged for the quarter in which such asset is disposed off.

3.4 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

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3.5 Financial assets

3.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'trade deposits and other receivables' and 'cash and cash equivalents' in the balance sheet.

b) Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

e) Derivative

Derivative on Delivery Future Contract is measured at fair value and gain/(loss) recognized in profit/loss. Derivate is accounted in the books when initial investment is nil or much smaller than would be required for other types of contracts, value changes in response to change in underlying variable (stock price) and is settled at future date.

3.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income / expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of operating income when the Company's right to receive payments is established.

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Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

3.5.3 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 3.6.

3.6 Financial liabilities

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

3.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

3.8 Trade debts and other receivables

Trade debts and other receivables are recognised at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.9 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.11 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

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Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.13 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.14 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred

The Company accounts for the deferred taxation using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes except to extent that arises due to initial recognition of goodwill.

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

3.15 Provisions

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

3.16 Financial instruments

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

3.17 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

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3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognised on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognised as and when such services are provided.
- Income from bank deposits is recognised at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized 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 for the period in which they arise.
- Rental income from investment properties is recognised on accrual basis.

3.19 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred except where such costs are directly attributable to the acquisition or construction of qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

4 PROPERTY PLANT AND EQUIPMENT

Period	Furniture & Fixture	Office Equipment	Vehicle		Computer	Office Premises	Leasehold Improvement	Total
			Owned	Musharika				
Year Ended June 30, 2015								
Opening Net Book Value	165,373	1,291,909	268,808	-	261,283	5,205,720	-	7,193,093
Addition During Year	3,021,670	1,408,630	1,714,140	6,617,562	3,865,019	-	9,215,000	25,842,021
Depreciation for the year	(97,435)	(166,357)	(225,032)	(330,878)	(709,959)	(520,572)	(767,840)	(2,818,073)
Closing Net Book Value	3,089,608	2,534,182	1,757,916	6,286,684	3,416,343	4,685,148	8,447,160	30,217,041
As at June 30, 2015								
Cost	3,529,014	4,283,813	3,010,030	6,617,562	7,578,993	10,234,440	9,215,000	44,468,852
accumulated Depreciation	(439,406)	(1,749,631)	(1,252,114)	(330,878)	(4,162,650)	(5,549,292)	(767,840)	(14,251,811)
Net Book Value	3,089,608	2,534,182	1,757,916	6,286,684	3,416,343	4,685,148	8,447,160	30,217,041
Year ended June 30, 2016								
Opening Net Book Value	3,089,608	2,534,182	1,757,916	6,286,684	3,416,343	4,685,148	8,447,160	30,217,041
Addition During Year	1,254,838	457,600	203,500	13,818,805	2,047,373	-	2,660,000	20,442,116
Depreciation for the year	(400,314)	(280,431)	(374,258)	(3,271,708)	(1,550,145)	(468,515)	(3,624,225)	(9,969,596)
Closing Net book value	3,944,132	2,711,351	1,587,158	16,833,781	3,913,571	4,216,633	7,482,935	40,689,561
As at June 30, 2016								
Cost	4,783,852	4,741,413	3,213,530	20,436,367	9,626,366	10,234,440	11,875,000	64,910,968
accumulated Depreciation	(839,720)	(2,030,062)	(1,626,372)	(3,602,586)	(5,712,795)	(6,017,807)	(4,392,065)	(24,221,407)
Net Book Value	3,944,132	2,711,351	1,587,158	16,833,781	3,913,571	4,216,633	7,482,935	40,689,561
Rate	10%	10%	20%		30%	10%	33%	

- 4.1 Operating Assets including Motor Vehicle bought under diminishing musharika agreement from Dubai Islamic Bank. Pursuant to clause 6.1 of Purchase Undertaking Agreement, Motor Vehicle will unconditionally and irrevocably be purchased by the Company after the expiry of lease term and at the inception of the lease present value of the minimum lease payments amounts to substantially all of the fair value of leased vehicles.

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- 4.2 This represents expenditure incurred on the rental office at Bahria Building. The office space has been rented out for a period of 3 years to the Company. Expenditure amounting to Rs 2.66 million (2015:Rs 9.215 million) included Interior Finishing, piping works, flooring, electrical, data networking and illumination works. They have been capitalized since they meet recognition criteria of IAS 16..

