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SAZ CAPITAL SECURITIES (PRIVATE)  
LIMITED  
FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SAZ CAPITAL SECURTIES (PRIVATE) LIMITED** "the company" as at **June 30, 2016** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming parts thereof (here-in-after referred to as the "financial statements"), for the year then ended. We state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

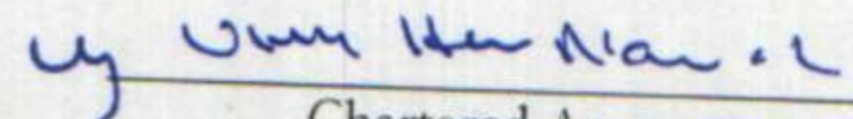
It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirement of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial 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 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 polices and significant estimates made by management, as well as, evaluating the overall presentation of the above 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

DATE: 03 OCT 2016  
KARACHI

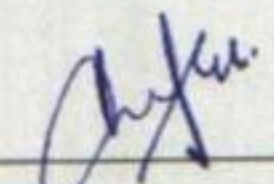
  
Chartered Accountants  
Imran Iqbal


SAZ CAPITAL SECURITIES (PRIVATE) LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2016

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	Note	2016 (Rupees)	2015 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital	4	92,500,000	92,500,000
Unappropriated profit		69,490,063	57,892,284
		161,990,063	150,392,284
<b>CURRENT LIABILITIES</b>			
Creditors	5	24,155,677	44,678,767
Accrued and Other Liabilities	6	287,800	100,000
		24,443,477	44,778,767
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<u>186,433,540</u>	<u>195,171,051</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	10,464,199	10,571,250
Intangible assets	9	15,250,000	15,317,670
Investment - available for sale	10	40,073,830	40,073,830
Long term investment	11	9,000,000	9,000,000
Long term deposits	12	1,366,500	1,266,500
		76,154,529	76,229,250
<b>CURRENT ASSETS</b>			
Short term investment -through profit and loss	13	5,093,425	72,600
Deferred tax	14	12,530,413	14,207,398
Tax refundable		5,575,700	3,192,406
Trade debts - unsecured considered good	15	33,180,379	37,668,103
Advances, deposits, prepayments & other receivables	16	8,035,499	5,729,153
Cash and bank balances	17	45,863,595	58,072,141
		110,279,011	118,941,801
		<u>186,433,540</u>	<u>195,171,051</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

  
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Chief Executive

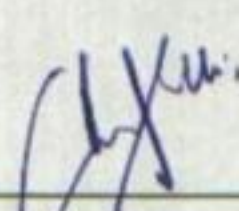
  
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Director

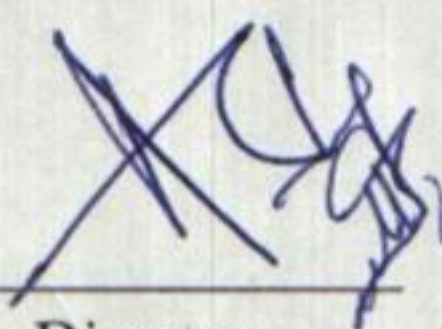
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**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

		June 30, 2016	June 30, 2015
	<i>Note</i>	(Rupees)	(Rupees)
Operating revenue	18	8,757,553	9,353,267
Realised capital (loss)/gain on investment		(97,622)	(20,735,702)
Bad debt expense		-	(49,617,388)
Gain/(loss) on revaluation on held for trading investment to fair value		210,425	-
Impairment loss on investment	11	-	(9,000,000)
Operating and administrative expenses	19	(10,293,902)	(11,283,000)
Other income	20	14,858,604	12,154,186
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		<b>13,435,058</b>	<b>(69,128,638)</b>
<b>Taxation - net</b>	21	(1,837,280)	13,769,564
<b>NET PROFIT/(LOSS) AFTER TAXATION</b>		<b>11,597,778</b>	<b>(55,359,074)</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

  
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 Chief Executive

  
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 Director


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**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	June 30, 2016	June 30, 2015
	(Rupees)	(Rupees)
Profit/(Loss) for the period	11,597,778	(55,359,074)
Other Comprehensive Income	-	-
<b>Total Comprehensive Profit/ (Loss)</b>	<u>11,597,778</u>	<u>(55,359,074)</u>

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The annexed notes from 1 to 26 form an integral part of these financial statements.

