

*Value Stock and commodities (Pvt.) Ltd.*

*Financial Statements*

*For the year ended June 30, 2016*

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Value Stock and Commodities (Pvt.) 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 whereas, 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.

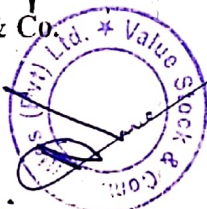
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an 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 accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit 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 loss, total comprehensive loss, 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).

*Tariq Abdul Ghani Maqbool & Co.*  
Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants

Muhammad Safdar  
(Engagement Partner)



Date: October 5, 2016  
Place: Lahore

**VALUE STOCK AND COMMODITIES (PVT.) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2016**

PROPERTY AND ASSETS	Note	2016 Rupees	2015 Rupees
<b>NON CURRENT ASSETS</b>			
Property and equipment-net	3	17,687,771	21,532,260
Intangible assets	4	21,685,500	21,685,500
Long term investments	5	24,564,500	24,564,500
Long term deposits	6	8,737,785	2,101,785
Deferred income tax asset	7	4,120,006	1,397,511
		<b>76,795,562</b>	<b>71,281,586</b>
<b>CURRENT ASSETS</b>			
Due from customers	8	88,233,211	90,006,998
Short term investments	9	19,631,726	12,098,406
Short term advances	10	1,254,876	1,247,067
Short term deposits, prepayments and other receivables	11	9,789,725	5,185,644
Advance income tax		752,654	410,157
Due from related parties	12	37,912	22,764,634
Cash and bank balances	13	27,704,906	22,773,120
		<b>147,405,010</b>	<b>154,516,027</b>
<b>TOTAL</b>		<b>224,200,572</b>	<b>225,797,613</b>
<b>EQUITY AND LIABILITIES</b>			
<b>AUTHORIZED SHARE CAPITAL</b>			
150,000 (2015: 150,000) ordinary shares of Rs.1,000/- each		<b>150,000,000</b>	<b>150,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
100,000 (2015: 100,000) ordinary shares of Rs.1,000/- each		<b>100,000,000</b>	<b>100,000,000</b>
Accumulated Profits		<b>23,190,830</b>	<b>24,024,524</b>
		<b>123,190,830</b>	<b>124,024,524</b>
<b>NON CURRENT LIABILITIES</b>			
Liabilities against asset subject to finance lease	14	<b>2,183,439</b>	<b>2,917,779</b>
Long term loan	15	<b>37,070,415</b>	<b>46,914,628</b>
		<b>39,253,854</b>	<b>49,832,407</b>
<b>CURRENT LIABILITIES</b>			
Due to customers	16	<b>14,573,192</b>	<b>17,743,681</b>
Due to related parties	17	<b>15,081,179</b>	<b>6,522,523</b>
Accrued markup		<b>49,417</b>	<b>169,678</b>
Short term borrowing-secured	18	<b>8,790,377</b>	<b>12,591,076</b>
Current portion of non-current liabilities	19	<b>12,231,298</b>	<b>11,692,885</b>
Accrued and other liabilities	20	<b>10,738,804</b>	<b>3,149,966</b>
Provision for taxation		<b>291,621</b>	<b>70,874</b>
		<b>61,755,888</b>	<b>51,940,682</b>
Contingencies and commitments	21	-	-
<b>TOTAL</b>		<b>224,200,572</b>	<b>225,797,613</b>