		2016	2015
		Rupees	
5	INTANGIBLE ASSETS		
	Membership card right and privileges		
	- Dubai Gold Commodity Exchange Co. 5.1	10,333,996	10,333,996
	Trading Rights Entitlement (TRE) Certificate 6	3,894,750	3,894,750
	Offices at PSX	6,200,000	6,200,000
	Software 5.2	2,999,832	3,140,576
		<u>23,428,578</u>	<u>23,569,322</u>

5.1 Dubai Gold Commodity Exchange Co.(DGCX)

This represents the membership card purchased from the funds of the Company but its in the name of director. An agreement was reached between the Company and Director under which economic benefits originating from the asset would only be attributable and are under control of the Company.

		2016	2015
		Rupees	
5.2	Computer Software		
	Opening net book value	3,140,576	47,595
	Additions 5.3	553,260	3,650,000
	Amortisation charge	(694,004)	(557,019)
	Disposal		
	-cost	-	-
	-accumulated amortisation	-	-
	Closing Net Book Value	<u>2,999,832</u>	<u>3,140,576</u>
	Amortisation rate	20%	20%

- 5.3 Computer Software includes bookkeeping and house trading software. It is amortised over a period of 5 years.

		2016	2015
		Rupees	
6	INVESTMENT-AVAILABLE FOR SALE		
	Investment in shares of Pakistan Stock Exchange Limited	<u>10,530,250</u>	<u>10,530,250</u>

Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration Act 2012), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the Company has received shares of Pakistan Stock Exchange Limited and a Trading Right Entitlement Certificate (TRECs) in lieu of its membership card of PSX.

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According to the ACT, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto December 31, 2019, a Stock Exchange shall offer for issuance of 15 TRE Certificate each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate.

- 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 investor(s), general public and financial institutions.

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

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

The cost /book value of the PSX membership card amounts to Rs. 14.425 million as at June 30,2016. According to selected opinion issued by ICAP, that nature and value of the asset given up (membership card) is similar to the nature and value of the asset acquired (Shares and TREC). Therefore, exchange of assets will not result in any gain or loss. Further, it can be argued that derecognition of the membership card has not occurred because the rights of the cardholder were not lost at any point during the exchange. The Committee also referred to paragraph 45 of IAS 38, which interalia states that when the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up, and no gain or loss shall arise on the exchange.

During the year PSX, through a notice, instructed all TRE Certificate holders to maintain / comply with Base Minimum Capital (BMC) requirement under Regulations Governing Risk Management of PSX ("the Regulations") in the form calculated in the schedule - 1 to the above Regulations. Total BMC requirement determined by the Board of Directors of PSX in their meeting was Rs. 31.174 million for each individual TRE certificate holder. Accordingly, the Company has complied with the above requirement in the following manner:

- 1 Creating mortgage or charge over TRE Certificate amounting to Rs. 15 million being notional value assigned / decided by PSX..
- 2 Pledging / Lien marked over 40% shares (No. of shares: 1,602,953) of PSX amounting to Rs. 15.982 million.

7	LONG TERM DEPOSITS		2016	2015
			Rupees	
	Pakistan Stock Exchange Limited	7.1	550,000	350,000
	National Clearing Company of Pakistan Ltd.	7.2	300,000	300,000
	Central Depository Company of Pakistan		100,000	100,000
	Future trading deposits		500,000	500,000
	Advance for Plot & Offices	7.3	6,903,077	6,903,077
	Other deposits		661,900	661,900
	Rental Office Security Deposit	7.4	684,105	684,105
			<u>9,699,082</u>	<u>9,499,082</u>

- 7.1 Amount deposited as Basic deposit for exposure in Ready Market, Future DFC and Future trading in provisionally listed Company.

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- 7.2 Amount deposited as Basic deposit to National Clearing Company under Margin trading System.
- 7.3 This includes Advance paid for purchase of plot in Hawkes Bay. Plot was purchased for recreational activity of employees. Title of the property will be transferred to the Company after outstanding principle is paid. The entity will capitalize when it has paid the remainder of principle and is thus able to exercise legal enforceable right.
- 7.4 Security Deposit was paid in advance upon signing of lease agreement with Bahria Foundation for lease of office space as mentioned in note 4.2. The deposit was paid in advance upon signing of the lease agreement and will be payable to the Company 3 months after the vacation of the premises.

