S.D Mirza Securities (Pvt) Ltd.

TRE Certificate Holder Pakistan Stock Exchange Ltd.

DIRECTORS' REPORT

Dear Fellow Members,

On behalf of the Board of Directors of S.D Mirza Securities (Pvt) Ltd., I am pleased to present the Annual Report of the Company for the financial year 2016 together with the audited financial statements of the year.

Economic review:

The inflation maintained its downward trend and recorded a multi decade low level of 2.64%. This was mainly due to the declining global oil prices, whose benefit was passed on to the general consumers, and adequate food supplies. Lower oil prices also contributed in controlling the deficit in trade account and reduced the import bill by 5.8%, despite higher imports of raw material and machinery.

On the external front, a weak global demand continued to hamper performance of the external sector. The foreign investors may have had cold feet due to the after shocks of Brexit and weakening of major economies. However, support came from a steady increase in worker remittances, which helped to narrow down the current account deficit to US$ 1,859 million, down by 4.5% year on year basis. Some other positive news was the inflow from Euro bond issuance, though it seemed to have been issued at an exuberantly high rate, Coalition Support Fund and receipts from international financial institutions which strengthened the forex reserves to US$ 20.8 billion. This helped in strenthening the Pak Rupee, which remained relatively firm despite weakening of the regional currencies.

The State Bank of Pakistan felt comfortable enough at the external front and had favorable inflationary expectations, thus reducing the discount rate by 350 bps to 6.0% during the year

Market review:

After witnessing an average annual return of 36 % in FY13 – FY15, the KSE100 index yielded an 8% return in FY16. Inspite of declining Discount rate by the State Bank of Pakistan, the bullish sentiment of the stock market was seen only in selected sectors.

The Stock markets of Pakistan underwent a major re-vamping excercise whereby the Lahore Stock Exchange & Islamabad Stock Exchange merged into the Karachi Stock Exchange, as per the scheme of Integration approved by the Securities & Exchange Commission of Pakistan, to form the Pakistan Stock Exchange (PSX).

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Chakwal: Room # 7, Amin Plaza, Talagang Rd, Chakwal **Ph:** +92-543-552977, +92-543-554436 **email:** sdmchk@hotmail.com

Financial summary:

Your Company has performed well during the year under review. The Company earned an operating revenue of Rs. 22.613 million as compared to Rs. 24.167 million for the corresponding year. On the expenditure side, the administrative & operating expenses were Rs.24.103 million in comparison to Rs.19.301 million in previous year. The company recorded a net after tax profit of Rs. 0.558 million for the year under review.

Auditors:

The retiring Auditors i.e., M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants had offered themselves for reappointment.

Future Outlook:

The Equity market ended the financial year on a high note at 37,783. The confidence of the investors seems to be at a high due to the positive confidence building factors. These include constant incoming investment from the China border, strengthening of Rupee and a somewhat better relationship with India.

The future looks bright as there is still no indication from the StateBank of Pakistan regarding any increase in the Discount Rate. A surprise hike in the DC rates of land is expected to divert the investmets towards a much more liquid and promising equity market.

The management remains committed to maximizing the shareholder's wealth while keeping in view the interest of all stakeholders. We foresee a stronger and more liquid market ahead. The Company would try its best to remain focused on improving service quality, expanding clientele and controlling cost.

Acknowledgments

Our Company wishes to thank the Regulators, our valued clients, bankers, fellow TRE Certificate holders, management and Board of Directors of the Lahore Stock Exchange for their continuous cooperation, support and guidance.

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

ShineWing PAKISTAN | SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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7-Bank Square, Lahore.
Tel: +92 42 37235084-87
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **S.D. MIRZA SECURITIES (PRIVATE) LIMITED** (the Company) 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 account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

- **(i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- **(ii)** the expenditure incurred during the year was for the purpose of the Company's business; and
- **(iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, 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).

SHC ShineWing Hameed Chaudhri & Co.

