DIRECTOR'S REPORT

On behalf of the Board of Directors of **"GPH SECURITIES (PRIVATE) LIMITED"** (the company), I am pleased to present our report, the audited financial statements and auditor's report for the year ended June 30, 2016.

The company is pleased to be a part of the newly Incorporated Pakistan Stock Exchange Limited (PSX), but the new regime brings more Regulations along with increased Taxation on Capital Gain implemented by the Federal Government. Management has taken up the responsibility to ensure that the increasing Capital Market Indices does not bring significant Risk's for the company. GPH Securities (Pvt) Limited's Management has a cautious stance over the record high level of Pakistan Stock Exchange Limited (PSX), therefore, future participation in the market is advised after diligent evaluations.

In an effort to align the business Financials in accordance with the regulations set forth by the Securities & Exchange Commission of Pakistan (SECP), GPH Securities (Pvt) Limited has made realistic revaluations on its Listed Tradable Securities, and impairments on its shareholding in LSE Financial Services Limited and on the value of Trading Right Entitlement Certificate (TREC), to reflect the closest estimate of their fair values.

Future outlook:

The Management based on its past experiences and market knowledge views market fundamentals to stay strong, with the upcoming Strategic Investment in PSX, market participation is estimated to improve as the Exchange will get increased global recognition if the stakes are taken over by companies like Shanghai Stock Exchange. China-Pakistan Economic Corridor is another reason to be positive, link between China and Pakistan will provide economic development throughout the route from China to Gwadar. With more countries like Iran and Russia joining the corridor it will only boost trade and bring development.

Profit Appropriations:

No dividend was declared by the company and no other appropriation was made by the company.

Acknowledgement:

In the end we would like to thanks and appreciate the cooperation and dedication of the company's executive and staff dedicated in the smooth management of company's affairs.

Abstract of Directors Statement of Interest (Mohammad Gulzar Sheikh):

"I also bring into the notice of the board as the matter of increase in mine salary is in mine interest therefore I will not take part in the proceedings of the said matter as per the provisions of the Companies Ordinance 1984."

On behalf of the board

Humayun Shahzada

HUMAYUN SHAHZADA
CHIEF EXECUTIVE

Lahore.
October 04, 2016.

GENEVA GROUP INTERNATIONAL
SWITZERLAND

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
71-C-3, Gulberg-III, Lahore 54660-Pakistan.

Tel : +92 (42) 3575 9501-3
Fax : +92 (42) 3575 9504
E-mail : info@tagm.com.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GPH SECURITIES (PRIVATE) LIMITED** ('the Company') as at 30 June 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 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 the 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 30 June 2016 and of the loss, its comprehensive income, cash flows and changes in equity for the year then ended;

(d) in our opinion, no Zakat was deductible at source under Zakat & Ushr Ordinance, 1980; and

(e) The financial statements for the year ended 30 June 2015 were audited by another firm of auditors, whose report dated 18 August 2015 expressed an unqualified opinion on those financial statements.

Lahore
Dated: 04 October 2016

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Shahid Mehmood

GPH SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	4	8,984,852	9,652,684
Intangible assets	5	5,040,804	9,631,924
Long term investments	6	14,887,719	20,400,000
Long term deposits	7	830,000	830,000
		29,743,375	40,514,608
Current Assets			
Trade receivables	8	806,644	981,123
Short term investments	9	32,885,903	45,328,265
Trade deposits and short term prepayments	10	712,447	33
Advance income tax	11	2,233,290	1,831,953
Cash and bank balance	12	22,055,720	33,320,161
		58,694,004	81,461,535
		88,437,379	121,976,143
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share Capital 100,000,000 (2015: 100,000,000) ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	13	100,000,000	100,000,000
Reserves		(20,142,187)	5,430,012
		79,857,813	105,430,012
Current Liabilities			
Trade and other payables	14	7,869,759	16,500,974
Provision for taxation	15	709,807	45,157
		8,579,566	16,546,131
Contingencies and commitments	16	-	-
		88,437,379	121,976,143

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The annexed notes from 01 to 30 form an integral part of these financial statements.