8	LONG TERM INVESTMENT	2016	2015
		Rupees	
	Investment in unquoted security at cost	<u>36,000,000</u>	<u>36,000,000</u>

Shares of National Asset Management Company (NAMCO) were acquired when the collateral relating to Short Term Loan amounting to Rs 36 million was realized in the form of shares of this NBFC. Shares were held in Director and not in Company's name in accordance to NBFC Rules 2003. An agreement exist between Director and the Company under which the proceeds from sale of Investment including gain/(loss) would be rendered back to Company. Shares are blocked but arrangement would be made for conversion into marketable lot and disposal in accordance to NBFC Rules 2003 as soon as economic condition of NBFC improves.

9	SHORT TERM INVESTMENTS	2016	2015 (Restated)
		Rupees	
	Investments - at fair value through profit and loss		
	9.1	<u>105,904,776</u>	<u>340,653,316</u>
9.1	Financial Assets at fair value through profit or loss-Held for trading		
	Investment in quoted equity securities	<u>105,904,776</u>	<u>340,653,316</u>
9.2	Gain/(loss) on remeasurement of Investment at fair value through profit/loss		
	Market Value of shares of Investment	105,904,776	340,653,316
	Less: Cost of shares investment	<u>110,077,697</u>	<u>219,121,076</u>
		<u>(4,172,921)</u>	<u>121,532,240</u>

Unrealized gain/(loss) on the remeasurement of Investment carried at fair value through profit or loss-held for trading

Cost of share of Investment	110,077,697	219,121,076
Un realized gain/(loss) at the beginning of the year	121,532,240	79,790,736
Cumulative unrealized (gain)/loss on disposal till preceding year transferred to Capital gain	(31,257,503)	(157,289,711)
Unrealized gain/(loss) on existing investment during the year	(94,447,658)	199,031,215
	<u>(4,172,921)</u>	<u>121,532,240</u>
	<u>105,904,776</u>	<u>340,653,316</u>

		2016	2015 (Restated)
		Rupees	
10	SHORT TERM INVESTMENT - Available for sale		
Investment in quoted securities	10.1	226,148,312	310,060,525
Market Value of shares of Investment		226,148,312	310,060,525
Less: Cost of shares investment		130,551,800	130,551,800
Surplus/deficit in revaluation of Investment		<u>95,596,512</u>	<u>179,508,725</u>
Cost of share of Investment		130,551,800	130,551,800
Un realized gain/(loss) at the beginning of the year end		179,509,194	-
Net Unrealized gain/(loss) during the year		<u>(83,912,682)</u>	<u>179,509,194</u>
		226,148,312	310,060,994

- 10.1 This represents 4.35million shares (2015: 3.264 million shares) in Al Shaheer Corporation Limited. Shares are saleable since August 2016 as restriction expires a year after the end of public subscription period

		2016	2015 (Restated)
		Rupees	
11	TRADE DEBTS		
Considered good		<u>663,585,272</u>	<u>224,810,631</u>
11.1 Trade debts not past due		522,574,465	200,291,587
Trade debts past due but not impaired	11.2	<u>141,010,807</u>	<u>24,519,044</u>
		<u>663,585,272</u>	<u>224,810,631</u>

- 11.2 Collateral against trade debts past due amounted to Rs 1.373 billion.(2015::692 million).

		2016	2015
		Rupees	
12	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Exposure Deposits=PSX	12.1	46,288,137	20,430,876
Workers' Welfare Fund Payable		(8,866,095)	(5,626,907)
Advance to staff		6,929,032	3,774,500
Advance against IPO		12,500,000	-
Receivable from financial advisory services		1,425,000	1,437,500
Others		359,085	359,085
Advance Rent	12.2	2,140,406	1,835,682
Lease deposits		1,149,470	1,329,295
Due from Associate		<u>12,415,865</u>	<u>-</u>
		<u>74,340,900</u>	<u>23,540,031</u>
12.1	Exposure Deposits- PSX		
Deposit against exposure in MTS		35,009,672	752,501
Deposit against loss in DFC		9,278,465	1,678,375
Deposit against exposure in DFC		<u>2,000,000</u>	<u>18,000,000</u>
		<u>46,288,137</u>	<u>20,430,876</u>

- 12.2 Six month rent till December 2016 paid in advance for leased office space at Bahria Building.

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12.3 Due from Associate

Intertechnologies (Private) Limited
Intermarket express (Private) limited

12.3.1

2016	2015
Rupees	
11,046,858	-
1,369,007	-
<u>12,415,865</u>	<u>-</u>

12.3.1 Director of the company controls the above start up entities and advance has been provided after obtaining special resolution. Advance is repayable in next financial year and markup is accrued @ 8.38%, average borrowing cost of the company.