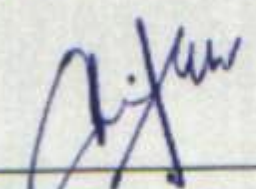
  
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Chief Executive

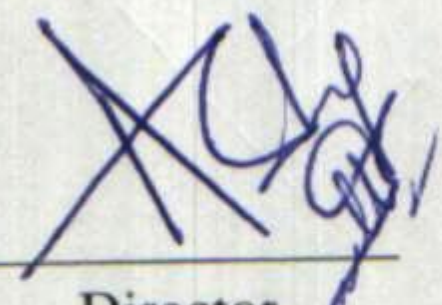
  
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Director

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016 (Rupees)	June 30, 2015 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	13,435,058	(69,128,638)
<i>Adjustment for non-cash items:</i>		
Depreciation	107,051	127,293
Gain on sale of fixed assets	(9,600,000)	-
Realised capital (loss) on investment	97,622	20,735,702
Bad debt expense		49,617,388
Impairment		9,000,000
Amortization	67,670	33,330
	(9,327,657)	79,513,713
Operating profit before working capital changes	4,107,401	10,385,075
<i>Changes in working capital</i>		
Decrease / (increase) in trade debts	4,487,724	(20,011,654)
Decrease / (Increase) in advances, deposits and prepayments	(2,306,346)	321,513
(Decrease) / increase in trade and other payable	(20,523,090)	(14,613,621)
(Decrease) / increase in accrued and other liabilities	187,800	(100,000)
	(18,153,912)	(34,403,762)
<i>Net cash (used in) from operations</i>	(14,046,511)	(24,018,687)
Income Tax Paid	(2,543,589)	(7,235,479)
<i>Net cash (used in) from operating activities</i>	(16,590,100)	(31,254,166)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net proceeds from short term investment	(5,118,447)	10,052,598
Long term deposits	(100,000)	-
Proceed form sale of asset	9,600,000	-
Acquisition of intangible asset	-	(101,000)
<i>Net cash generated from investing activities</i>	4,381,553	9,951,598
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash (outflow)/inflow from financing activities	-	-
<i>Net cash generated from financing activities</i>	-	-
<b>Net increase in cash and cash equivalent</b>	(12,208,547)	(21,302,568)
Cash and cash equivalent at beginning of the year	58,072,141	79,374,709
Cash and cash equivalent at end of the year	45,863,595	58,072,141

The annexed notes from 1 to 26 form an integral part of these financial statements.

  
Chief Executive

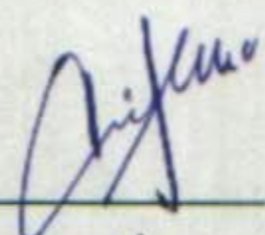
  
Director

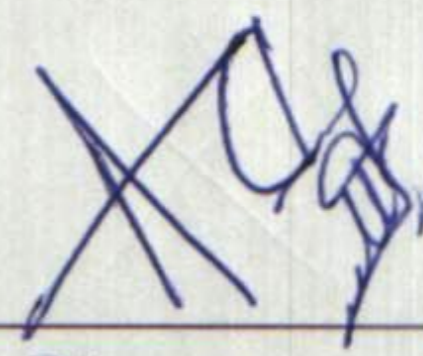
SAZ CAPITAL SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2016

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	Issued, subscribed and paid-up capital	Accumulated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2014	92,500,000	113,251,358	205,751,358
Profit for the year ended June 30, 2015	-	(55,359,074)	(55,359,074)
Balance as at June 30, 2015	<u>92,500,000</u>	<u>57,892,284</u>	<u>150,392,284</u>
Profit for the year ended June 30, 2016	-	11,597,778	11,597,778
Balance as at June 30, 2016	<u><u>92,500,000</u></u>	<u><u>69,490,063</u></u>	<u><u>161,990,063</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

  
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Chief Executive

  
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Director

**SAZ CAPITAL SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. COMPANY AND ITS OPERATIONS**

SAZ Capital Securities (Private) Limited was incorporated under Companies Ordinance, 1984, on June 20, 2001, as a private limited company. The company is a corporate member of Pakistan Stock Exchange (Guarantee) Limited. The principal business activity of the company is to carry on the business of shares, brokerage, underwriting, investment and portfolio management. The principle office is situated in Stock Exchange Building , Stock Exchange 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 of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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 the historical cost convention except mentioned in the relevent notes.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

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

**2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). It 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 and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about 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.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, 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.

