Riaz Ahmad & Company
Chartered Accountants

AKD SECURITIES LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED
30 JUNE 2016

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Nexia
International

Riaz Ahmad & Company
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AKD SECURITIES 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 account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Hamid Jan

Date: 05 October 2016

KARACHI

AKD SECURITIES LIMITED
BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		1,000,000,000	1,000,000,000
100,000,000 (2015: 100,000,000) ordinary shares of Rupees 10 each			
Issued, subscribed and paid up share capital	3	999,000,000	999,000,000
Reserves		480,906,268	340,306,517
Total equity		1,479,906,268	1,339,306,517
Surplus on revaluation of intangible assets		4,926,170	4,926,170
Advance against share capital	4	1,378,699,500	1,378,699,500
NON-CURRENT LIABILITIES			
Long term financing	5	79,094,043	139,094,043
Liabilities against assets subject to finance lease	6	-	2,574,378
Deferred tax	24	358,067,166	369,617,720
		437,161,209	511,286,141
CURRENT LIABILITIES			
Trade and other payables	7	792,368,927	1,008,010,588
Accrued mark up on borrowings	8	2,696,133	35,815,656
Current portion of long term financing	5	70,000,000	70,000,000
Current portion of liabilities against assets subject to finance lease	6	2,600,263	2,472,316
Taxation - net		11,727,450	16,399,816
		879,392,773	1,132,698,376
TOTAL LIABILITIES		1,316,553,982	1,643,984,517
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		4,180,085,920	4,366,916,704
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	10	83,711,215	77,596,643
Intangible assets	11	12,241,072	12,878,765
Long term investments	12	1,790,073,830	1,790,073,830
Long term deposits	13	2,200,855	1,140,200
		1,888,226,972	1,881,689,438
CURRENT ASSETS			
Trade debts	14	1,301,641,121	1,290,021,034
Loans and advances	15	67,233,924	30,634,344
Short term deposits and prepayments	16	802,768,413	878,128,155
Other receivables	17	10,935,166	3,732,080
Short term investments	18	26,079,075	141,720,974
Cash and bank balances	19	83,201,249	140,990,679
		2,291,858,948	2,485,227,266
TOTAL ASSETS		4,180,085,920	4,366,916,704

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
OPERATING REVENUE			
Brokerage income		276,778,130	306,338,954
Consultancy income		111,643,718	190,963,420
Underwriting commission		32,227,489	3,875,000
Dividend income		1,285,388	1,253,816
		421,934,725	502,431,190
OPERATING EXPENSES	20	(384,802,867)	(327,338,571)
OPERATING PROFIT		37,131,858	175,092,619
OTHER INCOME	21	78,602,557	49,201,287
CAPITAL GAIN ON SALE OF INVESTMENT	22	75,137,417	41,762,596
FAIR VALUE GAIN ON REMEASUREMENT OF INVESTMENT THROUGH PROFIT OR LOSS		6,494,342	48,236,039
FINANCE COST	23	(14,698,573)	(29,033,098)
PROFIT BEFORE TAXATION		182,667,601	285,259,443
TAXATION	24		
Current		(53,618,404)	(94,799,428)
Prior		-	-
		(53,618,404)	(94,799,428)
PROFIT AFTER TAXATION		129,049,197	190,460,015
EARNINGS PER SHARE - BASIC AND DILUTED	25	1.29	1.91

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rupees	2015 Rupees
PROFT AFTER TAXATION	129,049,197	190,460,015
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Deferred tax related to fair value adjustment	11,550,554	23,101,107
Other comprehensive income for the year	11,550,554	23,101,107
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	140,599,751	213,561,122

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	182,667,601	285,259,443
Adjustments for:		
Depreciation and amortization	16,963,834	18,613,582
Unrealized gain on remeasurement of investment through profit or loss	(6,494,342)	(48,236,039)
Finance cost	14,698,573	29,033,098
Provision against doubtful debts	28,137,673	25,947,328
Provision against doubtful other receivables	-	2,802,368
Capital gain on sale of investment in listed securities - net	(75,137,417)	(41,762,596)
Liablities written back	(31,174,849)	-
Dividend income	(1,285,388)	(1,253,816)
Cash generated from operations before working capital changes	128,375,685	270,403,368
Working capital changes		
Increase in current assets		
Trade debts	(39,757,760)	(265,112)
Loans and advances	(36,599,580)	3,438,044
Short term deposits and prepayments	75,359,742	(525,421,450)
Other recievable	(7,203,086)	(914,612)
	(8,200,684)	(523,163,130)
(Decrease) / increase in current liabilities		
Trade and other payables	(215,641,661)	281,839,536
Cash (used in) / flow from operating activities	(95,466,660)	29,079,774
Finance cost paid	(16,114,990)	(32,741,852)
Income tax paid	(58,290,770)	(51,599,194)
Net cash used in operating activities	(169,872,420)	(55,261,272)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(22,864,158)	(24,919,117)
Additions to intangible assets	(163,000)	(531,669)
Proceeds from sale of property and equipment	586,446	4,024,564
Proceeds from sale of investments	1,225,457,912	1,871,784,266
Investments made	(1,028,184,254)	(1,871,443,524)
Increase in long term deposits	(1,060,655)	(285,000)
Dividend received	1,285,388	1,253,816
Net cash flow from / (used in) investing activities	175,057,679	(20,116,664)