13 TAX REFUNDS DUE FROM GOVERNMENT

Opening balance
Prior year tax
Provision for taxation

Advance Tax paid
Tax Refundable due

2016	2015
Rupees	
6,697,105	969,185
(61,097)	(273,940)
<u>(4,727,822)</u>	<u>(10,933,050)</u>
(4,788,919)	(11,206,990)
<u>34,185,721</u>	<u>16,934,910</u>
<u>36,093,907</u>	<u>6,697,105</u>

14 SHORT TERM LOAN

This represents balance amount due from an ex-client on account interest free loan amounting to Rs 100 million. Collaterals amounting to Rs 49 million were realized from cash margin and transfer of shares of National Asset Management Company Limited. Balance outstanding is secured against commercial plot in Peshawar. Management intends to realize balance due from proceeds of collateral held and the said property is held for sale at reporting date.

15 CASH AND BANK BALANCES

Cash at bank
- current account
- saving account

2016	2015
Rupees	
86,276,054	344,798
139,350	48,894,250
<u>86,415,404</u>	<u>49,239,048</u>

16 SHARE CAPITAL

Authorized share capital

100,000,000 (2015: 100,000,000) ordinary shares of Rs. 10 each.

Issued, subscribed and paid up capital

20,055,956 (2015: 20,055,956)
ordinary shares of Rs. 10/- each fully

<u>1,000,000,000</u>	<u>1,000,000,000</u>
<u>200,559,560</u>	<u>200,559,560</u>

17 DIRECTOR LOAN

Opening balance
Add: unwinding of amortisation
Less: Amount Paid
Closing Balance

2016	2015 (Restated)
Rupees	
21,746,280	19,886,859
2,033,277	1,859,421
-	-
<u>23,779,557</u>	<u>21,746,280</u>

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- 17.1 Interest free loan from Director obtained in FY 2013. Loan is amortised at effective interest rate of 9.35% as per recent pronouncement of ICAP.

17.2 Reconciliation of Director loan restated balance in 2015

	Rs
Director loan received in 2013	34,000,000
Remeasurement to amortised cost- charged to equity	(15,813,572)
Unwinding of amortisation in 2014	1,700,431
Unwinding of amortisation in 2015	1,859,421
Restated balance as at June 30, 2015	<u>21,746,280</u>

18 LONG TERM FINANCE

Liability against asset subject to Shairkat ul cum melk Ijarah Finance

Description	Markup Rate	Repayment Period	Detail of restrictions	2016	2015
				Rupees	
Financing under Ijarah facility	12 month KIBOR +1.75% per annum on outstanding Fixed Rent	Refer note 16.2, 16.3 & 16.4		13,573,265	4,737,264
Less: current maturity				(2,754,836)	(793,908)
Long term Loan as at June 30, 2016				<u>10,818,429</u>	<u>3,943,356</u>

18.1 Movement schedule of Principal

Opening Balance	4,737,264	-
Obtained during the year	10,705,000	4,823,600
Principle Repayment (Fixed Rentals) during the year	(1,868,999)	(86,336)
Outstanding Fixed Rentals (Principal)	13,573,265	4,737,264
Current maturity	(2,754,836)	(793,908)
	<u>10,818,429</u>	<u>3,943,356</u>

18.2 Reconciliation of Minimum Payments under Shairkat cum Melk Ijarah and their present value is given below:

	Present value of Shairkat ul Melk cum Ijarah finance repayment	Shairkat ul Melk cum Ijarah finance payment allocated to future period	Minimum Shairkat ul Melk cum Ijarah Payment
Not later than one year	2,754,836	95,000	2,849,836
Later than one year but not later than 5 year	10,818,429	5,366,031	16,184,460
Total	<u>13,573,265</u>	<u>5,461,031</u>	<u>19,034,296</u>