Hamayun Shah Zada

CHIEF EXECUTIVE

DIRECTOR

GPH SECURITIES (PRIVATE) LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
Revenue	17	4,197,617	4,515,715
Operating expenses	18	(5,339,352)	(4,673,621)
Operating loss		(1,141,735)	(157,906)
Finance cost	19	(3,513)	(2,923)
		(1,145,248)	(160,829)
Other income	20	3,722,368	4,314,608
Other charges	21	(27,297,302)	-
(Loss) / profit before taxation		(24,720,182)	4,153,779
Taxation	22	(852,017)	(185,940)
(Loss) / profit after taxation		(25,572,199)	3,967,839
(Loss) / earnings per share - basic and diluted	23	(25.57)	3.97

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The annexed notes from 01 to 30 form an integral part of these financial statements.

Humayun Shahzada

CHIEF EXECUTIVE

DIRECTOR

GPH SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
(Loss) / profit for the year		(25,572,199)	3,967,839
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(25,572,199)	3,967,839

The annexed notes from 01 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

GPH SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(24,720,182)	4,153,779
Adjustments for non cash / non operating items:			
Finance cost	19	3,513	2,923
Amortization		15,356	7,960
Depreciation	4.01	676,832	762,049
Revaluation loss on short term investments	9.01	17,185,021	-
Impairment loss on LSE shares	6.01	5,512,281	-
Impairment on TREC	5.02	4,600,000	-
Dividend income	17	(3,203,991)	(2,587,683)
		24,789,012	(1,814,751)
Operating profit before working capital changes		68,830	2,339,028
Adjustments for working capital changes:			
(Increase) / decrease in trade debts		174,479	(432,123)
Decrease / (increase) in investment		(4,742,659)	(2,953,284)
(Increase) / decrease in trade deposits and short term prepayments		(1,113,751)	(354,424)
(Decrease) / increase in trade and other payables		(7,966,565)	13,460,124
		(13,648,496)	9,720,293
Cash (used in) / generated from operating activities		(13,579,666)	12,059,321
Tax paid		(852,017)	(185,940)
Finance cost paid		(3,513)	(2,923)
Net cash (used in) / generated from operating activities		(14,435,196)	11,870,458
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(9,000)	(6,300)
Intangible assets acquired		(24,236)	(17,800)
Dividend income		3,203,991	2,587,683
Net cash generated from investing activities		3,170,755	2,563,583
CASH FLOW FROM FINANCING ACTIVITIES		-	-
Net (decrease) / increase in cash and cash equivalents		(11,264,441)	14,434,041
Cash and cash equivalents at the beginning of the year		33,320,161	18,886,120
Cash and cash equivalents at the end of the year		22,055,720	33,320,161

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The annexed notes from 01 to 30 form an integral part of these financial statements.

Humayun Shah Jada

CHIEF EXECUTIVE

DIRECTOR

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

(Rupees)

	Share Capital	Revenue Reserves	Total
Balance as at 01 July 2014	100,000,000	1,462,173	101,462,173
Total comprehensive income for the year :			
Profit for the year ended 30 June 2015	-	3,967,839	3,967,839
Balance as at 01 July 2015	100,000,000	5,430,012	105,430,012
Total comprehensive income for the year :			
Loss for the year ended 30 June 2016	-	(25,572,199)	(25,572,199)
Balance as at 30 June 2016	100,000,000	(20,142,187)	79,857,813

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The annexed notes from 01 to 30 form an integral part of these financial statements.