	2016 Rupees	2015 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rental paid against assets subject to finance lease	(2,974,689)	(3,128,235)
Long term financing	(60,000,000)	(60,525,042)
Short term borrowings - secured	-	(103,037,488)
Net cash used in financing activities	(62,974,689)	(166,690,765)
Net decerease in cash and cash equivalents	(57,789,430)	(242,068,701)
Cash and cash equivalents at the beginning of the year	140,990,679	383,059,380
Cash and cash equivalents at the end of the year	**83,201,249**	**140,990,679**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued, subscribed and paid up share capital	Reserves			
		Capital	Revenue		
		Fair value adjustment	Accumulated loss	Sub-total	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2014	999,000,000	1,147,355,003	(1,020,609,608)	126,745,395	1,125,745,395
Comprehensive income for the year					
Profit for the year	-	-	190,460,015	190,460,015	190,460,015
Other comrehensive income					
Deferred tax related to fair value adjustment	-	23,101,107	-	23,101,107	23,101,107
	-	23,101,107	190,460,015	213,561,122	213,561,122
Balance as at 30 June 2015	**999,000,000**	**1,170,456,110**	**(830,149,593)**	**340,306,517**	**1,339,306,517**
Comprehensive income for the year					
Profit for the year	-	-	129,049,197	129,049,197	129,049,197
Other comrehensive income					
Deferred tax related to fair value adjustment	-	11,550,554		11,550,554	11,550,554
	-	11,550,554	129,049,197	140,599,751	140,599,751
Balance as at 30 June 2016	**999,000,000**	**1,182,006,664**	**(701,100,396)**	**480,906,268**	**1,479,906,268**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. THE COMPANY AND ITS OPERATIONS

AKD Securities Limited ("the Company") was incorporated as a public limited company under the Companies Ordinance, 1984 on 16 May 2007. The Company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The principal activities of the Company are investments, share brokerage, Initial Public Offer (IPO), Book Building, underwriting, advisory and consultancy services. . The registered office of the Company is located at 602, Continental Trade centre, Block-8, Clifton Karachi.

The Company is wholly-owned subsidiary of Aqeel Karim Dhedhi Securities (Private) Limited which holds 100% shares of the Company through direct and beneficial ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) 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 of requirements differs, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

(b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value or amortized cost and intangible assets stated under revaluation model.

These financial statements, except for cash flow information, have been prepared under accrual basis of accounting.

(c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the

Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- **Useful lives, patterns of economic benefits and impairments**

  Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

- **Taxation**

  In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

- **Provision for doubtful debts**

  The Company reviews its receivables for making provision in respect of any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Functional and presentation currency

The financial statements are presented in Pak rupees, which is company's functional and presentation currency.

e) Amendments to published approved standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards and interpretation are mandatory for the Company's accounting periods beginning on or after 01 July 2015:

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015). This 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, which are largely aligned between IFRSs and US GAAP, 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 or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

f) **Amendments to published standards that are effective in current year but not relevant to the Company**

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

g) **Standards and amendments to published standards that are not yet effective but relevant to the Company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 July 2016). The new cycle of improvements contain amendments to the following standards:

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15

'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments) 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Company's financial statements.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in the Company's financial statements.

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Company's financial statements.

h) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefits

The Company operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 10 percent of the basic salary to the fund. The Company's contributions to the fund are charged to profit and loss account.

2.3 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. Income Tax on brokerage and dividend income is paid at the applicable rates as final tax under presumptive tax regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except where deferred tax arises on the items credited or charged to statement of comprehensive income or statement of changes in equity in which case it is included in other comprehensive income or equity.

2.4 Foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

2.5 Property and equipment

Owned assets

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. Major renewals and improvements are capitalized while normal replacements, repairs and maintenance are charged to profit and loss account. Capital work-in-progress is stated at cost less impairment losses, if any.

Leased - finance lease

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

Depreciation

Depreciation is charged to profit and loss account by applying the rates specified in note 10 as follows:

• Vehicles (owned & leased)	Straight line method
• All other assets	Reducing balance method

De-recognition

An item of property 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 de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 Intangible assets

a) Trading Rights Entitlement Certificates (TREC) - under Revaluation Model

TREC is stated at an allocated carrying value out of previously recognized intangible asset (PSX Membership Card) that was presented under revaluation model. Allocation of carrying value had been made as the residual balance of previously recognized intangible asset after deducting the ordinary share of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) at their face value.

b) Software – under Cost Model

This intangible asset is recognized initially at cost. Subsequent to initial recognition it is stated at cost less accumulated amortization and impairment loss, if any. Amortization is charged on such rate that the asset is amortized over its useful life. Amortization is charged from the month of recognition till the month in which such asset is derecognized.

2.7 Investments

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

All purchases and sales of securities that require delivery within the time frame established by regulations or market convention such as 'T+2' purchases and sales are recognized at the settlement date.

The management determines appropriate classification of investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial

Instruments: Recognition and Measurement' at the time of purchase. The Company classifies its investments in the following categories:

Investment at fair value through profit and loss

An investment is classified as at fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit and loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Subsequent to initial recognition these investments are marked to market and are carried on the Balance Sheet at fair value and changes therein are recognized in profit and loss account.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

All the unquoted investments classified as available for sale investments are stated at their fair value. Such fair value is determined using valuation techniques or based upon observed market based evidence as permitted under IAS-39.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

2.8 Borrowing cost

The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalized as part of the cost of that asset. All other interest, mark-up and other charges are recognized in profit and loss account.