- 18.3 The company has leased twelve Motor Vehicles from Lesser Dubai Islamic Bank under which 80% of the Purchase price was borne by Lesser and the remainder borne by the Company. The Lesser would remain owner of 80% undivided share in asset until all fixed and variable rentals are paid and Lessee exercises its unconditional and irrevocable right of Purchasing the asset after the expiry of five Lease periods, each lease period consisting of 12 months. Lease period commences on the calendar day immediately following a Rental Payment Date and ending on the next Rental Payment date.
- 18.4 The principal and the finance cost is secured by personal guarantee of all directors along with personal net worth settlement, postdated cheques for 6 months, 20% of equity participation by customer and 80% ownership Title to Leased Vehicles.
- 18.5 The Lesser shall take out an insurance policy and will be entitled to Insurance proceeds in proportion to Fixed and Variable Rental outstanding at the date of occurrence of loss.
- 18.6 Rental payment are made each month consisting of outstanding Fixed and Variable Rent. Outstanding Fixed Rental represent original principle, i.e 80% of purchase cost of leased vehicles less aggregate of Principle repayment and Variable Rental is equal to 12 month KIBOR +1.75% calculated on Outstanding Fixed Rent on 360 days basis.

		2016	2015 (Restated)
		Rupees	
19	DEFERRED TAXATION		
	Deferred Tax balance arising on the following		
	Deferred tax liability arising in respect of		
	Accelerated tax depreciation	5,920,506	3,017,607
	Investment held for trading	-	34,852,803
	Investment at available for sale	11,949,564	22,438,615
	Amortisation of Director Loan	3,168,337	3,921,190
19.1	Derivative held for trading	165,354	-
	Deferred tax asset arising in respect of		
	Investment held for trading	(625,938)	-
	Long term finance	(3,353,713)	(1,261,874)
	Current maturity of long term finance	(853,999)	(254,051)
	Excess of Alternative Corporate tax carried forward	-	(1,263,038)
		<u>16,370,111</u>	<u>61,451,252</u>

- 19.1 The net change in restated deferred tax liability balance of last year amounts to Rs 3,921,190 resulting from amortisation of Director's loan only. Designating ASCL shares at available for sale did not had an impact on deferred tax liability of preceding FY. The net change has been recognized as under:

Director Loan Amortisation

Profit and Loss Account of 2015	736,147
Profit and loss Account of 2014	719,277
Directly charged to unappropriated profit/(loss) on account of Remeasurement of Director Loan to amortised cost	(5,376,614)
Related deferred tax Impact on equity as at June 30,2015	<u>(3,921,190)</u>

Designation of ASCL Investment at AFS

Profit and loss Account in 2015	22,438,615
Other Comprehensive Income in 2015	(22,438,615)
Related deferred tax impact on equity	<u>-</u>

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		2016	2015
		Rupees	
20	SHORT TERM BORROWINGS - SECURED		
	NIB Bank Ltd	20.1	194,502,740
	Summit Bank Ltd	20.2	264,304,312
	JS Bank Ltd	20.3	138,599,225
			<u>597,406,277</u>
			<u>191,778,298</u>

20.1 Running Finance facility obtained from NIB Bank amounting to Rs 200 million for meeting working capital requirements. Markup computed on basis of average KIBOR prevailing over last seven days plus 250 basis points with no floor. Facility provided against pledge of shares of companies with 30% to 40% margin listed on Stock Exchange and personal guarantee of directors.

20.2 Running Finance facility obtained from Summit Bank of Rs 500 million for meeting working capital requirements. Facility secured against pledge of readily marketable securities with minimum 30% margin and personal guarantee of directors. Markup is computed on basis of 3 month KIBOR + 200 bps payable on quarterly basis.

20.3 Running Finance facility obtained from JS Bank amounting to Rs 500 million. Markup computed on basis of 3 months KIBOR plus 200 basis points. Facility provided against token Mortgage of Rs 100,000, against Equitable Mortgage of properties of Director, pledge of shares with minimum 30% Margin and personal guarantee of directors.

		2016	2015
		Rupees	
21	TRADE AND OTHER PAYABLES		
	Creditors	62,469,398	154,637,185
	Other Liabilities	18,738,723	6,412,766
		<u>81,208,121</u>	<u>161,049,951</u>

22	ACCRUED MARKUP		
	Short term borrowings	7,317,862	4,655,106
	Shaikat cum Mulk Ijara	23,450	5,663
		<u>7,341,312</u>	<u>4,660,769</u>

23 CONTINGENCIES AND COMMITMENTS

No material contingencies and commitments are existing as at June 30, 2016.

24 OPERATING REVENUE

	Commission income	149,585,488	93,607,705
	Dividend income	7,714,694	5,739,304
	Underwriting & Financial Advisory Services	6,959,038	8,500,000
	IPO Commission	309,497	-
		<u>164,568,717</u>	<u>107,847,009</u>

24.1 Underwriting & financial advisory services includes underwriting unsubscribed portion of IPO, rights issue of a quoted Company, submission of research reports and consultancy services to clients.