Humayun Shahzada

CHIEF EXECUTIVE

DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated on May 24, 2007 as Private Limited Company under the provisions of Companies Ordinance, 1984 in Lahore, Pakistan. The registered office of the Company is situated at Room No. 202, 2nd Floor, Lahore Stock Exchange Building, 19 - Khayaban-e-Aiwan-e-Iqbal, Lahore. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (formerly Lahore Stock Exchange (Guarantee) Limited) and is engaged in the business of brokerage.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.01 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives under the Companies Ordinance, 1984 shall prevail.

2.02 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statement, all transactions have been accounted for on accrual basis.

2.03 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follow:

Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for items of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to drive from that item.

Recoverable amount of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Employees retirement benefits

The present value of defined benefit obligation is based assumptions of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.04 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- **Standards, amendments to published standards and interpretations effective in current year**

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2015:

New/Revised Standards, Interpretations and Amendments

IFRS 13- Fair Value Measurement. The standard 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.

Improvement to Accounting Standards Issued by the IASB

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations- (changes in methods of disposal).
IFRS 7	Financial Instruments: Disclosures- (servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements)
IAS 19	Employee Benefits- (discount rate: regional market issue)
IAS 34	Interim Financial Reporting- (disclosure of information 'elsewhere in the interim financial report')

'The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

- **Standards, interpretations and amendments to published standards that are effective but not relevant to the company**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2015 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

- **Standards, interpretations and amendments to existing standards that are not yet effective**

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

IFRS 10 - Consolidated Financial Statements	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2016
IAS 16 and 38 - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41 - Agriculture: Bearer Plants	01 January 2016

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

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Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 09 -	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 -	Regulatory Deferral Accounts	01 January 2018
IFRS 15 -	Revenue from Contracts with Customers	01 January 2018
IFRS 16 -	Leases	01 January 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.01 Property, plant and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the item.

Parts of an item of property and equipment having different useful lives are recognized as seperate items.

Major renewals and improvements of an item of property and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property and equipment using the rates specified in note 4 to the financial statements.

Depreciation on addition to property and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

De-recognition

An item of property and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss account.

3.02 Financial Instruments

Recognition

A financial instrument is recognized when the company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged, cancelled or transferred to another party without retaining any obligation. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in the profit and loss account.

Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

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Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis to realize the asset and settle the liability simultaneously.

"Regular way" purchases and sales of financial assets.

All regular way purchases and sales of financial assets are recognized on trade date, i.e. the date the Company commits to purchase or sell the asset. Regular way purchase or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by the regulation or convention in the market.

3.03 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issuer of ordinary shares and share options are recognized as deduction from equity.

3.04 Borrowing

These are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowing on an effective interest basis.

3.05 Employees retirement benefits

Short term employees benefits

The Company recognizes the undiscounted amount of short term employees benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit and loss account unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualified period for service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit and loss account. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

3.06 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 and subsequently measured at amortized cost.

3.07 Trade and other receivables

Trade debts and other receivables are recognized initially at original invoice amount which is the fair value of trade debts and other receivables and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.08 Investment at fair value through profit and loss account

Investments are classified as investments at fair value through profit and loss account when either they are designated as such on initial recognition or are classified as held for trading. Held for trading investments are investments that are acquired principally for the purpose of selling them in the near future; or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of profit taking or that are derivatives, excluding financial guarantee contracts and designated and hedging instruments.

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These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in profit and loss account. Gain or loss on sale of investments is recognized in profit and loss account. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit and loss account.

3.09 Investment available for sale

Investments are classified as available for sale when these are intended to be held for an indefinite period of time and may be sold in response to need for the liquidity or change in equity prices.

These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in equity until the investments are disposed off or impaired. Gain or loss on sale of these investments is recognised in profit and loss account. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit and loss account.

3.10 Securities sold / purchased under repurchase / resale agreements

Securities sold subject to a linked repurchase agreement ('repo') are retained in the financial statements and the counterparty liability is included in borrowings under repurchase agreements. The difference between sale and repurchase price is treated as mark-up income and is accrued over the life of agreement using the effective yield method.