2.9 Revenue recognition

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

Capital gains and losses on sale of marketable securities are included in the profit and loss account in the period in which they arise.

Income from bank deposit is recognized at effective yield on time proportion basis.

Unrealized capital gain arising from mark to market of investments classified as 'financial assets at fair value through profit and loss' are included in profit and loss account in the period in which they arise.

Dividend income and consultancy fee is recognized when the right to receive is established.

Underwriting commission is recognized when the agreement is executed.

2.10 Share Capital

Ordinary shares are classified as equity.

2.11 Financial instruments

Financial instruments carried on the balance sheet include investments, long-term and short-term deposits, trade debts, loans and advances, other receivables, cash and bank balances, finance lease liabilities, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which is measured initially at fair value. Policy for recognition and measurement of investments is stated in note 2.7.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss account. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments (Note 2.7).

(a) Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(b) Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

(c) Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.12 Offsetting of financial assets and financial liabilities

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

2.13 Provisions

Provisions are recognized when the Company has a 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 obligations and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.14 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.16 Related party and transfer pricing

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

2.17 Dividend distributions and appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.18 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are not included in these financial statements.

2.19 Settlement date accounting

All purchase and sales of securities are recognized on settlement date, i.e. the date on which the securities are delivered to or by the Company.

2.20 Earnings / (loss) per share – basic and diluted

Earnings per share are determined according to IAS-33 (Earnings per share) by dividing net income / loss by the weighted average number of shares. Currently, there is no dilutive impact on the Company's earnings per share.

3. **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

This represents 99,900,000 (2015: 99,900,000) ordinary shares out of which 99,897,500 (2015: 99,897,500) ordinary shares are held by Aqeel Karim Dhedhi Securities (Private) Limited - Holding Company and remaining 2,500 (2015: 2,500) ordinary shares are held by nominee directors beneficial owned by the Holding Company.

4. **ADVANCE AGAINST SHARE CAPITAL**

In 2014, the management of the holding Company agreed to convert their outstanding balances wih the Company into paid up share capital of the Company, therefore, the following outstanding balances have been reclassified and treated as non-interest bearing advance against issue of share capital in these financial statements.

	2016 Rupees	2015 Rupees
Mr. Aqeel Karim Dhedhi - sponsor director of the holding company	360,000,000	360,000,000
Miss Hina Junaid Balagamwala - director	250,000,000	250,000,000
Aqeel Karim Dhedhi Securities (Private) Limited - holding company of the Company	768,699,500	768,699,500
	1,378,699,500	1,378,699,500

Ordinary shares will be issued against these advances after the necessary approvals and increase in authorized share capital.

			2016	2015
5.	**LONG TERM FINANCING**			
	From banking company-secured	5.1	67,439,410	127,439,410
	From related party	5.2	11,654,633	11,654,633
			79,094,043	139,094,043
5.1	**From banking company**			
	Bank Alfalah Limited	5.1.1	137,439,410	197,439,410
	Less: Current portion		(70,000,000)	(70,000,000)
			67,439,410	127,439,410

5.1.1 This financing is secured against the mortgage of open land of sponsor director of the holding company and personal guarantee of sponsor director of the holding company. Mark-up on this loan is 3MK+1% p.a. payable quarterly in arrears.

5.2 **From related party**

	2016	2015
Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund	11,654,633	11,654,633

5.2.1 The Company has obtained a short term finance from Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund (the Fund) in 2013-2014. During the prior year, the management of Company and the Fund mutually agreed to treat the loan as long term which is repayable after 30 June 2017, bi-annually in four intalments of Rupees 3.044 million each. Mark-up on this loan is 3MK+1% p.a. payable quarterly

6. **LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	2016 Rupees	2015 Rupees
Lease for vehicles	-	2,574,378

	2016		2015	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees			
Up to one year	2,813,566	2,600,263	3,048,028	2,472,316
Over one to five years		-	2,813,566	2,574,378
Over five years	-	-	-	-
	2,813,566	2,600,263	5,861,594	5,046,694
Financial charges allocated to future periods	(213,303)	-	(814,899)	-
	2,600,263	2,600,263	5,046,695	5,046,694
Current maturity	(2,600,263)	(2,600,263)	(2,472,316)	(2,472,316)
	-	-	2,574,379	2,574,378

		2016 Rupees	2015 Rupees
7.	TRADE AND OTHER PAYABLES		
	Trade payables	748,727,628	940,400,479
	Other payables		
	Other creditors	8,194,107	21,080,831
	Future clearing house	2,666,045	1,267,790
	Taxes payables	9,953,015	8,699,803
	Payable to Staff Provident Fund (Note 7.1)	3,114,963	1,902,844
	Unclaimed deposits	2,333,230	2,333,230
	Accrued expenses	17,379,939	32,325,611
		43,641,299	67,610,109
		792,368,927	1,008,010,588

		2016 Rupees	2015 Rupees
7.1	**Payable to Staff Provident Fund**		
	Opening balance	1,902,844	3,668,721
	Contributions for the year	13,967,140	13,863,416
	Provident Fund loan deduction from salaries	2,006,622	-
	Mark up on long term loan	887,209	515,940
	Markup on overdue balance	42,358	7,302
		18,806,173	18,055,379
	Less: Payments during the year	(15,691,210)	(16,152,535)
		3,114,963	1,902,844

This carries markup on overdue balance at the rate 3MK+1 percent per anum.