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

CHIEF EXECUTIVE

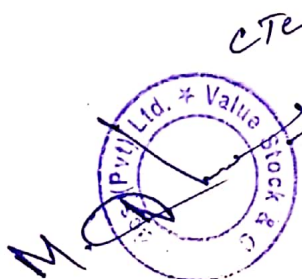
DIRECTOR

VALUE STOCK AND COMMODITIES (PVT.) LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Income-net		5,846,710	6,923,652
Gain on sale of securities		851,788	6,539,396
(Loss) / gain on remeasurement of investment		(250,517)	(8,648,738)
		6,447,981	4,814,311
Operating expenses			
Salaries and other benefits		2,502,435	4,749,012
Director's remunerations	26	-	300,000
Fee and subscription		1,251,897	1,231,740
Office expenses		807,782	641,244
Advertisement		12,710	23,400
Travelling and conveyance		199,561	441,199
Printing and stationery		100,996	88,761
Communication expense		311,804	314,893
Legal and professional charges		407,389	383,797
Rent		1,120,386	758,685
Postage and courier		54,341	101,527
Newspaper and periodicals		17,629	18,248
Repair and maintenance		163,586	160,750
Utilities		533,130	584,768
Insurance		373,687	111,080
Entertainment		701,853	789,783
Auditors' remuneration		125,000	125,000
Bad debts		262,244	545,000
Depreciation	3	3,436,879	2,553,867
Miscellaneous		122,522	778,360
		(12,505,831)	(14,701,113)
Other operating expenses	22	-	(505,530)
Operating (loss) before finance cost and taxation		(6,057,850)	(10,392,332)
Finance cost	23	(1,172,636)	(1,360,327)
		(7,230,486)	(11,752,660)
Other income	24	4,001,658	451,155
Profit/(loss) before taxation		(3,228,828)	(11,301,505)
Taxation	25	2,395,135	(1,258,962)
Net profit for the year		(833,694)	(12,560,467)
Earning per share - basic and diluted	27	(8.34)	(125.60)

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

CHIEF EXECUTIVE



DIRECTOR

VALUE STOCK AND COMMODITIES (PVT.) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Loss for the year		(833,694)	(12,560,467)
Other comprehensive income		-	-
Total comprehensive Loss for the year		<u>(833,694)</u>	<u>(12,560,467)</u>

  
CHIEF EXECUTIVE



  
DIRECTOR

VALUE STOCK AND COMMODITIES (PVT.) LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>CASH GENERATED FROM OPERATIONS</b>			
Profit/ (loss) before income tax		(3,228,828)	(11,301,505)
Adjustment for non cash and other items:			
Depreciation	3	3,436,879	2,553,867
Bad debt		262,244	-
Profit on sales of fixed assets		(2,944,873)	(14,094)
FV loss / (gain) on short term investment		(601,271)	1,396,033
Advance tax written off		-	505,230
Finance cost		1,172,636	1,360,327
		<u>1,325,615</u>	<u>5,768,615</u>
Operating cash flow before working capital changes		(1,903,213)	(5,532,890)
<b>Working capital changes</b>			
(Increase)/Decrease in Current Assets:			
Due from customers		1,773,788	23,124,659
Due from related parties		22,726,722	9,880,280
Short term advances		(7,809)	72,503
Short term deposits, prepayments and other receivables		(4,604,081)	(887,795)
		<u>19,888,620</u>	<u>32,189,647</u>
Increase/(Decrease) in Current Liabilities:			
Due to customers		(3,170,488)	690,025
Due to related parties		8,558,656	2,178,803
Accrued and other liabilities		7,588,837	(381,961)
		<u>12,977,005</u>	<u>2,486,867</u>
		<u>32,865,625</u>	<u>34,676,514</u>
Operating cash flow after working capital changes		30,962,412	29,143,624
Taxes paid		(419,080)	(84,501)
Finance charges paid		(1,292,896)	(1,486,220)
Cash generated/ (used in) from operations		<u>29,250,436</u>	<u>27,993,928</u>
<b>Cash flow from investing activities</b>			
Property and equipment		(3,828,400)	(6,314,454)
Sales proceed on disposal of PPE		9,530,000	1,125,000
Short term investment-net		(7,533,320)	9,903,864
Long term deposits		(6,636,000)	(330,000)
		<u>(8,467,720)</u>	<u>4,384,410</u>
<b>Cash flow from financing activities</b>			
Long term loan		(9,844,213)	(9,375,387)
Finance leases		(2,206,019)	(2,028,682)
Short term borrowings		(3,800,698)	501,803
		<u>(15,850,930)</u>	<u>(11,411,491)</u>
Net increase in cash and cash equivalents		4,931,786	20,966,846
Cash and cash equivalents at the beginning of the year		22,773,120	1,806,273
Cash and cash equivalents at the end of the year (note-13)		<u>27,704,906</u>	<u>22,773,120</u>

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

CHIEF EXECUTIVE

DIRECTOR

VALUE STOCK AND COMMODITIES (PVT.) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Accumulated Profit/(Loss)	Total
		..... Rupees .....	
Balance as at June 30, 2014	100,000,000	36,584,991	136,584,991
Total Comprehensive Loss for the year ended June 30, 2015		(12,560,467)	(12,560,467)
Balance as at June 30, 2015	100,000,000	24,024,524	124,024,524
Balance as at July 01, 2015	100,000,000	24,024,524	124,024,524
Total Comprehensive Loss for the year ended June 30, 2016		(833,694)	(833,694)
Balance as at June 30, 2016	100,000,000	23,190,830	123,190,830

