

**FIKREE'S
(SMC-PRIVATE) LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

FIKREE'S (SMC-PRIVATE) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FIKREE'S (SMC-PRIVATE) LIMITED** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

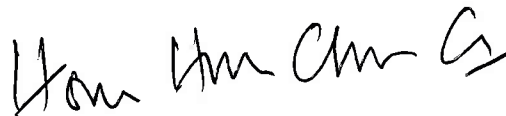
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We 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 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 account and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Financial statements of the Company for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements on October 5, 2015.



Lahore

Dated: 12 OCT 2016

HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

(Engagement partner: Amin Ali)

FIKREE'S (SMC-PRIVATE) LIMITED

BALANCE SHEET AS AT JUNE 30, 2016

		2016	2015
	Note	Rupees	Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	4	799,675	861,028
Intangible asset - TRE certificate	5	5,000	5,000
Long term investment	6	20,000	20,000
		824,675	886,028
Current Assets			
Trade debts		125,118	3,162,188
Advance, deposits, prepayments and other receivables	7	5,738,748	7,537,688
Short term investments	8	280,605,222	172,368,118
Cash and bank balances	9	27,601	35,799
		286,496,689	183,103,793
Total Assets		287,321,364	183,989,821
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 20,000,000 (2015: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up share capital	10	20,001,000	20,001,000
Accumulated profit		23,374,742	10,490,901
Surplus on revaluation of investments		118,043,297	68,588,590
		161,419,039	99,080,491
Advance against share capital		4,843,410	4,843,410
Non Current Liabilities			
Deferred tax liability	11	17,253,681	4,710,441
Current Liabilities			
Trade and other payables	12	614,440	468,959
Accrued markup		681,990	-
Short term running finance	13	97,443,428	72,643,575
Provision for taxation		5,065,376	2,242,945
		103,805,234	75,355,479
Contingencies and Commitments			
	14	-	-
Total Equity and Liabilities		287,321,364	183,989,821

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

DIRECTOR

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FIKREE'S (SMC-PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Revenue			
Brokerage / commission		1,276,631	656,635
Gain on sale of investment		30,397,999	9,949,211
		31,674,630	10,605,846
Expenses			
Administrative expenses	15	(4,040,537)	(2,298,524)
Other operating expenses	16	(9,368,633)	(250,000)
Finance cost		(6,671,041)	(2,763,387)
Workers' welfare fund		(343,611)	(191,004)
		(20,423,822)	(5,502,915)
Operating Profit		11,250,808	5,102,931
Other income	17	5,586,138	4,256,249
Profit before Taxation		16,836,946	9,359,180
Taxation	18	(3,953,105)	(2,232,191)
Net Profit for the Year		12,883,841	7,126,989
Earning per Share - Basic and Dilutive	19	6.44	3.56

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

DIRECTOR

Sanjay Khare

FIKREE'S (SMC-PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	Rupees	Rupees
Profit for the Year	12,883,841	7,126,989
<i>Other comprehensive income</i>		
<i>Items that may be re-classified subsequently to the profit or loss</i>		
Surplus on revaluation of available for sale securities	62,016,628	1,212,874
Less: Related deferred tax (expense) / income	(12,561,921)	2,689,693
<i>Items that will not be re-classified subsequently to the profit or loss</i>	-	-
Other comprehensive income for the year	49,454,707	3,902,567
Total Comprehensive Income for the Year	<u>62,338,548</u>	<u>11,029,556</u>

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

DIRECTOR



FIKREE'S (SMC-PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,836,946	9,359,180
Adjustments:		
- Depreciation	150,033	164,678
- Finance cost	6,671,041	2,763,387
- Balances written off	9,118,633	-
- Dividend income	(5,586,138)	(4,237,782)
	<u>10,353,569</u>	<u>(1,309,717)</u>
Operating profit before working capital changes	27,190,515	8,049,463
Decrease / (increase) in current assets:		
- Trade debts	(6,081,563)	7,413,447
- Advance, deposits, prepayments and other receivables	5,738,382	256,729
- Short term investments	(46,220,476)	(40,954,472)
Increase in current liabilities:		
- Trade and other payables	145,481	(70,661)
	<u>(46,418,176)</u>	<u>(33,354,957)</u>
Cash Used in Operations	(19,227,661)	(25,305,494)
Finance cost paid	(5,989,051)	(2,763,387)
Income tax paid	(5,088,797)	(281,874)
Net Cash Used in Operating Activities	(30,305,509)	(28,350,755)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(88,680)	(152,530)
Dividend received	5,586,138	4,237,782
Net Cash Generated from Investing Activities	5,497,458	4,085,252
CASH FLOW FROM FINANCING ACTIVITIES		
Short term running finance	24,799,853	24,110,921
Net Cash Generated from Financing Activities	24,799,853	24,110,921
Net Decrease in Cash and Cash Equivalents	(8,198)	(154,582)
Cash and cash equivalents at the beginning of the year	35,799	190,381
Cash and Cash Equivalents at the End of the Year	<u>27,601</u>	<u>35,799</u>