3.11 Revenue

Revenue is measured at fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Brokerage income is recognized as and when such services are rendered.

Dividend income is recognized when right to receive payment is established.

Underwriting commission is recognized as and when the contract is executed. Take-up commission is recognized at the time of actual take-up.

Commission on continuous funding system is recognized as and when accrued.

Rental income is recognized as and when accrued.

Mark-up on saving account is recognized on time proportion basis.

3.12 Borrowing cost

Borrowing cost 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 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

3.13 Income tax

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

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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 higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1% of turnover. 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 financial reporting purposes and the amounts used for tax purposes. In this regard, the effect 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 the Chartered Accountants of Pakistan. Deferred tax is measured at rate that are expected to be applies 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 temporary differences can be utilized. Deferred tax asset 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.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.14 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement compromise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

3.15 Functional currency

These financial statements are prepared in Pak Rupees which is Company's functional currency.

3.16 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in the foreign currency that are measured at historical cost are translated to functional currency at exchange rate at the date of transaction. Gain or loss arising on translation of foreign currency transactions and balances is recognized in profit and loss account.

3.17 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 and loss account. 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 no impairment loss had been recognized.

3.18 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions is determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.19 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that 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.

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4 Property, plant and equipment

The following is a statement of operating fixed assets (tangible):

(Rupees)

	Office Building	Electric Equipment	Furniture and Fixture	Vehicles	Total
At 30 June 2014					
Cost	12,500,000	172,180	45,660	2,225,927	14,943,767
Accumulated depreciation	(3,770,783)	(87,791)	(23,822)	(652,938)	(4,535,334)
Net book value as at 30 June 2014	8,729,217	84,389	21,838	1,572,989	10,408,433
Year ended 30 June 2015					
Additions	-	6,300	-	-	6,300
Depreciation charge for the year (note 4.01)	(436,461)	(8,806)	(2,184)	(314,598)	(762,049)
Net book value as at 30 June 2015	**8,292,756**	**81,883**	**19,654**	**1,258,391**	**9,652,684**
Year ended 30 June 2016					
Additions	-	2,500	6,500	-	9,000
Depreciation charge for the year (note 4.01)	(414,638)	(8,334)	(2,182)	(251,678)	(676,832)
Net book value as at 30 June 2016	**7,878,118**	**76,049**	**23,972**	**1,006,713**	**8,984,852**
At 30 June 2015					
Cost	12,500,000	172,180	45,660	2,225,927	14,943,767
Accumulated depreciation	(4,207,244)	(96,597)	(26,006)	(967,536)	(5,297,383)
Net book value	8,292,756	75,583	19,654	1,258,391	9,646,384
At 30 June 2016					
Cost	12,500,000	180,980	52,160	2,225,927	14,959,067
Accumulated depreciation	(4,621,882)	(8,334)	(2,182)	(1,219,214)	(5,851,612)
Net book value	7,878,118	172,646	49,978	1,006,713	9,107,455
Annual rates of depreciation (%)	5	10	10	20	

4.01 Depreciation charge for the year has been allocated as follows:

	2016 Rupees	2015 Rupees
Operating expenses	676,832	762,049
	676,832	**762,049**

4.02 No impairment relating to operating fixed assets has been recognised in the current year.

TRGM

	Note	2016 Rupees	2015 Rupees
5 INTANGIBLE ASSETS			
Accounting software	5.01	40,804	31,924
TREC	5.02	5,000,000	9,600,000
		5,040,804	9,631,924

5.01 Accounting software

		2016 Rupees	2015 Rupees
Net carrying value			
Accounting software		56,160	39,884
Amortization charge		(15,356)	(7,960)
Net book value (NBV) as at 30 June		40,804	31,924
Gross carrying value			
Cost		129,336	105,100
Accumulated amortization		(88,532)	(73,176)
Net book value		40,804	31,924
Amortization rate per annum		30%	30%