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

CHIEF EXECUTIVE



DIRECTOR

## 1 STATUS AND NATURE OF BUSINESS

Value Stock And Commodities (Private) Limited is a private limited company incorporated on March 30, 2006 under the Companies Ordinance, 1984. The company is registered to become a corporate member of Pakistan Stock Exchange Limited is purchase of corporate membership card. The registered office of the company is situated in Province of Punjab. The company will principally engaged in brokerage of shares, portfolio management, investment advisory, consultancy and underwriting services.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 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 as stated hereafter in the relevant accounting policies. The preparation of financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Estimated useful life of property and equipment - note 3
- ii) Receivable from customers - note 8
- iv) Provision for taxation - note 24

### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee which is Company's functional currency as well as presentation currency.

### 2.4 Tangible fixed assets

#### Owned:

All fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost in relation to certain property, plant and equipment signifies historical cost and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost. Freehold land is stated at cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity, and cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which these are incurred.

Residual value and the useful life of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on fixed assets is charged to profit and loss account applying the reducing balance method so as to write off the cost/depreciable amount of the assets over their estimated useful lives at the rates given in note No.3. The company charges the depreciation on additions from the date when the asset is available for use and on deletion up to the date in which the asset is disposed off.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

### 2.5 Assets subject to finance lease

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets on reducing balance method at the rates given in note No. 3. Depreciation on leased assets is charged to profit and loss account.

## 2.6 Intangible assets

### Trading Rights Entitlement Certificate

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

## 2.7 Investments

The investments made by the Company are classified for the purpose of measurement into the following categories:

### a) Investment at fair value through profit or loss

Investment at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are measured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realized and unrealised gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

Investments intended to be held for less than twelve months from the balance sheet date are included in current assets, all other investments are classified as non-current asset.

All purchases and sales of investments are recognised on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase does not include transaction cost.

At each reporting date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exist, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognised as income.

### b) Investments available - for-sale

Investments that can not be classified as either held to maturity, financial assets at fair value through profit or loss or loan and receivables are classified under this category. These are measured initially and subsequent to the initial recognition at fair value and includes, in the case of initial recognition, transaction cost that are directly attributable to the acquisition of these investments.

Gain or loss from re-measurement to fair value are recognised directly in equity, except for impairment losses, until the derecognition at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividend on these investment are recognised in profit or loss as per revenue recognition policy of the company.

## 2.8 Borrowings

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

## 2.9 Revenue recognition

### a) Gain/ (loss) from dealing in securities

Capital gain or loss on sale of marketable securities are recognised in the period in which it arises.

### b) Brokerage commission and share movement income

Brokerage commission and share movement income are recognised as and when services are provided.

### c) Dividend Income

Dividend Income is recognised when the right to receive dividend is established.

### d) Bank profit

Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

## 2.10 Taxation

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

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on taxable income at current rates of taxation applicable in Pakistan after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of The Institute of Chartered Accountants of Pakistan.

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 2.11 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial asset and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account.

Particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

## 2.12 Receivables from customers

Trade debt originated by the Company are carried at an amount, net of any allowance for any un-collectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when identified.

## 2.13 Trade and other payable

Liabilities for trade and other amounts payable 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.

## 2.14 Related party transactions

All the transactions with related parties are carried out by the Company at arm's length price determined in accordance with comparable uncontrolled price method prescribed under the Companies Ordinance, 1984.

## 2.15 Cash and cash equivalents

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

## 2.16 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

## **2.17 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 can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## **2.18 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

## **2.19 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if any, if no impairment loss had been recognized.

### 3 PROPERTY AND EQUIPMENT - NET

Operating fixed assets

Owned

Leased

Capital work-in-progress

Note

2016  
Rupees

2015  
Rupees

3.1	5,122,243	9,425,418
3.1	8,386,720	8,077,150
3.4	4,178,808	4,029,091
	<u>17,687,771</u>	<u>21,532,260</u>