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

DIRECTOR

(Signature)

FIKREE'S (SMC-PRIVATE) LIMITED

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

Particulars	Share Capital	Accumulated profits	Surplus on revaluation of investments	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2014	20,001,000	3,363,912	64,686,023	88,050,935
Net profit for the year	-	7,126,989	-	7,126,989
Other comprehensive income for the year	-	-	3,902,567	3,902,567
Total comprehensive income for the year	-	7,126,989	3,902,567	11,029,556
Balance as at June 30, 2015	20,001,000	10,490,901	68,588,590	99,080,491
Net profit for the year	-	12,883,841	-	12,883,841
Other comprehensive income for the year	-	-	49,454,707	49,454,707
Total comprehensive income for the year	-	12,883,841	49,454,707	62,338,548
Balance as at June 30, 2016	20,001,000	23,374,742	118,043,297	161,419,039

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

DIRECTOR



FIKREE'S (SMC-PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Note 1

The Company and its Operations

The Company was incorporated under the Companies Ordinance, 1984 on April 26, 2013 as a (SMC - Private) limited company. The company is a corporate member of Karachi Stock Exchange Limited. The address of registered office is 639-Karachi Stock Exchange Limited, Karachi. The principle activities include trading and brokerage for equities, underwriting of public issues, etc.

Note 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 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 short term investments stated at fair values.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life of property and equipment and provisions for doubtful receivables. However, the management believes that these changes in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Amendments to IFRS 13 'Fair Value Measurement' that aim to improve consistency and reduce complexity by providing a precise definition of fair value. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of this standard is not likely to have an impact on the Company's financial statements.

2.5.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Note 2, Basis of Preparation - Continued...

2.5.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

2.5.4 Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective

There were no new standards or amendments to existing standards and interpretations that are neither relevant nor yet effective.

Note 3

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless stated otherwise.

3.1 Property, plant and equipment

Owned

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses. Depreciation on fixed assets is charged to income by applying reducing balance method at the rates specified in the relevant note.

The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Depreciation method, residual value and useful lives of assets are reviewed at least at each balance sheet date and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment, if any, are included in the current year's income.

3.2 Intangible asset

The accounting treatment for the exchange of membership cards with TRECs and shares of stock exchanges has been determined on the basis of the guidance provided by the Institute of Chartered Accountants of Pakistan (ICAP) on queries raised by certain members of stock exchanges.

3.3 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.4 Revenue recognition

- Capital gains and losses on sale of marketable securities are recorded on the date of sale.
- Dividend income is recorded when right to receive dividend is established.
- Consultancy and advisory fee, Commission from rendering of services to stock exchanges are recognized as and when such services are provided.
- Profit on bank deposits is recognized on an accrual basis.

3.5 Taxation

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

Note 3, Significant Accounting Policies - Continued...

Note 3.5, Taxation - Continued...

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Law.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amount of the deferred tax asset is reviewed at each balance sheet date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

3.6 Trade debts

All outstanding receivables are reviewed at the balance sheet date. The Company recognizes and carries these receivables at original invoice amount less an allowance for uncollectible amount, if any. Bad debts are written off as incurred and provision is made against debts considered doubtful when the collection of the full amount is no longer probable.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at banks in current and saving accounts.

3.8 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.9 Borrowing cost

Borrowing cost are recognized as expenses in the period in which these are incurred.

3.10 Related party transactions

Transaction with related parties are executed on arm's length basis. These prices are determined in accordance with the admissible pricing methods. However, loan from directors are unsecured and interest free.

3.11 Financial instruments

3.11.1 Financial assets

The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition. The Company classifies its financial assets in the following categories:

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. Investments in this category are classified as current assets.

Note 3, Significant Accounting Policies - Continued...

Note 3.11.1, Financial assets - Continued...

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, deposits and other receivables in the balance sheet.

Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, management has the intention and ability to hold till maturity are carried at amortized cost.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the management intends to dispose off the investments within twelve months from the balance sheet date, in which case these financial assets are classified as short term investments in the balance sheet.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains / losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

Measurement criteria

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized 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 recognized at fair value and their transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using the effective interest rate method.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

3.11.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in respective carrying amounts is recognized in the profit and loss account.

Note 3, Significant Accounting Policies - Continued...