5.02 Trading Rights Entitlement Certficate - TREC

	Note	2016 Rupees	2015 Rupees
Pakistan Stock Exchange Limited (2015 : LSE)			
Opening balance		9,600,000	9,600,000
Impairment during the year		(4,600,000)	-
Closing net book value	5.02.1	5,000,000	9,600,000

5.02.1 This represents trading rights in Pakistan Stock Exchange Limited which have replaced membership cards of stock exchange pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 act). Before demutualization the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore, the membership cards have now been replaced by shares in the exchange representing ownership in the exchange and Trading Rights Entitlements Certificates (TREC) representing rights to trade in the exchange. As a result 843,975 shares of Rs. 10/- each have been allotted to the Company out of which 60% of the shares are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% are available to members with no condition on their future sale. The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost / carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however, once sold it would not be saleable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

The above mentioned face value (Rs. 8,439,750/-) of the shares issued by the LSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words, shares worth Rs. 8,439,750/- received by the Company represent its share in the fair value of the net assets of the LSE. Under the current circumstances where active market is not available for such shares, this net asset valued based valuation has been considered as the closest estimate of the fair value of the shares.

5.02.2 Further recently, the PSX has introduced a minimum capital regime for the brokers, and for this purpose have revalued TREC at Rs. 5,000,000/- as per the decision of the BOD of the PSX. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 5,000,000/- has been considered as the closest estimate of the fair value of the TREC.

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	Note	2016 Rupees	2015 Rupees
6 LONG TERM INVESTMENTS			
Available for sale			
Investment in PSX Shares	6.01	14,887,719	20,400,000
843,975 (2015: 843,975) shares			
6.01 Opening balance		20,400,000	20,400,000
Impairment loss during the year		(5,512,281)	-
Closing net book value		14,887,719	20,400,000
7 LONG TERM DEPOSITS			
Security deposits			
CDC deposit		100,000	100,000
LSE clearing house deposit		430,000	430,000
NCCPL deposit		300,000	300,000
		830,000	830,000
8 TRADE DEBTS			
Unsecured:			
-Considered good		1,089,606	981,123
Provision for doubtful debt		(282,962)	-
		806,644	981,123
9 SHORT TERM INVESTMENTS			
Held for trading			
Investment in listed securities	9.01	32,885,903	45,328,265
- at fair value through profit & loss			
9.01 Opening balance		45,328,265	45,328,265
Additions		4,742,659	-
Revaluation loss during the year		(17,185,021)	-
		32,885,903	45,328,265
10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Dividend receivable		250,162	-
Other advances		462,285	33
		712,447	33
11 ADVANCE INCOME TAX			
Income tax refundable		2,233,290	1,831,953
12 CASH AND BANK BALANCES			
Cash in hand		47,909	36,327
Cash at bank			
- current account		7,863,598	19,724,667
- saving account	12.01	14,144,213	13,559,167
		22,055,720	33,320,161

12.01 These carry profit @ 4% to 5 % (2015: 5 %) per annum approximately.

	2016 Rupees	2015 Rupees
13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
1,000,000 (2015: 1,000,000) shares of Rs. 100 each	100,000,000	100,000,000
14 TRADE AND OTHER PAYABLES		
Trade creditors	7,224,335	16,085,683
Accrued expenses	631,334	409,038
Federal excise duty payable	14,090	6,253
	7,869,759	16,500,974
15 PROVISION FOR TAXATION		
Opening balance	45,157	44,990
Taxation - current	852,017	185,940
	897,174	230,930
Tax payments /adjustments during the year	(187,367)	(185,773)
	709,807	45,157

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16 CONTINGENCIES AND COMMITMENTS

16.01 Contingencies

Contingencies as at balance sheet date were Nil (2015: Nil).

16.02 Commitments

There were no commitments as at balance sheet date.