**2.5 STANDARDS AMMENTMENTS AND INTERPRETATION ADOPTING DURING THE**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

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2.5.1 New and Amended Standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which become effective during the year:

IFRS 13 - Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52).

IAS 1 - Presentation of Financial Statements - Amendments resulting from the disclosure initiative.

IAS 16 - Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation & Amendments bringing bearer plants into the scope of IAS 16.

IAS 38- Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 STANDARDS, INTERPRETATION AND AMMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Description Effective for periods		Effective for periods beginning on or after
IFRS 11	Joint Agreements - Amendments relating to accounting	January 01, 2016
IAS 27	Separate Financial Statements - Amendments relating to	January 01, 2016
IAS 7	Statement of Cash Flows - Amendments relating to	January 01, 2017
IAS 12	Income Taxes - Amendments relating to recognition of	January 01, 2017
IFRS 2	Share-based Payment - Amendments relating to classification	January 01, 2018
IFRS 16	Leases	January 01, 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

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

Description Effective for periods		Effective for periods beginning on or after
IFRS 9	Financial Instruments	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2017

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

#### 3.1 TAXATION

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

##### 3.1.1 Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

##### 3.1.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

#### 3.2 PROPERTY & EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using straight line method over the asset's useful life at the rates stated Note no. 8. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate. Further, when the written down value of the asset falls below Rs. 10,000 the same is charged directly to the profit and loss account.

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**3.3 INTANGIBLE ASSETS**

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein , after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

**3.4 IMPAIRMENT**

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

The carrying amount of the Company's non-financial assets and investments carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in the profit and loss account.

**3.5 INVESTMENTS**

All investments are initially recognized at fair value, being the cost of the consideration given including transaction costs associated with the investment, except for those classified as fair value through profit or loss, in which case the transaction costs are charged to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.

The management determines appropriate classification of investment in accordance with the requirements of approved accounting standards as applicable in Pakistan.

**3.5.1 Held for Trading**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

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**3.5.2 Held to Maturity**

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to the maturity.

**3.5.3 Available for sale**

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At each balance sheet date, these investments are re-measured at fair value and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired at which time these are transferred to the profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Pakistan Stock Exchange. The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

**3.6 TRADE & OTHER RECEIVABLES**

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Trade debts and other receivable considered irrecoverable are written off.

**3.7 TRADE & OTHER PAYABLES**

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

**3.8 SHORT TERM BORROWING**

Mark-up bearing borrowings are recognized initially at fair value, less any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

**3.9 REVENUE RECOGNITION**

- Brokerage income is recognized as and when such services are rendered.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

**3.10 PROVISION**

Provision is recognized when, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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**3.11 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

**3.12 CASH & CASH EQUIVALENT**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balance, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change.

**3.13 RELATED PARTY TRANSACTIONS**

Transactions in relation to sales purchase and services with related parties are made at arms length price which is determined in accordance with the comparable uncontrolled price method. The related parties comprise of entities over which the Directors are able to exercise significant influence, entities with common Directors, major shareholders, Directors and Key Management Employees.

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4. SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

2016	2015	2016	2015
Number of Shares		(Rupees)	(Rupees)
15,000,000	15,000,000	150,000,000	150,000,000

ordinary shares of  
Rs. 10 each

ISSUED SUBSCRIBED AND PAID-UP

9,250,000	9,250,000	92,500,000	92,500,000
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ordinary shares of  
Rs. 10 each fully paid  
in cash