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25 DERIVATIVE

Gain on Delivery Future Contracts (DFC) amounting to Rs 533,400 resulted from net unrealized gain as at June 30, 2016 in overall scrips quoted in PSX.

2016 2015
Rupees

26 ADMINISTRATIVE EXPENSES

Salaries, benefits and allowances		52,845,540	14,819,719
Dealer Expense		53,797,002	5,616,462
Director remuneration	26.1	6,468,000	4,453,000
PSX rent, electricity and service charges		813,960	1,307,805
CDC and NCCPL Charges.		5,551,297	4,543,250
Printing and stationery		894,470	331,042
Legal and Professional charges		6,750,561	3,807,961
Communication expenses		8,355,972	4,135,442
Audit Fees		400,000	400,000
Rent, rates and taxes		4,263,730	2,142,338
Entertainment expense		837,109	1,738,081
Utility expense		3,736,781	2,002,686
Repair and maintenance		511,842	1,262,784
Traveling and conveyance expenses		3,134,083	759,452
Postage and courier		111,384	68,336
Depreciation	4	9,969,595	2,818,073
Amortization	5.2	694,004	557,019
Vehicle maintenance expense		1,756,604	-
Miscellaneous expense		269,892	116,079
		<u>161,161,826</u>	<u>50,879,529</u>

26.1 Directors' Remuneration

Particulars	Chief Executive		Director		Total	
	2016	2015	2016	2015	2016	2015
	Rupees					
Basic salary	2,080,800	1,109,895	1,800,000	1,787,500	3,880,800	2,897,395
House allowance	416,160	300,124	660,000	687,500	1,076,160	987,624
Utility allowance	781,872	292,981	540,000	275,000	1,321,872	567,981
Medical Allowance	189,168	-	-	-	189,168	-
	<u>3,468,000</u>	<u>1,703,000</u>	<u>3,000,000</u>	<u>2,750,000</u>	<u>6,468,000</u>	<u>4,453,000</u>

26.2 Directors and executives are also entitled to company maintained cars.

27 FINANCE COST		2016	2015 (Restated)
		Rupees	
Mark up on short term borrowing & bank charges	27.1	28,404,930	34,743,539
Mark up on long term finance	27.2	987,294	59,741
Unwinding of Director loan		2,033,277	1,859,421
		<u>31,425,501</u>	<u>36,662,701</u>

27.1 This includes markup accrued on short term borrowings as specified in note 20

27.2 Markup on long term finance relates to variable rental charged by Lesser on outstanding principal(outstanding Fixed Rent) @ 12 month KIBOR +1.75%.

principal(outstanding Fixed Rent) @ 12 month KIBOR +1.75%.

28 OTHER INCOME

Interest income

2016	2015
Rupees	
28.1 960,001	-

28.1 Interest Income accrued on loan provided to associate

29 TAXATION

Current

- For the year
-Prior year tax

29.1

2016	2015 (Restated)
Rupees	
24,969,358	10,993,050
61,097	273,940
25,030,455	11,266,990
Deferred tax	
(32,671,738)	34,355,300
(1,920,352)	
(9,561,635)	45,622,290

Rate of 15 % has been applied on temporary difference existing on Investment at fair value through profit & loss for recording deferred tax (Capital gain tax as per section 37 A of IT Ordinance) where as 31%(rate for TY 2017) has been applied on other temporary differences.

29.1

Alternative Corporate tax
Corporate tax
Tax on Capital gain
Final tax on Dividend

2016	2015
Rupees	
-	2,792,232
4,727,822	-
19,291,488	7,626,888
950,048	573,930
24,969,358	10,993,050

29.2 Tax expense reconciliation with accounting profit is as follows:

Accounting profit before tax
Less: Capital gain on Investment in shares
Less: Dividend Income

2016	2015 (Restated)
Rupees	
4,400,704	275,718,439
(128,612,759)	(61,190,267)
(7,714,694)	(5,739,304)
(131,926,749)	208,788,868

Tax at domestic rate 32%(tax year 2015:33%)
Prior year tax
Temporary difference on which different rate is applied
Excessive Alternative Corporate tax carried forward
Capital gain tax as per section 37 A of ITO
Tax effect of expense that are not deductible for tax purpose
Final Tax on Dividend
Utilization of Alternative Corporate tax

(43,535,827)	68,900,326
61,097	273,940
(1,293,606)	(54,370,371)
-	1,263,038
19,291,488	7,626,820
13,702,127	21,354,607
950,048	573,930
1,263,038	-
(9,561,635)	45,622,290

30 Transaction with related Parties.

Outstanding Balances :

Director Loan-Azneem Bilwani
Advance to employees
Due from associates

23,779,557	21,746,280
6,929,032	3,774,500
30.1 12,415,865	-

30.1 The director of the company controls the associated entity and interest is accrued on loan at average borrowing cost of the company.