3.11.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

3.13 Dividend

Dividends are recognized as a liability in the period in which these are declared.

Note 4

Property, Plant and Equipment

	Note	2016 Rupees	2015 Rupees
Operating fixed assets	4.1	799,675	861,028

4.1 Operating fixed assets

Year Ended June 30, 2016

Description	Furniture and fixture Rupees	Office equipment Rupees	Computer equipment Rupees	Vehicles Rupees	Total Rupees
Owned assets					
<i>Cost</i>					
Balance as at July 01, 2015	237,040	43,975	108,496	835,730	1,225,241
Additions	-	88,680	-	-	88,680
Balance as at June 30, 2016	237,040	132,655	108,496	835,730	1,313,921
<i>Accumulated depreciation</i>					
Balance as at July 01, 2015	59,256	12,435	57,991	234,531	364,213
Charge for the year	26,668	18,033	15,152	90,180	150,033
Balance as at June 30, 2016	85,924	30,468	73,143	324,711	514,246
Total as at June 30, 2016	151,116	102,187	35,353	511,019	799,675

Year Ended June 30, 2015

Owned assets					
<i>Cost</i>					
Balance as at July 01, 2014	170,240	43,975	108,496	750,000	1,072,711
Additions	66,800	-	-	85,730	152,530
Balance as at June 30, 2015	237,040	43,975	108,496	835,730	1,225,241
<i>Accumulated depreciation</i>					
Balance as at July 01, 2014	27,882	6,869	36,346	128,437	199,534
Charge for the year	31,374	5,566	21,645	106,094	164,679
Balance as at June 30, 2015	59,256	12,435	57,991	234,531	364,213
Total as at June 30, 2015	177,784	31,540	50,505	601,199	861,028
Depreciation rates	15%	15%	30%	15%	

Note 5

Intangible Asset - TRE Certificate

These represent Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of KSE after completion of the demutualization process. The TREC has been recorded at Rs. 5,000. For details refer to note 6.1

Note 6

Long Term Investment

	Note	2016 Rupees	2015 Rupees
Available for sale-unquoted			
Karachi Stock Exchange Limited	6.1	<u>20,000</u>	<u>20,000</u>

6.1 Pursuant to the promulgation of the stock exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act) the ownership in a stock exchange has been segregated from the right to trade on the exchange due to which the membership cards of the Karachi Stock Exchange (KSE) have now been replaced with (a) shares in the exchange and (b) Trading Rights Entitlement Certificate (TREC).

Based on the technical guide dated May 29, 2013 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the Company had allocated its carrying value of the membership card in the ratio of 80% to shares and 20% to TREC. Consequently, the long term investments have been recognized at Rs. 20,000 and TREC at Rs. 5,000.

Note 7

Advance, Deposits, Prepayments and Other Receivables

	2016 Rupees	2015 Rupees
NCCPL and PSX deposits	100,000	-
Exposure deposits with Pakistan Stock Exchange	254,351	6,092,733
Income tax deducted at source	5,288,411	1,348,969
Other receivable	95,986	95,986
	<u>5,738,748</u>	<u>7,537,688</u>

Note 8

Short term investments

	2016 Rupees	2015 Rupees
Investment in listed companies - Available for sale	<u>280,605,222</u>	<u>172,368,118</u>

Note 9

Cash and Bank Balances

	2016 Rupees	2015 Rupees
Cash at bank - current account	<u>27,601</u>	<u>35,799</u>

Note 10

Issued, Subscribed and Paid up Capital

	2016 Rupees	2015 Rupees
Issued, subscribed and paid up capital 2,000,100 (2015: 2,000,100) ordinary shares of Rs. 10 each	<u>20,001,000</u>	<u>20,001,000</u>

Note 11

Deferred Tax Liability

	2016	2015
	Rupees	Rupees
Taxable temporary differences		
- Property plant and equipment	1,942	20,623
- Surplus on revaluation of investments	17,251,739	4,689,818
	<u>17,253,681</u>	<u>4,710,441</u>

Note 12

Trade and Other Payables

	2016	2015
	Rupees	Rupees
Trade payables	20,829	27,955
Accrued expenses	250,000	250,000
WWF payable	343,611	191,004
	<u>614,440</u>	<u>468,959</u>

Note 13

Short Term Running Finance - Secured

The company has obtained running finance facilities under mark-up arrangement of Rs. 100 million (2015: 100 million) from Habib Metropolitan Bank Limited having mark-up of 3 months KIBOR+ 3% (2015: 3 months KIBOR+3%) that is secured against pledge of shares and personal guarantee of director.

Note 14

Contingencies and Commitments

There were no material contingencies and commitments outstanding as at the balance sheet date (2015: Nil).