		2016 Rupees	2015 Rupees
8.	ACCRUED MARK UP ON BORROWINGS		
	Long term financing	2,696,133	4,640,807
	Short term borrowings	-	31,174,849
		2,696,133	35,815,656

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

(a) Return of income for the tax year 2012 has been selected for tax audit u/s 177 of Income Tax Ordinance, 2001. The Company filed a writ petition under article 199 of the constitution of Islamic Republic of Pakistan, 1973 challenging the vires of selection of case under section 177 of the Income Tax Ordinance, 2001 for tax audit vide C.P. No. D-2867/2014 dated 27 May 2014. The said writ petition is still pending with the Honourable Sindh High Court but the same contention rejected by the Honourable High Court in other cases the management is of the opinion not to pursue the matter in the court and asked the FBR to conduct the audit. The audit under section 177 is still pending. The management and tax advisor of the Company are of the view that ultimate outcome will be in our favour.

(b) Show cause notice file number 1(65)SMD/PRPD/KSE/2015, dated 25 February 2016 from Securities and Exchange Commission of Pakistan wherein several alleged contravention of the laws of SECP leveled against the Company. The Company file suit number 554 of 2016 wherein the Honourable Sindh High Court Karachi via order dated 03 March 2016 was pleased to direct SECP to refrain from taking any coercive action against the Company in relation to the instant matter. The management and legal counsel of the Company are of the view that ultimate outcome will be in our favour.

9.2 Commitments

There was no capital and other commitments of the Company as at the balance sheet date (2015: Nil).

10. PROPERTY AND EQUIPMENT

	OWNED							LEASED	
	Vehicles	Computers	Furniture and fittings	Office equipment	Electrical installations	Telephone equipment	Total	Vehicles	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
At 30 June 2014									
Cost	46,859,204	46,326,748	21,468,589	22,744,067	765,032	3,596,035	141,759,675	8,971,600	150,731,275
Accumulated depreciation	(25,455,080)	(29,073,520)	(10,056,376)	(8,604,671)	(256,532)	(1,759,091)	(75,205,270)	(1,059,495)	(76,264,765)
Net book value	21,404,124	17,253,228	11,412,213	14,139,396	508,500	1,836,944	66,554,405	7,912,105	74,466,510
Year ended 30 June 2015									
Opening net book value	21,404,124	17,253,228	11,412,213	14,139,396	508,500	1,836,944	66,554,405	7,912,105	74,466,510
Additions	2,715,021	6,809,924	8,033,828	5,155,539	1,527,205	677,600	24,919,117	-	24,919,117
Disposals									
Cost	(6,403,000)	-	-	(98,000)	-	-	(6,501,000)	-	(6,501,000)
Accumulated depreciation	2,378,436	-	-	98,000	-	-	2,476,436	-	2,476,436
	(4,024,564)	-	-	-	-	-	(4,024,564)	-	(4,024,564)
Depreciation charges	(4,424,914)	(6,088,476)	(2,626,959)	(2,493,921)	(155,513)	(392,216)	(16,181,999)	(1,582,421)	(17,764,420)
Closing net book value	15,669,667	17,974,676	16,819,082	16,801,014	1,880,192	2,122,328	71,266,959	6,329,684	77,596,643
At 30 June 2015									
Cost	43,171,225	53,136,672	29,502,417	27,801,606	2,292,237	4,273,635	160,177,792	8,971,600	169,149,392
Accumulated depreciation	(27,501,558)	(35,161,996)	(12,683,335)	(11,000,592)	(412,045)	(2,151,307)	(88,910,833)	(2,641,916)	(91,552,749)
Net book value	15,669,667	17,974,676	16,819,082	16,801,014	1,880,192	2,122,328	71,266,959	6,329,684	77,596,643
Year ended 30 June 2016									
Opening net book value	15,669,667	17,974,676	16,819,082	16,801,014	1,880,192	2,122,328	71,266,959	6,329,684	77,596,643
Additions	15,750,806	2,000,197	804,275	2,680,802	1,407,468	220,610	22,864,158	-	22,864,158
Disposals									
Cost	(2,534,000)	-	-	-	-	-	(2,534,000)	-	(2,534,000)
Accumulated depreciation	1,947,555	-	-	-	-	-	1,947,555	-	1,947,555
	(586,445)	-	-	-	-	-	(586,445)	-	(586,445)
Depreciation charges	(4,754,050)	(5,778,351)	(1,794,528)	(1,807,735)	(327,110)	(435,430)	(14,897,204)	(1,265,937)	(16,163,141)
Closing net book value	26,079,978	14,196,522	15,828,829	17,674,081	2,960,550	1,907,508	78,647,468	5,063,747	83,711,215
At 30 June 2016									
Cost	56,388,031	55,136,869	30,306,692	30,482,408	3,699,705	4,494,245	180,507,950	8,971,600	189,479,550
Accumulated depreciation	(30,308,053)	(40,940,347)	(14,477,863)	(12,808,327)	(739,155)	(2,586,737)	(101,860,482)	(3,907,853)	(105,768,335)
Net book value	26,079,978	14,196,522	15,828,829	17,674,081	2,960,550	1,907,508	78,647,468	5,063,747	83,711,215
Annual rate of depreciation (%)	20	30	10	10	10	10		20	