LAHORE; 08 OCT 2016

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Osman Hameed Chaudhri

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Assets			
Non current assets			
Operating fixed assets	6	**4,898,988**	5,903,740
Intangible assets	7	**7,807,974**	7,807,974
Long term investment	8	**14,887,719**	9,790,110
Security deposits	9	**680,000**	680,000
		28,274,681	24,181,824
Current assets			
Due from clients		**28,747,398**	40,636,766
Short term loan and prepayments	10	**8,084,436**	85,463
Short term investments	11	**6,488,586**	10,162,500
Tax deducted at source		**975,837**	469,251
Cash and bank balances	12	**34,848,619**	48,043,684
		79,144,876	99,397,664
Total Assets		**107,419,557**	123,579,488
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
20,000 ordinary shares of Rs.1,000 each		**20,000,000**	20,000,000
Issued, subscribed and paid-up capital			
20,000 ordinary shares of Rs.1,000 each		**20,000,000**	20,000,000
Fair value gain on remeasurement of available-for-sale investments		**10,477,793**	5,380,184
Unappropriated profit		**48,459,037**	48,900,910
		78,936,830	74,281,094
Liabilities			
Current liabilities			
Due to clients		**27,475,636**	45,349,457
Accrued and other liabilities	13	**662,624**	1,621,024
Taxation	14	**344,467**	2,327,913
Total Liabilities		**28,482,727**	49,298,394
Contingencies and commitments	15		
Total Equity and Liabilities		**107,419,557**	123,579,488

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

Chief Executive

SHC

Director

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Operating revenue	16	22,613,432	24,167,424
(Loss) / gain on sale of short term investments - net		(193,094)	5,397,218
Fair value loss on remeasurement of investments through profit or loss		(1,447,349)	(1,967,647)
Other income	17	1,850,876	4,404,628
		22,823,865	32,001,623
Administrative and operating expenses	18	(24,102,786)	(19,300,749)
Bank charges		(36,338)	(47,444)
(Loss) / profit before taxation		(1,315,259)	12,653,430
Taxation			
Current	14	(344,467)	(2,882,281)
Prior year	14	2,217,853	605,420
		1,873,386	(2,276,861)
Profit after taxation		558,127	10,376,569

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

Chief Executive

SHC

Director

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Profit after taxation		**558,127**	10,376,569
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss account			
Fair value gain on remeasurement of available-for-sale investment	8	**5,097,609**	5,380,184
Total comprehensive income for the year		**5,655,736**	15,756,753

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

Chief Executive SHC **Director**

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Cash flow from operating activities		
(Loss) / profit before taxation	**(1,315,259)**	12,653,430
Adjustments for non-cash charges and other items:		
Depreciation	**1,113,052**	933,697
Fair value adjustment of investments through profit or loss	**1,447,349**	1,967,647
Gain on sale of operating fixed assets	**-**	(915,193)
Profit before working capital changes	**1,245,142**	14,639,581
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Due from clients	**11,889,368**	(17,194,891)
Short term loan and prepayments	**(7,998,973)**	1,201,447
Increase / (decrease) in current liabilities:		
Due to clients	**(17,873,821)**	9,346,632
Accrued and other liabilities	**(958,400)**	(6,090,749)
	(14,941,826)	(12,737,561)
Cash (used in) / generated from operations	**(13,696,684)**	1,902,020
Income tax paid	**(616,646)**	(773,498)
Net cash (used in) / generated from operating activities	**(14,313,330)**	1,128,522
Cash flow from investing activities		
Fixed capital expenditure	**(108,300)**	(4,980,900)
Proceeds from disposal of operating fixed assets	**-**	1,650,000
Short term investments - net	**2,226,565**	4,160,809
Dividend paid	**(1,000,000)**	-
Net cash generated from investing activities	**1,118,265**	829,909
Net (decrease) / increase in cash and cash equivalents	**(13,195,065)**	1,958,431
Cash and cash equivalents - at beginning of the year	**48,043,684**	46,085,253
Cash and cash equivalents - at end of the year	**34,848,619**	48,043,684