5. CREDITORS

Creditors	24,155,677	44,678,767
	<u>24,155,677</u>	<u>44,678,767</u>

6. ACCRUED AND OTHER LIABILITIES

Accrued expenses	287,800	100,000
	<u>287,800</u>	<u>100,000</u>

7. CONTINGENCIES AND COMMITMENTS

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The Company is contesting a demand of **PKR 5,187,385** for tax year 2010 to 2013, vide order issued on June 29, 2015 by DC inland revenue - FBR, raised against its non taxable or taxable services which after enactment of the Eighteenth Amendment of the Constitution, the Provincial Legislature now has the sole authority to impose a levy that has already been enacted through the Sindh Sales Tax Act, 2011. The Company has timely paid out its dues for the said tax year's with sales tax/ FED returns file with SRB/ FBR as per applicable law. The Company has filed constitution petition against the impugned order in the appropriate forums and stay has been granted by the Honourable High Court of Sindh against the impugned demand. The matter is pending for further adjudication. The Company's legal counsel is of the view that the Company has a strong favorable case based on merit. The Company has accordingly not made any provision of the said amount in these financial statements.

8. PROPERTY PLANT AND EQUIPMENT

Particulars	Cost			Rate	Depreciation			W.D.V. As at June 30, 2016
	As at July 01, 2015	Additions / (Deletions)	As at June 30, 2016		As at July 01, 2016	For the year	As at June 30, 2016	
Office Building	14,104,673	(1,404,673)	12,700,000		4,229,238	(1,404,673)	2,824,565	9,875,435
Furniture & Fixtures	600,000	-	600,000	15%	502,590	14,612	517,202	82,798
Office Equipments	33,000	-	33,000	15%	25,651	1,102	26,753	6,247
Computers	1,494,332	-	1,494,332	30%	1,476,476	5,357	1,481,833	12,499
Motor Vehicle	3,324,000	-	3,324,000	15%	2,750,800	85,980	2,836,780	487,220
<b>June 30, 2016 (Rupees)</b>	<b>19,556,005</b>	<b>(1,404,673)</b>	<b>18,151,332</b>		<b>8,984,755</b>	<b>(1,297,622)</b>	<b>7,687,133</b>	<b>10,464,199</b>

Particulars	Cost			Rate	Depreciation			W.D.V. As at June 30, 2015
	As at July 01, 2014	Additions / (Deletions)	As at June 30, 2015		As at July 01, 2014	For the year	As at June 30, 2015	
Office Building	14,104,673	-	14,104,673		4,229,238	-	4,229,238	9,875,435
Furniture & Fixtures	600,000	-	600,000	15%	485,400	17,190	502,590	97,410
Office Equipments	33,000	-	33,000	15%	24,354	1,297	25,651	7,349
Computers	1,494,332	-	1,494,332	30%	1,468,823	7,653	1,476,476	17,856
Motor Vehicle	3,324,000	-	3,324,000	15%	2,649,647	101,153	2,750,800	573,200
<b>June 30, 2015 (Rupees)</b>	<b>19,556,005</b>	<b>-</b>	<b>19,556,005</b>		<b>8,857,462</b>	<b>127,293</b>	<b>8,984,755</b>	<b>10,571,250</b>

		2016 (Rupees)	2015 (Rupees)
<b>9. INTANGIBLE ASSETS</b>			
Trading Right Entitlement Certificate PSX	10.1	15,000,000	15,000,000
Membership cards Rights - PMEX	9.1	250,000	250,000
Software	9.2	-	67,670
		<u>15,250,000</u>	<u>15,317,670</u>

9.1 This represents the cost of membership license of Pakistan Mercantile Exchange Limited having indefinite useful life.

<b>9.2 Software</b>			
Opening		67,670	-
Additions		-	101,000
Amortisation during the year @ 33%		(67,670)	(33,330)
Closing		-	67,670

**10. INVESTMENT - Available for Sale**

Shares of Pakistan Stock Exchange Ltd	10.1	<u>40,073,830</u>	<u>40,073,830</u>
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10.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;
- 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 deposited off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale.

The shares of PSX shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

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

**11. LONG TERM INVESTMENTS**

Investment in unlisted securities	11.1	9,000,000	18,000,000
Impairment loss		-	(9,000,000)
		<u>9,000,000</u>	<u>9,000,000</u>

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11.1 The company has an investment of Rs. 18 million (2014: 18 million) in shares of Platinum Capital Management (Private) Limited (PCMPL). PCMPL is incorporated in Pakistan as private limited company with a paid-up capital of Rs. 150 million as at 30 June 2015. The company owns 180,000 shares of Rs. 100 each (2014: 180,000 shares) representing 12% ownership. Break-up value per share of this investment is Rs. 44.28. This break-up value per share is based on audited financial statements of PCMPL for the period ended 30 June 2015. As the breakup value of investee company is significantly below its par value therefore the management has recorded impairment of Rs. 9,000,000.