11. INTANGIBLE ASSETS

	Year ended 30 June 2016		
	Cost / Net Book Value		
	Software (Cost)	TREC (Allocated Carrying value - Note 11.1)	Total
	Rupees		
As at 01 July 2015			
Cost / fair value	13,881,587	4,926,170	18,807,757
Accumulatated amortization	(5,928,992)	-	(5,928,992)
Net book value / fair value	7,952,595	4,926,170	12,878,765
Year ended 30 June 2016			
Opening net value / fair value	7,952,595	4,926,170	12,878,765
Additions at cost	163,000	-	163,000
Amortization for the year	(800,693)	-	(800,693)
Closing net book value / fair value	7,314,902	4,926,170	12,241,072
As at 30 June 2016			
Cost / fair value	14,044,587	4,926,170	18,970,757
Accumulated amortization	(6,729,685)	-	(6,729,685)
Net book value / fair value	**7,314,902**	**4,926,170**	**12,241,072**

	Year ended 30 June 2015		
	Cost / Net Book Value		
	Software (Cost)	TREC (Allocated Carrying value - Note 11.1)	Total
Year ended 30 June 2015	Rupees		
Opening net value / fair value	8,270,088	4,926,170	13,196,258
Addition	531,669	-	531,669
Amortization for the year	(849,162)	-	(849,162)
Closing net book value / fair value	7,952,595	4,926,170	12,878,765
As at 30 June 2015			
Cost / fair value	13,881,587	4,926,170	18,807,757
Accumulated amortization	(5,928,992)	-	(5,928,992)
Net book value / fair value	**7,952,595**	**4,926,170**	**12,878,765**
Amortization rate	**10%**	-	

11.1 This represents the allocated cost of Membership Card of Pakistan Stock Exchange Limited (PSX) (formerly known as Karachi Stock Exchange Limited) with indefinate useful life which was surrendered to the PSX under Stock Exchanges (Corporatization, Demutualization and Integartion) Act, 2012 and equity shares of PSX (Note 12.2) and Trading Rights Entitlement Certificate (TREC) carrying similar rights were issued. This TREC has been marked under lien with PSX against base minimum capital.

12. LONG TERM INVESTMENT		2016 Rupees	2015 Rupees
Available for sale			
Oil & Gas Investments Limited (Note 12.1)		1,750,000,000	1,750,000,000
Pakistan Stock Exchange (formerly Karachi Stock Exchange Limited) (Note 11.1 & 12.2)		40,073,830	40,073,830
		1,790,073,830	1,790,073,830

12.1 The Company holds 25 million ordinary shares which represents 50% shareholding in the investee Company. Further 0.02% shares of investee Company are also held by the directors of the Company due to which Oil and Gas Investment Limited gained the status of a subsidiary of the Company. The fair value of this investment has been arrived at by an independent valuer on the basis of the proven reserves of gas and condensate discovered at Safed Koh. In previous years, the operator of the investee Company got certification of the proven reserves from a reputed firm of international valuers which also provides the projections of the Future Net Revenues (FNR) of the whole joint venture. The discount rate used in the calculation is 18% per annum. Mr. Aurangzeb Ali Naqvi is the Chief Executive Officer of the Company.

In these financial statements the investment in this related party is stated at fair value under IAS-39. Since the Company itself is a wholy owned subsidiary of Aqeel Karim Dhedhi Securities (Private) Limited, therefore, the ultimate Holding Company {Aqeel Karim Dhedhi Securities (Private) Limited} is responsible to produce the consolidated financial statements of the group as per IAS-27.

12.2 These represents 4,007,383 PSX (formerly KSE) shares received by the Company on surrender of PSX (formerly KSE) Membership Card (Note 11.1) representing its share in the fair value of the net assets of the PSX (formerly KSE). Under the current circumstances, where active market is not available for such shares, net asset value based valuation has been considered as the closest estimate of the value of the shares for allocating of carrying value of previously recognized intangible asset (KSE Membership Card). Out of 4,007,383 shares, 2,404,430 shares are kept in blocked account and divestment of the same will be made in accordance with requirement of the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 and remaining 1,602,953 shares pledged with PSX against basic minimum capital.

13. LONG TERM DEPOSITS - considered good			
Deposits with / for:			
Pakistan Stock Exchange Limited		250,000	250,000
Central Depository Company of Pakistan Limited		200,000	200,000
National Clearing Company of Pakistan Limited		200,000	200,000
Security deposited against rented premises		410,155	-
Others		1,140,700	490,200
		2,200,855	1,140,200

14. TRADE DEBTS			
Related to brokerage business:			
Considered good			
Secured		57,985,070	42,047,819
Unsecured	14.1	658,381,859	765,249,280
		716,366,929	807,297,099
Considered doubtful - unsecured		166,449,922	138,312,249
		882,816,851	945,609,348
Receivable from holding Company - secured, considered good		380,020,045	325,175,190
Related to consultancy services business:			
Unsecured			
Considered good		205,254,147	157,548,745
Considered doubtful		18,041,871	18,041,871
	14.2	223,296,018	175,590,616
		1,486,132,914	1,446,375,154
Provision against doubtful debts		(184,491,793)	(156,354,120)
		1,301,641,121	1,290,021,034

14.1 The trade debts of to the extent of Rupees 566.861 million (2015: Rupees 522.393 million) have been guaranteed by the sponsor director of the holding company.