	Note	2016 Rupees	2015 Rupees
17 REVENUE			
Commission income		366,497	520,154
Dividend income		3,203,991	2,587,683
Saving A/c profit		627,129	1,407,878
		4,197,617	4,515,715
18 OPERATING EXPENSES			
Director's remuneration	25	2,406,000	2,286,000
Salaries, wages and other benefits		884,000	803,000
Travelling and conveyance		21,957	28,246
Vehicle running and maintenance		184,900	165,800
Printing and stationery		27,149	20,413
Telephone and postage		24,374	21,301
Electricity charges		92,268	84,829
Rent, rates, taxes and renewals		134,912	85,596
Insurance		6,931	9,274
Repair and maintenance		67,745	48,550
Legal and professional charges		60,600	60,600
Auditor's remuneration	18.01	250,000	70,000
Entertainment expenses		34,925	33,914
Amortization		15,356	7,960
Provision for doubtful debt	24.03	282,962	-
Depreciation	4.01	676,832	762,049
LSE charges		122,841	125,157
Fee and subscription		8,335	23,500
Miscellaneous expenses		37,265	37,432
		5,339,352	4,673,621
18.01 Auditor's Remuneration			
Statutory audit fee		250,000	70,000
		250,000	70,000
19 FINANCE COST			
Bank charges		3,513	2,923
		3,513	2,923
20 OTHER INCOME			
Capital gain - taxable		3,722,368	4,394,357
Capital (loss) - non taxable		-	(79,749)
		3,722,368	4,314,608
21 OTHER CHARGES			
Revaluation loss on short term investments		17,185,021	-
Impairment loss on LSE shares		5,512,281	-
Impairment loss on TREC		4,600,000	-
		27,297,302	-
22 TAXATION			
Current		3,665	45,157
Capital gain tax		142,210	140,783
Prior year adjustment		706,142	-
		852,017	185,940

22.01 Provision for the year has been made in accordance with section 233(A) of the Income Tax Ordinance, 2001 ("the Ordinance").

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22.02 Assessment for and upto tax year 2015 are deemed assessment under section 120 (1) of the Ordinance, as per Income Tax Returns filed by the company.

22.03 There is no relationship between tax expense and accounting profit since the company's profits are subject to tax under section 233(A). Accordingly, no numerical reconciliation has been presented.

23 EARNINGS / (LOSS) PER SHARE	**Note**	**2016 Rupees**	**2015 Rupees**
(Loss) / profit for the year		(25,572,199)	3,967,839
Weighted average number of ordinary shares issued during the year		1,000,000	1,000,000
(Loss) / earnings per share		(25.57)	3.97

There is no dilutive effect on the basic earnings per share.

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

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

Risk management framework

The Board of Directors of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities..

24.01 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations. There is a possibility of participants and of failure of the financial markets, the depositories, the settlements or clearing system.

	Rating Agency	**Credit Rating**	
		Short term	**Long term**
Bank Islami Pakistan Limited	PACRA	A-1	A+
Habib Bank Limited	JCR	A1+	AAA

Exposure to credit risk

Credit risk of the Company arises principally from its trade debts, long term deposits, advances, deposits and other receivables and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

	Note	**2016 Rupees**	**2015 Rupees**
Long term deposits	7	830,000	830,000
Trade receivables	8	1,089,606	981,123
Trade deposits and short term prepayments	10	712,447	33
Bank balances	12	22,007,811	33,283,834
		24,639,864	35,094,990

Credit risk management

To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected from and maintained by the clients. The Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines.

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All transactions in listed securities are settled using National Clearing Company of Pakistan Limited, being the central clearing company of the country. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by the stock exchange. The Company does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk before any credit enhancements at 30 June 2016 is the carrying amount of the financial assets as set out below:

	Note	2016 Rupees	2015 Rupees
Long term investment - Available for sale	6	14,887,719	20,400,000
Long term deposits	7	830,000	830,000
Trade debts	8	806,644	981,123
Short term investments - Held for trading	9	32,885,903	45,328,265
Deposits and prepayments	10	712,447	33
Bank balances	12	22,007,811	33,283,834
		72,130,524	100,823,255

Except for the impairment disclosed above, no impairment has been recognized in respect of these receivables as the security against the same is adequate. The Company is doing its utmost to recover the amount from the doubtful clients and is confident that majority of the amount would be recovered based on the past experience and the recovery efforts being carried out by the Company.