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31 FINANCIAL RISK MANAGEMENT

31.1 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.

a) 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:

i) 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.

ii) 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. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 332.05 million (2015: Rs. 650.7 million) at the reporting date. 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.

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sector of the market.

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Details of the industrial sector analysis of the short term investments are as follows:

	30-Jun-16 (Rupees)	%
Oil & Gas Marketing Companies	2,878,303	0.867%
Oil & Gas Exploration Companies	9,019,486	2.716%
Engineering	6,065	0.002%
Chemical	30,842,646	9.288%
Fertilizer	101,453	0.031%
Sugar & Allied Industries	357,000	0.108%
Transport	206,332	0.062%
Food & personal care Products	231,671,888	69.770%
Glass and Ceramics	234,272	0.071%
Textile Composite	467,851	0.141%
Synthetic and Rayon	849,899	0.256%
Power Generation & Distribution	223,125	0.067%
Paper & Board	81,262	0.024%
Commerical Bank	11,107,734	3.345%
Sugar & Allied Industries	54,358	0.016%
Cement	48,918	0.015%
Financial Service	3,534,275	1.064%
Non Life Insurance	1,937,427	0.583%
Automobile Server	1,004,196	0.302%
Construction and Material (Cement)	2,876,020	0.866%
Electricity	13,390	0.004%
Equity Investment Instruments	603,802	0.182%
Textile Spinning	1,309,046	0.394%
Personal Goods (Textile)	710,463	0.214%
Pharma and Bio Tech	2,179,366	0.656%
General Industrials	71,440	0.022%
Household Goods	3,039	0.001%
Oil and Gas	5,596,376	1.685%
Food Producers	90,522	0.027%
Muliutilities (Gas and Water)	4,345,497	1.309%
Miscellaneous	467,059	0.141%
Fixed and Telecommunication Line	279,644	0.084%
Support Servicers	18,880,934	5.686%
	332,053,088	100%

Sensitivity analysis

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	Rupees	332,053,088	10% increase	365,258,397	33,205,309	33,205,309
June 30, 2015	Rupees	650,713,841	10% increase	715,785,225	65,071,384	65,071,384

iii) **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. 0.14 million (2015: Rs.48.8 million) and Rs. 597.406 million (2015: Rs. 191.7 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.

	2016	2015	2016	2015
	Effective interest rate (%)		Carrying amounts (Rs.)	
Financial assets				
Bank deposits - <i>p/s account</i>	6% to 8%	6% to 10%	139,350	48,894,250
Financial liabilities				
Short term borrowings	8.5% to 10%	10% to 12%	597,406,277	191,778,298
Long term finance	8.5% to 10%	10% to 12%	10,818,429	3,943,356
Current maturity	8.5% to 10%	10% to 12%	2,754,836	793,908

Sensitivity analysis

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 55 bps during the year.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

b) **Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, possibility of default by investors, and or failure of the financial markets, depositors, settlements or clearing system etc.

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Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, proceed receivable 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 management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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. 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. The Company does not expect to incur material credit losses on its financial assets.

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

	2016	2015
	Rupees	
Long term deposits	9,699,082	8,789,977
Trade debts	663,585,272	277,577,602
Advances, Trade deposits and other receivables	83,206,995	29,166,938
Cash and bank balances	86,415,404	22,394,711
	<u>842,906,753</u>	<u>337,929,228</u>

Due to the company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

c) 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 had cash and bank balance of Rs 86.415 million (2015:Rs. 49.23 million) as disclosed in Note 15.

The Company had interest bearing liability of Rs 610.98 million (2015: 196.51million) outstanding at the reporting date.

31.2 Fair value estimate

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company are the current bid prices.