	2016 <i>(Rupees)</i>	2015 <i>(Rupees)</i>
<b>12 LONG TERM DEPOSITS</b>		
Deposits - PSX	210,000	110,000
Deposits - PMEX (Membership)	750,000	750,000
Central Depository Company Of Pakistan	100,000	100,000
National Clearing Company Of Pakistan	200,000	200,000
Mobilink deposits	6,500	6,500
Pakistan Mercantile Exchange Limited	100,000	100,000
	<u>1,366,500</u>	<u>1,266,500</u>
<b>13. SHORT TERM INVESTMENT</b>		
At fair value through P&L		
Cost of Shares Investment	4,883,000	72,600
<b>Changes due to fair Market Value</b>		
Opening	210,425	-
During the Year	-	-
	<u>210,425</u>	<u>-</u>
	<u>5,093,425</u>	<u>72,600</u>
<b>14. DEFERRED TAX</b>		
Deferred tax asset comprises of deductible temporary differences in respect of the following:		
Deductible temporary differences		
- Unabsorbed tax losses	12,436,881	14,113,865
- Turnover tax paid	93,533	93,533
	<u>12,530,413</u>	<u>14,207,398</u>
<b>15. TRADE DEBTS - (unsecured considered good)</b>	<u>33,180,379</u>	<u>37,668,103</u>
<b>16. ADVANCES, DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Deposits-Pakistan Stock Exchange Ltd	5,035,499	5,000,000
Other Receivables	-	729,153
Advance for office	3,000,000	-
	<u>8,035,499</u>	<u>5,729,153</u>
<b>17. CASH AND BANK BALANCES</b>		
Cash at bank - In current accounts	15,000	10,000
- In pls & deposit accounts	45,848,595	58,062,141
	<u>45,863,595</u>	<u>58,072,141</u>

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18. OPERATING REVENUE

Brokerage commission  
 Commission on IPO  
 Return on cash margin on future contract

2016 (Rupees)	2015 (Rupees)
8,676,732	9,197,826
37,780	37,710
43,041	117,731
<u>8,757,553</u>	<u>9,353,267</u>

19. ADMINISTRATIVE EXPENSES

Salaries and allowances  
 Directors' remuneration  
 PSX rent, electricity and service charges  
 CDC charges  
 Printing and stationery  
 Fees and subscription  
 Legal and professional  
 Communication Expenses  
 Auditor's remuneration  
 Fuel, Water & Power  
 Entertainment and sales promotion  
 Insurance, Rent, Rates & Taxes  
 Repair & maintenance  
 Depreciation  
 Amortization  
 Others

19.1	5,148,263	5,145,388
	2,190,000	2,190,000
	1,317,179	1,693,880
	-	720,041
	-	19,650
	189,948	206,850
	213,840	389,735
	357,111	282,212
19.2	125,000	137,800
	52,104	85,184
	-	43,600
	171,689	50,750
	179,497	62,000
8	107,051	127,293
9.2	67,670	33,330
	174,550	95,286
	<u>10,293,902</u>	<u>11,283,000</u>

19.1 DIRECTORS' REMUNERATION

Chief Executive

Managerial remuneration  
 House Rent  
 Utilities  
 Total  
 No. of Persons

480,000	480,000
192,000	192,000
48,000	48,000
<u>720,000</u>	<u>720,000</u>
<u>one</u>	<u>one</u>

Directors

Managerial remuneration  
 House Rent  
 Utilities  
 Total  
 No. of Persons

980,000	980,000
392,000	392,000
98,000	98,000
<u>1,470,000</u>	<u>1,470,000</u>
<u>Two</u>	<u>Two</u>

19.2 AUDITORS REMUNERATION

System audit fee  
 Statutory audit fee

-	37,800
125,000	100,000
<u>125,000</u>	<u>137,800</u>

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	2016 <i>(Rupees)</i>	2015 <i>(Rupees)</i>
<b>20. OTHER INCOME</b>		
Dividend income	1,282,363	3,443,015
Gain on sale of fixed assets	9,600,000	-
Profit on bank deposit	3,684,209	8,711,171
Other	292,033	-
	<u>14,858,604</u>	<u>12,154,186</u>