14.2 This includes receivable from two related parties namely DVCOM Limited Rupees 99.035 million (2015: Rupees 98.107 million) and Oil and Gas Investments Limited Rupees 35.349 million (2015: Rupees 34.260 million) on account of provision of consultancy services.

		2016 Rupees	2015 Rupees
Provision for doubtful debts			
Opening balance		156,354,120	130,406,792
Provision during the year		28,137,673	25,947,328
		184,491,793	156,354,120

15. LOANS AND ADVANCES

Unsecured, considered good			
Loan to employees		6,218,545	6,983,101
Advances to employees		35,198,638	15,362,751
Advances to suppliers		-	8,288,492
Advance against property		25,816,741	-
		67,233,924	30,634,344

16. SHORT TERM DEPOSITS AND PREPAYMENTS

PSX exposures		769,933,600	844,663,835
Concentration Margins with NCCPL		30,812,257	30,567,701
Other prepayments		2,022,556	2,896,619
		802,768,413	878,128,155

17. OTHER RECEIVABLES

Considered good		10,935,166	3,732,080
Considered doubtful		2,802,368	2,802,368
		13,737,534	6,534,448
Provision against doubtful		(2,802,368)	(2,802,368)
		10,935,166	3,732,080
Provision for doubtful debts			
Opening balance		2,802,368	-
Transfer made during the year		-	2,802,368
		2,802,368	2,802,368

18. SHORT TERM INVESTMENTS

Investment at fair value through profit or loss	18.1	26,079,075	141,720,974

18.1 Investment at fair value through profit or loss

Investment in related parties - AKD Capital Limited 57,290 (2015: 57,290) ordinary shares of Rupees 10 each		8,536,210	2,142,073
Other investments		17,542,865	139,578,901
		26,079,075	141,720,974

19. CASH AND BANK BALANCES

Cash in hand		99,612	40,077
Cash at banks - current accounts		735,005	139,044,165
- saving accounts	19.1	82,366,632	1,906,437
		83,201,249	140,990,679

19.1 This carries markup ranging from 3% to 4.5% (2015: 3% to 4.5%).

20. OPERATING EXPENSES		2016 Rupees	2015 Rupees
Salaries, allowances and benefits	20.1	181,723,928	151,509,290
Commission expense		30,997,734	34,041,422
Repair and maintenance		3,021,413	1,599,189
Telephone and bandwidth charges		11,951,632	11,918,234
Legal and professional		14,786,329	359,310
CDC and clearing house charges		26,032,595	27,696,951
Fuel, power and utilities		5,415,369	6,690,255
Travelling and conveyance		6,786,560	5,344,468
Auditors' remuneration	20.2	1,260,000	932,000
Entertainment		5,570,301	4,595,344
Fee and subscription		10,899,842	1,213,198
Rent, rates and taxes		13,961,502	11,887,098
Office expenses		5,808,640	7,167,171
Advertisement		10,836,761	3,710,366
Postage and courier		846,063	602,441
Printing and stationery		1,821,284	1,614,894
Depreciation (Note 10)		16,163,141	17,764,420
Bad debts written off directly			1,989,159
Provision against doubtful debts		28,137,673	25,947,328
Provision against doubtful other receivables		-	2,802,368
Amortization - software (Note 11)		800,693	849,162
Vehicle running expenses		4,505,540	4,220,758
Insurance		1,120,805	594,681
Donation	20.3	949,999	322,000
Computer expenses		1,365,511	1,967,064
Miscellaneous expense		39,552	-
		384,802,867	327,338,571

20.1 This includes Rupees 6.983 million (2015: 6.932 million) Company's contribution to staff provident fund.

20.2 Auditors' remuneration

Audit fee	600,000	500,000
Audit fee of staff provident fund	110,000	110,000
Other certifications	400,000	200,000
Out of pocket expenses	150,000	122,000
	1,260,000	932,000

20.3 None of the directors or their spouses had any interest in donee.

21. OTHER INCOME

	2016 Rupees	2015 Rupees
From financial assets:		
Profit on bank deposits	33,007,848	31,699,099
Exchange gain	152,070	10,554
Liabilities written back	31,174,849	-
Others	1,444,674	1,266,095
	65,779,441	32,975,748
From non-financial assets:		
Others	12,823,116	16,225,539
	78,602,557	49,201,287

22. This represents capital gain on sale of "investments at fair value through profit or loss" which may differ from the capital gain to be offered for income tax due to the fact that listed securities are re-measured at fair value at the end of reporting period. Accordingly, this capital gain is calculated by comparing the revalued values of investments with actual sale proceeds which results into a different capital gain from the gain to be offered for income tax.