#### 3.1 Operating fixed assets

	OWNED						LEASED	
	Building	Furniture and fixture	Office equipment	Computer and accessories	Vehicles	Total	Vehicles	Grand total
<b>At 30 June 2014</b>								
Cost	8,021,000	917,700	1,258,762	1,766,783	4,362,731	16,326,976	2,106,000	18,432,978
Accumulated depreciation	(4,534,423)	(756,450)	(677,571)	(1,529,076)	(2,326,895)	(9,824,415)	(825,264)	(10,649,679)
Net book value	3,486,577	161,250	581,191	237,707	2,035,836	6,502,561	1,280,736	7,783,297
<b>Year ended 30 June 2015</b>								
Opening net book value	3,486,577	161,250	581,191	237,707	2,035,835	6,502,563	1,280,736	7,783,299
Additions	-	-	179,050	16,500	4,329,500	4,525,047	8,858,996	13,384,043
Disposal:								
Cost	-	-	-	-	-	-	(2,106,000)	(2,106,000)
Accumulated depreciation	-	-	-	-	-	-	995,094	995,094
Depreciation charge	(348,658)	(32,250)	(63,026)	(72,550)	(1,085,709)	(1,602,192)	(951,676)	(2,553,869)
Closing net book value	3,137,919	129,000	697,215	181,657	5,279,626	9,425,418	8,077,150	17,502,568
<b>At 30 June 2015</b>								
Cost	8,021,000	917,700	1,437,811	1,783,283	8,692,231	20,852,025	8,858,998	29,711,023
Accumulated depreciation	(4,883,081)	(788,700)	(740,595)	(1,601,626)	(3,412,605)	(11,426,607)	(781,818)	(12,208,425)
Net book value	3,137,919	129,000	697,216	181,657	5,279,626	9,425,418	8,077,150	17,502,568
<b>Year ended 30 June 2016</b>								
Opening net book value	3,137,919	129,000	697,215	181,657	5,279,626	9,425,418	8,077,150	17,502,568
Additions	-	-	-	67,400	3,761,000	3,828,400	2,200,000	6,028,400
Disposal:								
Cost	(8,021,000)	-	-	-	(3,761,000)	(11,782,000)	-	(11,782,000)
Accumulated depreciation	5,196,873	-	-	-	-	5,196,873	-	5,196,873
Depreciation charge	(313,792)	(25,800)	(82,954)	(67,977)	(1,055,925)	(1,546,448)	(1,890,430)	(3,436,878)
Closing net book value	-	103,200	614,261	181,080	4,223,701	5,122,243	8,386,720	13,508,963
<b>At 30 June 2016</b>								
Cost	-	917,700	1,437,812	1,850,683	8,692,231	12,898,426	11,058,996	23,957,422
Accumulated depreciation	-	(814,500)	(823,551)	(1,669,603)	(4,468,529)	(7,776,182)	(2,672,276)	(10,448,459)
Net book value	-	103,200	614,261	181,080	4,223,701	5,122,243	8,386,720	13,508,963
Annual rate of depreciation	10%	20%	10%	30%	20%		20%	

3.2 Due to the services provider nature of the Company, all the depreciation has been charged to operating expenses.

3.3 Detail of operating fixed assets disposed of during the year is as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sales proceeds	Gain	Mode of disposal
Vehicle:						
Building	8,021,000	5,196,873	2,824,127	5,700,000	2,875,873	Negotiation
Vehicles	1,880,500	-	1,880,500	1,915,000	34,500	Negotiation
	1,880,500	-	1,880,500	1,915,000	34,500	Negotiation
2016	11,782,000	5,196,873	6,585,127	9,530,000	2,944,873	
2015	2,106,000	995,094	1,110,906	1,125,000	14,094	Negotiation

	Note	2016 Rupees	2015 Rupees
3.4 Capital work-in-progress			
Room in LSE south plaza		4,178,808	4,029,691
4 INTANGIBLE ASSETS			
Membership license			
Pakistan Mercantile Exchange		1,250,000	1,250,000
Trading rights entitlement certificate (TREC)	4.1	11,935,500	11,935,500
Room rights			
LSE Financial Services Limited	4.2	7,500,000	7,500,000
Faisalabad Branch	4.2	1,000,000	1,000,000
		8,500,000	8,500,000
		21,685,500	21,685,500
4.1 As active market for shares of LSE Financial Services Limited and TREC is not available, so fair value of TREC and these shares			
can not be measured reliably. Consequently These shares are stated at value allocated at the time of initial recognition.			
4.2 This represents cost of offices and trading rights given by Lahore stock exchange with indefinite useful life. These are considered			
to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic			
benefits.			
4.3 The Company has pledged / hypothecated 337,590 shares of LSE financial services limited in compliance with Base Minimum			
Capital (BMC) requirement under Regulation 2.1 of Pakistan Stock Exchange Limited.			
5 LONG TERM INVESTMENTS			
Available-for-sale investments - in shares of Un-quoted company			
2016 2015			
Number of shares Name of the investee company			
843,975 843,975 LSE Financial Services limited	4.1	24,564,500	24,564,500
6 LONG TERM DEPOSITS			
- Unsecured - considered good			
Lahore stock exchange-guarantee limited		157,800	392,800
National clearing company of Pakistan limited		-	300,000
CDC security deposit		100,000	100,000
PMEX security deposit		750,000	750,000
NCCPL Exposure deposit		7,450,000	-
Security deposit - Gujranwala office		25,000	25,000
Security deposit - DHA office		-	330,000
Others		254,985	203,985
		8,737,785	2,101,785
7 DEFERRED INCOME TAX ASSET			
Deferred Income Tax Asset- Opening	25	1,397,541	1,836,022
(Expense) / income for the year	7.1	2,722,465	(438,481)
Deferred Income Tax Asset- Closing		4,120,006	1,397,541
7.1 The net balance for deferred taxation is in respect of following temporary differences:			
Taxable temporary differences:		1,107,315	1,650,998
Leased assets			
Deductible temporary differences:			
Accelerated tax depreciation allowance		34,190	48,548
Loss available for carry forward		5,133,338	2,929,979
Tax credit		59,793	70,014
		(5,227,321)	(3,048,541)
		(4,120,006)	(1,397,542)