**21. TAXATION**  
The Company has filed return for the tax year 2015. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Current	160,295	437,834
Deferred	1,676,985	(14,207,398)
Prior year	-	-
	<u>1,837,280</u>	<u>(13,769,564)</u>

<b>TAX RECONCILIATION</b>		
(Loss) / Profit before taxation	<u>13,435,058</u>	<u>(69,128,638)</u>
Tax at 32% / 33%	4,299,219	(22,790,453)
Income taxed at different tax rate	(3,290,822)	9,020,889
change in rate effect	828,883	-
	<u>1,837,280</u>	<u>(13,769,564)</u>

**22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**  
The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP) has regulated the company and management policies of both PSX and SECP have been adopted by the Company.

**22.1 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. Currently there are no creditors of the company.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	<u>Carrying amount</u>	
	2016	2015
Long term Investments - available for sale	40,073,830	40,073,830
Long term Investments - at cost	9,000,000	9,000,000
Long term deposits	1,366,500	1,266,500
Short term investment -through profit and loss	5,093,425	72,600
Trade debts - unsecured considered good	33,180,379	37,668,103
Advances, deposits, prepayments & other receivables	8,035,499	5,729,153
Cash and bank balances	45,863,595	58,072,141
	<u>142,613,228</u>	<u>151,882,327</u>

## 22.2 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. Company finances its operations through equity only.

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

		2016		
		Contractual cash	Up to one year	
<b>Financial Liabilities</b>	<b>Carrying amount</b>			
Creditors	24,155,677	24,155,677	24,155,677	-
Accrued and Other	287,800	287,800	287,800	-

		2015		
		Contractual cash	Up to one year	
<b>Financial Liabilities</b>	<b>Carrying amount</b>			
Creditors	44,678,767	44,678,767	44,678,767	-
Accrued and other liabilities	100,000	100,000	100,000	-

The financial assets are greater than financial liabilities and there is no maturity gap.

## 22.3 MARKET RISK

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

### a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices of assets. The company have equity investment in shares of PSX and Platinum Capital (Private) Limited that have no active market.

### b) Interest rate risk

The company is not exposed to interest rate risk as the liability is subject to fixed interest rate.

### c) Other market risk

Management believes that unless more sophisticated and comprehensive disclosure is given for each type of market risk to which the Company is exposed at the balance sheet date, the above mentioned disclosure absence of availability of a large economic data with high accuracy and the present effects of unprecedented country's political situation on economics, might remain unrepresentative to the financial statements readers for the risk inherent in the financial instruments.

## 22.4 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 arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

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

23. 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.

24. RELATED PARTY TRANSACTIONS

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the Company and key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel. Remuneration and benefits to Executives of the Company are in accordance with the terms of employment. Transactions with other related parties are entered at rates negotiated with them.

Details of transactions with related parties are as follows:

	2016	2015
Remuneration of Chief Executive	720,000	720,000
Remuneration of Directors	1,470,000	1,470,000

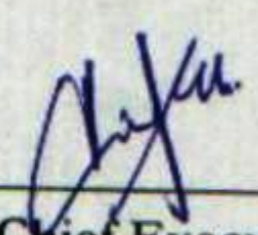
25. DATE OF AUTHORIZATION

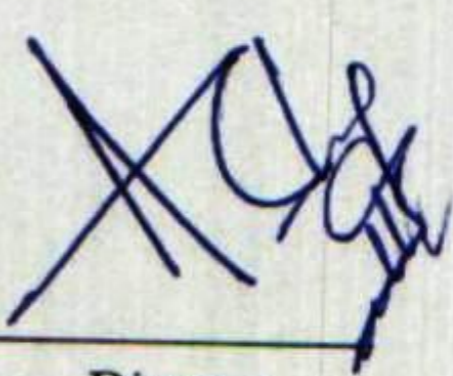
These financial statements have been authorized for issue on 03 OCT 2016 by the Board of Directors of the company.

26. GENERAL

- Figures have been rounded off to the nearest Rupee and corresponding figures have been re-arranged, where necessary, for the purpose of comparison.
- The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

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\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director