23. FINANCE COST

Mark up on borrowings	12,975,031	26,976,894
Mark up on overdue balance of provident fund	42,358	7,302
Mark up on long term loan from provident fund	887,209	515,940
Charges on finance lease liabilities	528,257	1,248,438
Bank charges	265,718	284,524
	14,698,573	29,033,098

24. TAXATION

Current tax

In terms of the provision of Section 59AA, the Holding Company – "Aqeel Karim Dhedhi Securities (Private) Limited" and the Company – "AKD Securities Limited" (here-in-after collectively be referred as "Group") have irrevocably opted to be taxed as one fiscal unit with effect from Tax Year 2012. As per Section 59AA, both the Companies have been registered as "Group" under Group Tax Regulations 2008 issued by the Securities & Exchange Commission of Pakistan.

Accordingly, income tax return of the Group for the tax year is prepared as one fiscal unit on the basis of consolidated financial statements" under the name of the holding company and the tax liability is computed as if the business of the subsidiary companies were the business of the holding company.

In order to give effect the above applicable laws, all the advance income tax / income tax deducted at source of the Company during the tax year is transferred / debited to the Holding Company with effect from Tax Year 2012. Benefit of tax loss of the either company availed by the other is accounted for after filing the income tax return for the relevant tax year.

As per applicable laws, the Company furnishes its returns of income in its tax jurisdiction along with a copy of application for group taxation for record and future adjustments and intimating non-taxability of the returned income. As such, income tax returns of the group upto Tax Year 2015 have been filed accordingly. Any liability or refund whichever may be the case will be credited to the Holding Company at the time of filing tax return for the year 2016.

Deferred tax

Deferred tax asset of Rupees 52.379 million (2015: Rupees 45.022 million) on items relating to profit and loss has been worked out which has not been accounted for in these financial statements due to uncertainties regarding future taxable profits of group under group taxation.

The Company measures its unquoted available for sale investments at fair value. The net unrealized gain on such investments is amounted to Rupees 1,540.074 million (2015: 1,540.074 million). The Company keeping in view the current taxation rates and time for which investment has been held has created the deferred tax liability. Movement in deferred tax liability during the year is on account of change in tax rate from 32% to 31%.

25. EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on:

Profit after taxation **(Rupees)**	129,049,197	190,460,015
Weighted average number of ordinary shares **(Number)**	99,900,000	99,900,000
Earnings per share **(Rupees)**	1.29	1.91

26. RELATED PARTY TRANSACTIONS

Related parties comprise major shareholder i.e. holding company, associated companies with or without common directors, retirement benefit fund, directors and key management personnel. Normal business transactions with related parties are entered into at rates negotiated on arms length basis. Related parties' transactions / balances not elsewhere disclosed in the financial statements are given below:

	Year ended 30 June	
	2016	2015
Transaction during the year	**Rupees**	**Rupees**
Associated companies and undertakings		
Brokerage earned	-	209,766
Internet charges recovered	630,000	256,936
Other related parties		
Brokerage earned	3,432,289	5,535,833
Rent expense accrued	12,719,328	12,707,328

	As at 30 June	
	2016	2015
Balances at the year end	**Rupees**	**Rupees**
Associated companies and undertakings		
Amount receivable at year-end	519,181,841	457,551,897
Amount payable at year-end	11,654,633	5,140,632
Other related parties		
Amount receivable at year-end	25,175,971	24,453,965
Amount payable at year end	2,484,261	16,260,006

27. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	2016			2015		
	Chief executive officer	Director	Total	Chief executive officer	Director	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	4,000,260	8,721,528	12,721,788	3,636,600	7,948,056	11,584,656
House rent allowance	1,800,120	3,928,284	5,728,404	1,636,476	3,576,624	5,213,100
Contribution to provident fund	400,032	872,148	1,272,180	363,660	345,480	709,140
Utilities	400,032	872,148	1,272,180	363,660	794,808	1,158,468
Medical	400,032	872,148	1,272,180	363,660	794,808	1,158,468
	7,000,476	15,266,256	22,266,732	6,364,056	13,459,776	19,823,832
Numbers	1	2	3	1	2	3

Chief executive officer and one director of the Company are provided Company maintained vehicles alongwith fully paid mobile phone facility.

28. PROVIDENT FUND RELATED DICLOSURE

The following information is based on un-audited financial statements of the provident fund for the years ended 30 June 2015 and 30 June 2016:

	2016 Rupees	2015 Rupees
Size of the fund Total assets	149,390,641	116,036,539
Cost of investments	40,447,807	48,980,574
Percentage of investments made	64%	67%
Fair value of investments	96,102,161	77,361,006

28.1 The break up cost of investments is as follows:

	2016 Percentage	2015 Percentage	2016 Rupees	2015 Rupees
Deposits	41%	48%	60,669,638	55,535,458
Term finance certificates	3%	3%	4,000,000	4,000,000
Mutual funds	19%	28%	28,438,384	32,636,561
Listed securities	38%	21%	56,282,620	23,864,520
	100%	100%	149,390,642	116,036,539

28.2 The above investment / placement of funds has not been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. These investments / placements shall be regularized in due course.

29. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

a. Market risk

Market risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market interest rates or the market price of securities due to 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.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

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

Currency risk

Currency risk is the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arrises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company believes that it is not exposed major foreign exchange risk as amount exposed to foreign exchange risk is Rupees 0.060 million (2015: 4.034 million) against balance in bank account.