Note

2016  
Rupees2015  
Rupees

## 8 DUE FROM CUSTOMERS

Unsecured and considered good

8.1

88,233,211

90,000,998

8.1 As at 30 June 2016, trade debts due from clients under normal trading activities in stock exchange were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

## 9 SHORT TERM INVESTMENTS

This represents investment in listed equity securities classified as "financial assets at fair value through profit & loss". Particulars of investment are as follows:

No. of Shares		Name of Securities	Fair Value	Fair Value
2016	2015		2016	2015
			Rupees	Rupees
26,068	26,068	Adamjee Insurance Company Limited	1,307,571	1,241,358
1,288	1,288	Aisha Steel Mills Limited	9,016	9,660
477	477	Arif Habib Corporation Limited	18,818	25,386
1,682	1,682	Askari Bank Limited	31,420	35,675
231	231	Attock Cement Pakistan Limited	55,142	44,029
5,000	5,000	Amz Ventures Limited - Class 'A' -Freeze	2,400	-
539	539	Attock Refinery Limited	150,995	123,135
9,000	9,000	Azgard Nine Limited	35,640	52,290
100	100	Al-Azhar Textile Mills Limited -Freeze	26	-
375	375	Bank Alfalah Limited	9,589	9,488
4,000	4,000	Business & Industrial Insurance Company Limited - Freeze	-	-
2,254	2,254	Bankislami Pakistan Limited	23,735	22,991
6,872	6,872	The Bank Of Khyber	86,244	75,592
9,447	9,447	The Bank Of Punjab	75,954	86,251
180,500	180,500	Beema-Pakistan Company Limited -Freeze	-	-
3,654	-	Imperial Sugar Limited	18,233	-
285	285	Crescent Fibres Limited	11,372	12,398
289	289	Crescent Jute Products Limited	818	780
20,000	-	Crescent Steel & Allied Products Limited	2,292,200	-
534,750	140,250	Dandot Cement Company Limited	4,946,438	1,556,775
1,500	1,500	Dawood Equities Limited	4,500	4,575
178	178	Nimir Resins Limited	1,604	988
1,000	1,000	Descor Oxychem Limited	6,030	4,720
260,990	58,360	Diamond Industries Limited	5,454,691	1,744,380
4,410	10	Din Textile Mills Limited	373,042	1,340
2,000	2,000	Ecopack Limited	35,200	34,020
119	119	Engro Fertilizers Limited	7,673	10,554
38,466	966	Engro Polymer & Chemicals Limited	326,961	9,457
100	100	Fatima Fertilizer Company Limited	3,394	3,907
10,026	26	Fauji Fertilizer Company Limited	1,150,183	3,885
200	200	First Capital Securities Corporation Ltd	480	704
75	75	First Dawood Mutual Fund - Freeze	525	-
67	67	First Elite Capital Modaraba	268	280
100	100	First Fidelity Leasing Modaraba	240	260
200	200	First Habib Modaraba	2,100	2,080
127	127	First Pak Modaraba	216	220
500	500	First Punjab Modaraba	2,360	2,685
2,200	2,200	Flying Cement Company Limited	18,656	24,354
153	153	Ghani Glass Limited	14,440	13,282
368	368	Habib Bank Limited	72,702	79,175
1,786	1,786	Honda Atlas Cars (Pakistan) Limited	641,335	390,562
1,000	1,000	Igi Investment Bank Limited	1,250	1,690
1,100	1,100	Invest & Finance Securities Limited	41,371	33,605
260	260	Invest Capital Investment Bank Limited	283	377
-	1,352	Inovative Investment Bank Limited	-	18,270
3,654	3,654	Imperial Sugar Limited	140,441	176,261
7,093	7,093	Jahangir Siddiqui & Company Limited	-	-