The carrying value less impairment provision (if any) of trade receivables and other receivables, and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

The classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company held the following financial instrument measurement at fair value :

June 30, 2016	Level 1	Level 2	Level 3	Total
	----- Amount in Rupees -----			
Financial assets				
-Held for trading Financial Assets	105,904,776	-	-	105,904,776
-Short term Investment designated at AFS	226,148,312	-	-	226,148,312
-Derivative	533,400	-	-	533,400
Long term Investment at cost	-	-	36,000,000	36,000,000
TOTAL	332,586,488	-	36,000,000	368,586,488

June 30, 2015	Level 1	Level 2	Level 3	Total
	----- Amount in Rupees -----			
Financial assets				
-Held for trading Financial Assets	340,653,316	-	-	340,653,316
-Short term Investment designated at AFS	310,060,525	-	-	310,060,525
-Derivative	819,085	-	-	819,085
Long term Investment at cost	-	-	36,000,000	36,000,000
TOTAL	651,532,926	-	36,000,000	687,532,926

31.3 Financial instruments by category

As at June 30, 2016

Financial assets as per balance sheet

	Cost	Available for Sale financial assets	Held for Trading financial assets	Loans and receivables	Cash and bank	Total
Long term deposits		-	-	9,699,082	-	9,699,082
Long term investments at cost	36,000,000	-	-	-	-	36,000,000
Long term Investment Available for sale		10,530,250	-	-	-	10,530,250
Short term Investment		226,148,312	105,904,776	-	-	332,053,088
Trade debts		-	-	663,585,272	-	663,585,272
Cash and bank balances		-	-	-	86,415,404	86,415,404
Derivative		-	533,400	-	-	533,400
	36,000,000	236,678,562	106,438,176	673,284,354	86,415,404	1,138,816,496

As at June 30, 2016

Financial liabilities as per balance sheet

Long term Finance, Current maturity, Trade creditors, accrued expenses and other liabilities

Director Loan

Short term Borrowings

Financial liabilities at amortized cost

102,122,698

23,779,557

597,406,277

723,308,532

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As at June 30, 2015
Financial assets as per balance sheet

Amounts in Rupees					
Cost	Available for Sale financial assets	Held for Trading financial assets	Loans and receivables	Cash and bank	Total
Long term deposits	-	-	9,499,082	-	9,499,082
Long term investments at cost	36,000,000	-	-	-	36,000,000
Long term investment at available for sale	10,530,250	-	-	-	10,530,250
Short term Investment	310,060,525	340,653,316	-	-	650,713,841
Derivative	-	819,085	-	-	819,085
Trade debts	-	-	277,577,602	-	277,577,602
Cash and bank balances	-	-	-	22,394,711	22,394,711
	36,000,000	320,590,775	287,076,684	22,394,711	1,007,534,571

As at June 30, 2015
Financial liabilities as per balance sheet

	Financial liabilities at amortized cost
Long term Finance, Trade creditors, accrued expenses and other liabilities	187,457,000
Director loan	21,746,280
Short term borrowings	191,778,298
	400,981,578

32 CAPITAL RISK MANAGEMENT

The Board's policy of capital risk management is to maintain a strong capital base, ratios and credit rating so as to maintain investor, 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 benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

33 CORRESPONDING FIGURES

The comparative figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the financial statements.

RECLASSIFICATION FROM COMPONENT	RECLASSIFICATION TO	Rs
Administration Expense	Administration Expense	
Salaries, wages and other benefits	Dealer Expense	5,616,462
Trade and Other Payables	Advance, deposit, prepayment and other receivable	
Workers' Welfare Fund Payable	Workers' Welfare Fund Payable	5,626,907

34 NUMBER OF EMPLOYEES

	2016	2015
Number of persons	58	46
Average Number of persons	52	23

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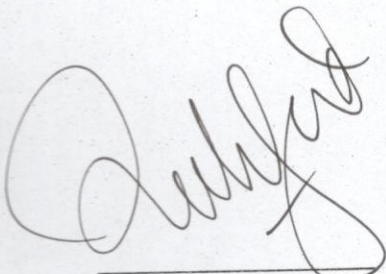
35 APPROVAL OF FINANCIAL STATEMENTS

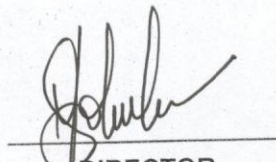
The financial statements were approved by the board of directors and authorized for issue on
07 OCT 2018

36 GENERAL

Figures have been rounded off to the nearest rupee and corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

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CHIEF EXECUTIVE


DIRECTOR