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

Chief Executive

SHC

Director

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	Fair value gain on remeasurement of available-for-sale investments	Unappropriated profit	Total
	------------- Rupees -------------			
Balance as at June 30, 2014	20,000,000	-	38,524,341	58,524,341
Total comprehensive income for the year ended June 30, 2015				
Profit for the year	-	-	10,376,569	10,376,569
Other comprehensive income	-	5,380,184	-	5,380,184
	-	5,380,184	10,376,569	15,756,753
Balance as at June 30, 2015	**20,000,000**	**5,380,184**	**48,900,910**	**74,281,094**
Transactions with owners				
Final dividend for the year ended June 30, 2015 at the rate of Rs.50 per share	-	-	(1,000,000)	(1,000,000)
Total comprehensive income for the year ended June 30, 2016				
Profit for the year	-	-	558,127	558,127
Other comprehensive income	-	5,097,609	-	5,097,609
	-	5,097,609	558,127	5,655,736
Balance as at June 30, 2016	**20,000,000**	**10,477,793**	**48,459,037**	**78,936,830**

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

Chief Executive SHC **Director**

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND OPERATIONS

S.D. Mirza Securities (Private) Limited (the Company) was incorporated in Pakistan as a Private Company on May 21, 2001. The Company is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited (formerly Lahore Stock Exchange Limited). The Company is principally engaged in shares brokerage & trading, consultancy and registrar services. The registered office of the Company is situated at Room No.401, LSE Building, Lahore. The Company is also maintaining its sub offices at 529 - State Life Building, Liaqat Road, Faisalabad and Room # 7, Amin Plaza, Tala Gang Road, Chakwal.

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 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest rupees unless otherwise stated.

3. New and amended standards and interpretations

3.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning form July 1, 2015:

(a) IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. 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 standard only affects the disclosures in the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Company:

(a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

(b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(c) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.

(d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(i) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against [note 5.1];

(ii) Classification and valuation of investments [note 5.3];

(iii) Provision for taxation [note 5.7] and

(iv) Provisions [note 5.8].

5. SUMMARY 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 to all the years presented, unless otherwise stated.

5.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income by applying reducing balance method at the rates specified in note 6. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of fixed assets, if any, is taken to profit and loss account.

5.2 Intangible assets

Trading Right Entitlement Certificate

In the absence of active market price, Trading Right Entitlement Certificate has been carried at the same value that was determined when the membership card of Lahore Stock Exchange Limited was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate (note 7.1).

5.3 Investments

(a) Available for sale

Investments, which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition these are re-measured to fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is reclassified to profit and loss account.

The Company uses latest stock exchange quotations to determine the fair value of its quoted investments.

(b) At fair value through profit and loss

These are held for trading purpose. An investment is classified in this category if acquired principally for the purpose of selling in the short-term. Investments in this category are classified as current assets. These are stated at fair value with any resulting gain or losses recognised directly in profit or loss account.

5.4 Impairment losses

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

5.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

5.6 Trade and other payables

Liabilities for 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, whether or not billed to the Company.

5.7 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the balance sheet date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.8 Provisions

Provisions are recognised 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.9 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

5.10 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 consideration received or receivable on the following basis:

- brokerage income is accounted for on 'accrual basis'.
- capital gains and losses on sale of investments are recorded on the date of sale.
- dividend income is accounted for when the right of receipt is established.

5.11 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, due from clients, advances, investments, bank balances, due to clients and other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.12 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

6. OPERATING FIXED ASSETS - tangible

Particulars	Cost				Rate	Depreciation				Book value as at June 30, 2016
	As at June 30, 2015	Additions	(Deletions)	As at June 30, 2016		As at June 30, 2015	For the year	(Deletions)	As at June 30, 2016	
	-------Rupees-------				%	-----------Rupees-----------				
Owned:										
Furniture and fixtures	474,845	-	-	474,845	10	307,216	16,763	-	323,979	150,866
Office equipment	486,665	24,000	-	510,665	10	252,449	24,222	-	276,671	233,994
Air conditioners	255,390	-	-	255,390	10	88,090	16,730	-	104,820	150,570
Computers	1,773,830	84,300	-	1,858,130	30	1,735,880	21,188	-	1,757,068	101,062
Electric generator	375,923	-	-	375,923	10	124,116	25,181	-	149,297	226,626
Vehicle	6,989,120	-	-	6,989,120	20	1,944,282	1,008,968	-	2,953,250	4,035,870
2016	**10,355,773**	**108,300**	**-**	**10,464,073**		**4,452,033**	**1,113,052**	**-**	**5,565,085**	**4,898,988**
2015	7,316,573	4,980,900	(1,941,700)	10,355,773		4,725,229	933,697	(1,206,893)	4,452,033	5,903,740