-	14,680	Jov & Company Limited	-	-
155	155	Jubilee Spinning & Weaving Mills Limited	-	-
200	200	Kash Securities Limited	660	662
6,102	6,102	K-Electric Limited	1,328	1,870
35	35	Lotte Chemical Pakistan Limited	49,182	51,379
495	495	Maple Leaf Cement Factory Limited	210	242
27	27	Meh Bank Limited	52,227	38,887
565	565	National Bank Of Pakistan	5,941	6,726
5	5	Netsol Technologies Limited	32,663	30,052
55	55	Nib Bank Limited	251	230
1,815	1,815	Nishat (Chunian) Limited	105	111
-	363	Nishat chunian Right	64,287	66,665
69,000	69,000	Norrie Textile Mills Limited (Revoked W.I.F. 01-09-08)	-	-
705	678	Orix Leasing Pakistan Limited	-	-
4,997	4,997	Pakistan International Airlines Corporation Limited - (A)	34,848	41,846
98,124	148,124	Pace(Pakistan) Limited	35,379	54,317
-	500	Pak Oman Advantage Fund	613,275	1,079,824
83	83	Pakistan Petroleum Limited	-	-
9	9	Pakistan Reinsurance Company Limited	12,869	13,634
47	47	Pakistan State Oil Company Limited	272	260
2	2	Pakistan Stock Market Fund	17,647	18,132
14,100	14,100	Pervez Ahmed Securities Limited	-	-
1,000	1,000	Picic Growth Fund	23,406	33,699
65	65	Picic Insurance Limited	23,800	27,450
300	300	Pioneer Cement Limited	351	715
12	12	Shaffi Chemical Industries Limited	32,220	25,587
195,652	57,555	Silkbank Limited	62	46
4,000	4,000	Sitara Peroxide Limited	332,608	110,506
1	1	Sme Leasing Limited	72,600	52,600
100	100	Standard Chartered Bank (Pakistan) Ltd.	1	-
-	176	Standard Chartered Leasin	2,385	2,397
4,727	4,727	Sui Northern Gas Pipelines Limited	-	-
3,000	103,000	Sui Southern Gas Company Limited	171,543	125,927
2,392	2,392	Summit Bank Limited	82,590	4,398,100
350	350	The Hub Power Company Limited	7,152	8,109
54	54	Treet Corporation Limited	42,021	-
791	791	Trg Pakistan Limited	2,669	3,896
300	300	Tri-Star Power Limited	26,538	24,165
130	130	United Bank Limited	1,611	519
95	95	Worldcall Telecom Limited	23,000	22,220
10,374	-	Hi-Tech Lubricants Limited	186	195
14,680	-	Javed Omer Vohra & Company Limited	613,830	-
1,170,500	-	Zeal Pak Cement Factory Limited -Freeze	-	-
			<u>19,631,726</u>	<u>12,098,406</u>

9.1 The investment has been accounted for under International Accounting Standard 39- Financial Instrument: Recognition and Measurement and classified as "Financial assets at fair value through profit & loss".

10 SHORT TERM ADVANCES

-Unsecured and considered good  
Employee against salary

1,254,876	1,247,067
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11 SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Short term deposits  
Prepaid insurance  
Prepaid rent  
Other receivables

670,422	598,606
64,231	82,119
13,500	
9,041,572	4,504,919
<u>9,789,725</u>	<u>5,185,644</u>

	Note	2016 Rupees	2015 Rupees
<b>12 DUE FROM RELATED PARTIES</b>			
Associated undertaking	12.1	-	16,923,386
Directors and relatives	12.2	37,912	5,841,248
		<u>37,912</u>	<u>22,764,634</u>
12.1 These are short term, interest free, unsecured and without repayments schedule.			
12.2 These are short term advances to related parties against normal trading.			
<b>13 CASH AND BANK BALANCES</b>			
Cash in hand			
With banks:		252,510	239,306
On current accounts		27,448,043	22,529,160
On PLS account	13.1	4,354	4,354
		<u>27,704,906</u>	<u>22,773,120</u>
13.1 Rate of profit on Pak Rupees bank deposit ranges from 6.5% to 7.05% (2015: 7.02 to 7.25%) per annum.			