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to A+ assigned by reputable credit rating agencies.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is diversified and transactions are entered into with credit-worthy counterparties of diverse natures thereby mitigating any significant concentrations of credit risk.

24.02 Liquidity risk

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business, the company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Description	Carrying Amounts	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
30 June 2016					
Trade and other payables	7,855,669	7,855,669	7,765,887	89,782	-
	7,855,669	7,855,669	7,765,887	89,782	-

Description	Carrying Amounts	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
30 June 2015					
Trade and other payables	16,494,721	16,494,721	16,494,721	-	-
	16,494,721	16,494,721	16,494,721	-	-

24.03 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

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	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 30 June 2016					
FINANCIAL ASSETS					
Trade receivables	806,644	282,962	-	-	1,089,606
Short term investment	32,885,903	-	-	-	32,885,903
Deposits and prepayments	712,447				712,447
Bank balances	14,144,213	-	-	7,863,598	22,007,811
	48,549,207	282,962	-	7,863,598	56,695,767
FINANCIAL LIABILITIES					
Trade and other payables	-	-	-	7,869,759	7,869,759
	-	-	-	7,869,759	7,869,759
Total Interest rate sensitivity gap	48,549,207	282,962	-		
'Cumulative interest rate sensitivity gap	48,549,207	48,832,169	48,832,169		

	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 30 June 2015					
FINANCIAL ASSETS					
Trade receivables	981,123	-	-	-	981,123
Short term investment	45,328,265	-	-	-	45,328,265
Deposits and prepayments	33				33
Bank balances	13,559,167	-	-	19,724,667	33,283,834
	59,868,588	-	-	19,724,667	79,593,255
FINANCIAL LIABILITIES					
Trade and other payables	-	-	-		16,500,974
	-	-	-	-	16,500,974

Market risk management

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

- 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. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

- Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield.

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not have affected the after tax loss of the Company.

Other price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares.

The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain. There is no outstanding exposure of the Company in lieu of equity securities as at 30 June 2016.

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24.04 Fair value of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset:				
Held for trading:				
Investment in listed securities	32,885,903	-	-	32,885,903
Available for sale:				
Investment in shares of PSX	-	-	14,887,719	14,887,719
Total non-financial assets	32,885,903	-	14,887,719	47,773,622

As at 30 June 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset:				
Held for trading:				
Investment in listed securities	45,328,265	-	-	45,328,265
Available for sale:				
Investment in shares of PSX	-	-	20,400,000	20,400,000
Total non-financial assets	45,328,265	-	20,400,000	65,728,265

24.05 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

Net capital requirements of the Company are set and regulated by KSE. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

25 SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to 30 June 2016, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

26 RELATED PARTY TRANSACTIONS

The related parties of the company comprise of the directors of the company who are also the major shareholders and key management personnel of the company.

The related party transactions of the company mainly comprise of the remunerations and loan paid to its directors.

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27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Exective		Directors	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	723,000	723,000	1,683,000	1,563,000
	723,000	723,000	1,683,000	1,563,000

28 NUMBER OF EMPLOYEES

Annual number of employees at the year end	6	6

Average number of employees during the year were 6 (2015: 6).

29 AUTHORIZATION OF FINANCIAL STATEMENTS

The above financial statements have been authorized for issue by the board of directors of the company as on 04 October 2016.

30 GENERAL

- Figures have been rounded-off to the nearest of rupees.
- previous year figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison.

TAGM

Humayun Shahzada

CHIEF EXECUTIVE

DIRECTOR