Note 15

Administrative and Operating Expenses

	2016	2015
	Rupees	Rupees
Salaries, allowance and other benefits	1,183,500	797,500
Rent, rates and taxes	32,000	319,073
Repairs and maintenance	47,200	94,800
Legal and professional charges	227,891	291,351
Printing and stationery	29,836	29,950
Travelling and conveyance	149,340	126,250
Utilities	222,593	209,160
Fees and subscription	14,688	42,581
Entertainment	81,311	51,159
Postage and courier expense	3,175	3,440
Depreciation	150,033	164,679
CDC charges	186,951	46,026
Clearing house charges	59,456	87,970
Others	1,652,563	34,585
	<u>4,040,537</u>	<u>2,298,524</u>

Note 16

Other Operating Expenses

	2016	2015
	Rupees	Rupees
Balances written off	9,118,633	-
Auditors' remuneration	250,000	250,000
	<u>9,368,633</u>	<u>250,000</u>

Note 17

Other Income

	2016	2015
	Rupees	Rupees
Commission on issue of new shares	-	18,467
Dividend income	5,586,138	4,237,782
	<u>5,586,138</u>	<u>4,256,249</u>

Note 18

Taxation

	2016	2015
	Rupees	Rupees
Current tax:		
- Current year	5,065,376	2,242,945
- Adjustment for prior years	(1,093,590)	(16,834)
	3,971,786	2,226,111
Deferred tax	(18,681)	6,080
	<u>3,953,105</u>	<u>2,232,191</u>

18.1 Reconciliation of tax charge for the year

Profit before taxation	16,836,946	9,359,180
Tax @ 32% (2015: 33%) on profit before taxation	5,387,823	3,088,530
Tax effect of capital gain under separate block of income	(341,128)	(839,505)
Effect of change in prior years' tax	(1,093,590)	(16,834)
	<u>3,953,105</u>	<u>2,232,191</u>

Note 19

Earning per Share - Basic and Dilutive

		2016	2015
Profit for the year	Rupees	12,883,841	7,126,989
Weighted average number of ordinary shares outstanding during the year	Numbers	2,000,100	2,000,100
Profit per share - basic	Rupees	<u>6.44</u>	<u>3.56</u>

Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 20

Chief Executive's and Director's Remuneration

No remuneration, allowances, benefits, meeting fee etc. were paid to chief executive and directors of the Company.

Note 21

Financial Risk Management

21.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

Note 21, Financial Risk Management - Continued...

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As there are no foreign receivables / payables of the Company, it is not exposed to currency risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to price risk.

Fair value hierarchy

Financial instruments carried at available for sale

- Level 1 Quoted market prices
- Level 2 Valuation techniques (market observable)
- Level 3 Valuation techniques (non market observable)

The Company held following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees
As at June 30, 2016				
<i>Financial assets - Available for sale investments</i>				
Karachi Stock Exchange Limited	20,000	-	-	20,000
Investment in listed companies	280,605,222	280,605,222	-	-
	<u>280,625,222</u>	<u>280,605,222</u>	-	<u>20,000</u>

As at June 30, 2015

Financial assets - Available for sale investments

Karachi Stock Exchange Limited	20,000	20,000	-	-
Investment in listed companies	172,368,118	172,368,118	-	-
	<u>172,388,118</u>	<u>172,388,118</u>	-	-

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings. If interest rates at the balance sheet date fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 974,434 (2015: Rs. 726,436) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming that amounts of liability outstanding as at the balance sheet date are outstanding for the whole year. However, in practice, the actual result may differ from the sensitivity analysis.

Note 22, Capital Risk Management - Continued..

As at the balance sheet date, the gearing ratio of the Company was worked out as under:

	2016	2015
	Rupees	Rupees
Total borrowings	97,443,428	72,643,575
Cash and bank balances	(27,601)	(35,799)
Net debt	97,415,827	72,607,776
Equity	161,419,039	99,080,491
Total capital employed	<u>258,834,866</u>	<u>171,688,267</u>
Gearing ratio	<u>37.64%</u>	<u>42.29%</u>

Note 23

Operating Segments

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, underwriting services etc.

Note 24

Number of Employees

	2016	2015
	Numbers	Numbers
Employees as at June 30,	<u>4</u>	<u>4</u>

Note 25

Provident Fund Related Disclosure

The Company does not maintain any provident fund for its employees.

Note 26

Authorization of Financial Statements

These financial statements have been authorized for issue by the Director of the Company on _____.

Note 27

General

Comparative figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison. No material rearrangements / reclassifications have been made in these financial statements.

DIRECTOR