**14 LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE**

Future minimum lease payments	5,398,248	5,869,858
Less: Un-amortized finance charge	583,511	859,194
Present value of future minimum lease payments	4,814,737	5,010,664
Less: Current portion shown under current liabilities	2,631,298	2,092,885
	<u>2,183,439</u>	<u>2,917,779</u>

	2016		2015	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
Future minimum lease payments	3,083,187	2,315,061	2,679,284	3,190,574
Less: Un-amortized finance charge	451,889	131,622	586,399	272,794
Present value of future minimum lease payments	<u>2,631,298</u>	<u>2,183,439</u>	<u>2,092,885</u>	<u>2,917,779</u>

- 14.1 This represent finance leased assets by an agreement between the directors and the leasing companies for cars. The directors intends to exercise their options to purchase the assets on payment of last installments and residual values against lease key moneys and thereafter the assets will be transferred in the company's name.
- 14.2 Present value of minimum lease payments have been discounted at an interest rate implicit in leases which equate to an interest rate ranging from 11.36% to 12.7% per annum. Repayments are made on monthly basis in advance.

**15 LONG TERM LOAN**

Term Finance -Bank Alfalah Limited	19	46,670,415	56,514,628
Less: Current portion shown under current liabilities		9,600,000	9,600,000
		<u>37,070,415</u>	<u>46,914,628</u>

- 15.1 The running finance facility from Bank Alfalah Limited has been compromised through agreement dated 17th June 2013 and converted to Term Finance. The repayment of loan is in eight (8) years having grace period of 5 years (i.e. May 2018) for mark up and after that it will carry mark up @ 6% and 1% increase in each year upto May 2021. The loan is secured through shares of quoted market security.

**16 DUE TO CUSTOMERS**

Unsecured and considered good	16.1	14,573,192	17,743,681
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- 16.1 As at 30 June 2016, due to clients represent payable under normal trading activities in stock exchange.

**17 DUE TO RELATED PARTIES**

Associated undertaking	17.1	8,801,141	-
Directors and relatives		6,280,038	6,522,523
		<u>15,081,179</u>	<u>10,866,244</u>

- 17.1 These are short term advances from related parties under normal trading activities.

# 18 SHORT TERM BORROWINGS-SECURED

Note

2016  
Rupees

2015  
Rupees

Running finance

18.1

8,790,377

12,591,976

18.1

Bankers	Note	Rate	2016		2015	
			Millions		Millions	
			Availed	Sanctioned	Availed	Sanctioned
Summit Bank Ltd. Rf2	17.1.1	Kibor + 4%	7.98	12	10.11	12.00
Summit Bank Ltd.	17.1.2	Kibor + 3.5%	0.81	10	2.48	10.00

17.1.1 It carries mark up at three months KIBOR plus 4 % per annum and payable quarterly. This facility is secured against readily marketable securities in form of shares and personal guarantees of all directors and mortgagor along with PNWS of directors.

17.1.2 It carries mark up at 3 Months KIBOR plus 3.5% per annum and payable quarterly. This facility is secured against readily marketable securities in form of shares and personal guarantees of all directors and mortgagor along with PNWS of directors

## 19 CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of liabilities against assets subject to finance lease  
Current portion of long term loan

14

15

2,631,298

2,092,885

9,600,000

9,600,000

12,231,298

11,692,885

## 20 ACCRUED AND OTHER LIABILITIES

Accrued expenses  
Directors remuneration  
Auditors remunerations  
Payable to NCCPL  
Other payables

141,131

529,232

-

11,667

160,000

125,000

8,826,441

-

1,611,231

2,484,067

10,738,804

3,149,966

21 There are no contingencies and commitments as at June 30, 2016 (2015: nil).

## 22 OTHER OPERATING EXPENSES

Advance income tax written off

-

505,530

## 23 FINANCE COST

Bank Charges  
Mark-up on:  
Running finance  
Liabilities against assets subject to finance lease

95,725

32,748

404,204

906,554

672,707

421,025

1,172,636

1,360,327

## 24 OTHER INCOME

Gain on sale of vehicles  
Gain on sale of building  
Dividend income  
Profit on deposits  
Other services

69,000

14,094

2,875,873

-

854,611

364,849

-

8,606

202,175

65,605

4,001,658

451,155

## 25 TAXATION

Current:

Normal tax

- Current year

- Prior year

Final tax regime

Deferred

59,793

70,011

35,709

-

231,828

750,460

327,330

820,482

(2,722,465)

438,480

2,395,135

1,258,962

25.1 Due to carry forward of taxable losses in the current and previous fiscal years minimum tax under section 113 of Income Tax Ordinance 2001 is applicable. Reconciliation of tax expenses and product of accounting profit with applicable tax rate is impracticable due to minimum tax.