7. INTANGIBLE ASSETS

	Note	2016 Rupees	2015 Rupees
Trading Right Entitlement Certificate - PSX	7.1	**2,090,074**	2,090,074
Room at LSE		**5,717,900**	5,717,900
		7,807,974	7,807,974

7.1 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received Trading Right Entitlement Certificate (TREC) and equity shares of LSE Financial Services Ltd. (formerly Lahore Stock Exchange Ltd.) in lieu of its membership card of Lahore Stock Exchange Ltd. The Company's entitlement in respect of shares of LSE Financial Services Ltd. was determined on the basis of the valuation of assets and liabilities of Lahore Stock Exchange Ltd. as approved by the SECP. The Company has been allotted with 843,975 shares of LSE Financial Services Ltd. (formerly Lahore Stock Exchange Ltd.), having face value of Rs.10 each, out of which 506,385 shares have been kept in a blocked account. As at June 30, 2013 the active market value of TREC and equity shares of LSE Financial Services Ltd. was not available, The allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares of the LSE Financial Services Ltd. was made based on the guidance given by the Technical Committee of the Institute of Chartered Accountants of Pakistan.

8. LONG TERM INVESTMENT - available for sale

	2016 Rupees	2015 Rupees
LSE Financial Services Ltd. (Formerly Lahore Stock Exchange Ltd.) 843,975 ordinary shares of Rs.10 each	**4,409,926**	4,409,926
Adjustment on remeasurement to fair value	**10,477,793**	5,380,184
	14,887,719	9,790,110

8.1 As at June 30, 2016, out of total shares, 506,385 shares have been kept in a blocked account as detailed in note 7.1.

8.2 Shares have been valued on the basis of latest available net asset value per share of Rs.17.64. This value was determined by the LSE Financial Services Ltd. and circulated vide their notice no.1179 dated October 07, 2016.

9. SECURITY DEPOSITS

	Note	2016 Rupees	2015 Rupees
Deposits with:			
LSE Financial Services Ltd.		**30,000**	230,000
Pakistan Stock Exchange		**200,000**	-
National Clearing Company of Pakistan		**300,000**	300,000
Central Depository Company of Pakistan		**100,000**	100,000
Others		**50,000**	50,000
		680,000	680,000

10. SHORT TERM LOAN AND PREPAYMENTS

	Note	2016	2015
Loan to a director	10.1	**8,000,000**	-
Prepayments		**84,436**	85,463
		8,084,436	85,463

10.1 This interest fee loan has been given to one of the Company's director and is receivable with in twelve months.

11. SHORT TERM INVESTMENTS - held for trading

No. of shares 2016	No. of shares 2015	Name of the Company	Market value 2016	Market value 2015
			--------- Rupees ---------	
-	25,000	Byco petroleum Pakistan Ltd.	-	576,250
20,000	-	Cyan Ltd.	**1,282,000**	-
40,000	-	Mughal Iron & Steel Ltd.	**2,687,600**	-
-	25,000	Power Cement Ltd.	-	288,750
-	15,000	Pakcem Ltd.	-	292,500
-	50,000	Pakistan International Bulk Terminal Ltd.	-	1,790,000
50,000	100,000	Treet Corporation Ltd.	**2,471,500**	7,215,000
25,000	-	NIB Bank Ltd.	**47,486**	-
135,000	215,000		**6,488,586**	10,162,500

11.1 Apart from the above mentioned investments, the Company has 400 shares of Zeal Pak Cement Factory Limited which has been delisted from stock exchange and 100 shares of Innovative Investment Bank Limited which is not listed on stock exchange therefore has no market value.

12. CASH AND BANK BALANCES

	2016 Rupees	2015 Rupees
Cash in hand	**234,004**	83,140
Cash at banks on:		
- current accounts	**24,536,145**	1,157,656
- PLS saving account	**10,078,470**	46,802,888
	34,614,615	47,960,544
	34,848,619	48,043,684

13. ACCRUED AND OTHER LIABILITIES

Accrued expenses	**170,229**	245,754
Federal excise duty payable	**492,395**	711,387
Payable to brokers	-	663,883
	662,624	1,621,024

14. TAXATION - net

Opening balance	**2,327,913**	355,299
Add: provision made during the year for:		
- current	**344,467**	2,882,281
- prior year	**(2,217,853)**	(605,420)
	(1,873,386)	2,276,861
Less: tax deducted at source during the year	**(110,060)**	(304,247)
	344,467	2,327,913

14.1 Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2015

15. CONTINGENCIES AND COMMITMENTS

There was no known contingent liability / commitment as at June 30, 2016 and June 30, 2015.