26 During the year no remuneration were paid to chief executive and any other directors of the Company (2014: Rs.300,000)

	Note	2016 Rupees	2015 Rupees
27 EARNING PER SHARE-BASIC AND DILUTED			
Earning attributable to ordinary shareholders		(833,694)	(12,560,467)
Weighted average number of ordinary shares in		100,000	100,000
Earning per share - basic		(8.337)	(125.605)
There is no dilutive effect on the basic earnings per share of the Company.			

## 28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors and their relatives. Detail of transactions disclosed in the financial statements are as follows:

Relation with the company	Nature of transaction		
Associated undertakings	Loan provided	17,254,457	29,377,237
	Loan refunded	42,978,984	39,408,140
Directors and relatives	Trading of securities	352,456,744	1,184,931,108
	Repayments against trading of securities	352,737,141	1,187,863,542

28.1 Amounts due to related parties are unsecured, interest free and have no fixed term of repayment.

## 29 Financial instruments and related disclosure

The company has exposure to the following risks from its use of financial instruments:

Credit Risk

Liquidity Risk

Market Risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

### 29.1 Credit risk exposure

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company's credit risk is primarily attributable to its trade debts and balances at banks. The company maintains balances with

banks having satisfactory credit rating. Due to the high credit worthiness of counter parties the credit risk is considered minimal.

	2016 Rupees	2015 Rupees
Due from customers	88,233,211	90,006,998
Bank balances	27,704,906	22,773,120
	126,982,718	119,212,830

### 29.2 Liquidity Risk

Liquidity risk reflects an enterprise's inability in funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The company is not materially exposed to liquidity risk as the obligations/commitments of the company are being fulfilled on timely basis.

The following are the contractual maturities of the financial liabilities:

**29.3 Financial Liabilities**

Liabilities against asset subject to finance lease  
 Long term loan  
 Due to customers  
 Due to related parties  
 Accrued and other liabilities

2016		
Carrying amount	Next twelve months	More than one year
4,814,737	2,631,298	2,183,439
46,670,415	9,600,000	37,070,415
14,573,192	14,573,192	-
15,081,179	15,081,179	-
10,738,804	10,612,804	-
91,878,327	52,498,473	39,253,854

**Financial Liabilities**

Liabilities against asset subject to finance lease  
 Long term loan  
 Due to customers  
 Due to related parties  
 Accrued and other liabilities

2015		
Carrying amount	Next twelve months	More than one year
5,010,664	2,092,885	2,917,779
56,514,628	9,600,000	46,914,628
17,743,681	17,743,681	-
6,522,523	6,522,523	-
3,149,966	3,149,966	-
88,941,462	39,109,055	49,832,407

**29.4 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rate, interest rate and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company is only exposed to interest rate risk.

**29.5 Yield/Markup rate exposure**

Yield/mark-up rate risk is the risk that the value of financial instrument due to change in market yield/mark-up rates. Sensitivity to yield/mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprise in a given period. The company manages these mismatches through risk management's strategies where significant changes in gap position can be adjusted.

**29.6 Financial assets**

Cash and bank  
 Financial liabilities  
 Summit Bank Ltd. R/F2  
 Summit Bank Ltd. R/F1  
 Total yield/markup rate risk

2016	2015	2016	2015
Effective rate of mark-up		Carrying amount	
-	-	27,704,906	22,773,120
Kibor + 4%	Kibor + 4%	7,979,497	10,107,836
Kibor + 3.5%	Kibor + 3.5%	810,880	2,483,240
		36,495,283	35,364,196

**29.7 Exposure to currency risk**

Currency risk is the risk that the financial instrument will fluctuate due to changes in foreign exchange rates. In appropriate cases, the management takes out forward contract to mitigate the risk.

**30 NUMBER OF EMPLOYEES**

Number of employees as on June 30, 2016  
 Average number of employees during the year

8	17
11	18

**31 EVENTS AFTER THE BALANCE SHEET DATE**

There were no events occurred after balance sheet date that requires disclosure in the financial statements.

**32 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 06/05/16 by the Board of Directors of the Company.

**33 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged/re-classified, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made during the year.

**34 GENERAL**

Figures presented in these financial statements have been rounded off to the nearest of Pak rupee.

  
CHIEF EXECUTIVE



  
DIRECTOR