16. OPERATING REVENUE

	Note	2016 Rupees	2015 Rupees
Brokerage income		**21,732,951**	23,098,761
Dividend income		**880,481**	1,068,663
		22,613,432	24,167,424

17. OTHER INCOME

	Note	2016 Rupees	2015 Rupees
Profit on saving accounts		**1,375,276**	2,943,040
Gain on sale of operating fixed assets		**-**	915,193
Rental income		**475,600**	546,395
		1,850,876	**4,404,628**

18. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2016 Rupees	2015 Rupees
Salaries and benefits		**11,233,170**	8,190,632
Director's remuneration		**3,761,010**	3,310,583
Rent, rates and taxes		**1,114,103**	418,340
Shares purchase transaction costs		**287,728**	269,549
Fees and subscription		**228,205**	286,688
Travelling and conveyance		**235,635**	104,040
Auditors' remuneration			
- statutory audit		**61,100**	65,800
- tax services and certification charges		**37,500**	37,500
		98,600	103,300
Printing and stationery		**431,473**	193,843
Repair and maintenance		**1,074,484**	1,344,406
Utilities		**311,614**	791,502
Entertainment		**1,196,856**	733,777
Postage and communication		**744,427**	174,091
CDC & clearing house charges		**61,852**	1,181,810
Depreciation	6	**1,113,052**	933,697
Professional charges		**275,226**	52,743
Insurance expenses		**197,027**	116,170
Donations		**914,489**	93,990
Others		**823,835**	1,001,588
		24,102,786	19,300,749

19. TRANSACTIONS WITH RELATED PARTIES

There were no transactions executed with the related parties during the year except for a short term loan provided to one of the Company's director (note 10).

20. REMUNERATION OF DIRECTORS

Remuneration paid to three directors of the Company has been disclosed in note 18 to these financial statements.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Financial Risk Factors

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

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

21.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company activities at present does not expose to any currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company activities at present does not expose it to any interest rate risk.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company's investment in shares of a quoted Company expose it to price risk due to change in the prices of shares of quoted company.

A change of 10% in the price of shares of quoted Companies at reporting date would have increased / decreased profit for before tax for the year by Rs.648,832 (2015: Rs.1,016,250).

21.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from due from clients, advances, investments and balances with banks. To manage exposure to credit risk in respect of due to clients, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2016 along with comparative is tabulated below:

	2016 Rupees	2015 Rupees
Long term investment	**14,887,719**	9,790,110
Security deposits	**680,000**	680,000
Due from clients	**28,747,398**	40,636,766
Short term loan	**8,000,000**	-
Short term investments	**6,488,586**	10,162,500
Bank balances	**34,614,615**	47,960,544
	93,418,318	109,229,920

21.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year
	----------	Rupees	----------
June 30, 2016			
Due to clients	**27,475,636**	**27,475,636**	**27,475,636**
Accrued and other liabilities	**662,624**	**662,624**	**662,624**
	28,138,260	**28,138,260**	**28,138,260**
June 30, 2015			
Due to clients	45,349,457	45,349,457	45,349,457
Accrued and other liabilities	1,621,024	1,621,024	1,621,024
	46,970,481	46,970,481	46,970,481

21.5 Fair value hierarchy

The table below analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is

The following table presents the Company's assets that are measured at fair value as at the year end:

	Level 1	Level 3
	------- Rupees -----	
June 30, 2016		
Assets		
Long term investment	-	**14,887,719**
Short term investments	**6,488,586**	-
June 30, 2015		
Assets		
Long term investment	-	9,790,110
Short term investments	10,162,500	-

21.6 Fair value of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

22. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

23. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2016 were 29 (2015: 28) and their average numbers during the years were 22.

24. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 08 OCT 2016 by the board of directors of the Company.

25. GENERAL

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.

Chief Executive SHC Director