Other price risk

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

Sensitivity analysis

The table below summarises the impact of increase / decrease in the Pakistan Stock Exchange (PSX) (formerly Karachi Stock Exchange) Index on the Company's profit after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit / loss after taxation	
	2016 Rupees	2015 Rupees
PSX 100 (5% increase)	1,303,954	7,086,049
PSX 100 (5% decrease)	(1,303,954)	(7,086,049)

Interest rate risk

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

The Company has no long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments were:

	2016 Rupees	2015 Rupees
Financial liabilities, floating rate		
Long term financing-secured	149,094,043	209,094,043
Financial liabilities, fixed rate		
Liabilities against assets subject to finance lease	2,600,263	5,046,695

Casn flow sensitivity analysis

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rupees 1.490 million (30 June 2015: Rupees 2.091 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

b. Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other pany by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016		2015	
	Exposure	Colleteral held (Fair value)	Exposure	Colleteral held (Fair value)
	Rupees	Rupees	Rupees	Rupees
Long term investment	1,790,073,830	-	1,790,073,830	-
Long term deposits	2,200,855	-	1,140,200	-
Short term investments	26,079,075	-	141,720,974	-
Trade debts	1,301,641,121	57,985,070	1,290,021,034	42,047,819
Loans and advances	67,233,924	-	30,634,344	-
Short term deposits	800,745,857	-	875,231,536	-
Bank balances	83,101,637	-	140,950,602	-
	4,071,076,299	57,985,070	4,269,772,520	42,047,819

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks

Ratings	2016 Rupees	2015 Rupees
A+	-	200,041
A1+	4,724,350	9,376,464
A1	1,219,018	-
A-1+	42,315,353	110,565,708
A-1	27,692,916	13,908,389
A-2	7,150,000	6,900,000
	83,101,637	**140,950,602**

The credit quality of investment of the company in investee companies can be assessed with reference to exterenal credit ratings as follows:

Investments

Ratings		
A1+	140,070	-
A1	14,962,540	-
A2	-	137,315,880
4-Star	26,805	30,647
Unrated	1,801,023,490	1,794,448,277
	1,816,152,905	**1,931,794,804**

The aging of trade debts due from related parties at reporting date is :

	Impaired		Not impaired	
	2016 Rupees	**2015 Rupees**	**2016 Rupees**	**2015 Rupees**
Past due 0-6 months	-	-	20,125,593	319,468,147
Past due 6-12 months	-	-	363,329,638	15,537,531
Past due 1-2 years	-	-	5,669,392	5,898,839
Past due 2 years and above	18,041,871	18,041,871	196,149,569	141,819,418
	18,041,871	**18,041,871**	**585,274,192**	**482,723,935**
Fair value of the collerteral / securities held	**-**	**-**	**-**	**24,383,663**

The aging of trade debts due from other than related parties at reporting date is :

	Impaired		Not impaired	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Past due 0-6 months	-	-	52,484,884	42,169,616
Past due 6-12 months	-	-	6,112,349	238,303
Past due 1-2 years	-	-	2,210,581	2,144,988
Past due 2 years and above	166,449,922	138,312,249	655,559,115	606,390,072
	166,449,922	**138,312,249**	**716,366,929**	**650,942,979**
Fair value of the collerteral / securities held	**-**	**-**	**2,449,100,998**	**1,933,588,641**

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management do not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

c. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As at 30 June 2016 the Company has cash and bank balance of Rupees 83.201 million (2015: Rupees 140.991 million) and un-used credit facility: Nil (2015 : Rupees 250.000 million).

The Company manages liquidity risk by maintaining sufficient cash at bank and the availability of funding through an adequate amount of committed credit facilities. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabiliities when due.

Contractual maturities of financial liabilities as at 30 June 2016.

2016

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Liabilities against assets subject to finance lease	2,600,263	(2,813,566)	(1,406,783)	(1,406,784)	-	-
Long term financing	149,094,043	(159,605,173)	(42,820,000)	(32,115,000)	(84,670,173)	-
Accrued mark up	2,696,133	(2,696,133)	(2,696,133)	-	-	-
Trade and other payables	779,300,949	(779,300,949)	(779,300,949)	-	-	-
	933,691,388	(944,415,821)	(826,223,865)	(33,521,784)	(84,670,173)	-

2015

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Liabilities against assets subject to finance lease	5,046,694	(5,570,517)	(1,635,569)	(1,635,570)	(2,499,378)	-
Long term financing	209,094,043	(220,371,741)	(46,906,262)	(35,604,637)	(67,604,774)	(70,256,068)
Accrued mark up	35,815,656	(35,815,656)	(35,815,656)	-	-	-
Trade and other payables	997,407,941	(997,407,941)	(997,407,941)	-	-	-
	1,247,364,334	(1,259,165,855)	(1,081,765,428)	(37,240,207)	(70,104,152)	(70,256,068)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June 2016. The rates of interest / mark up have been disclosed in note 6 and 8 to these financial statements.

d. Recognized fair value measurements - Financial Assets

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 30 June 2016	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Financial Assets				
Investment at fair value through profit or loss	26,079,075	-	-	26,079,075
Available for sale financial assets	-	-	1,790,073,830	1,790,073,830
	26,079,075	-	1,790,073,830	1,816,152,905
As at 30 June 2015				
Financial Assets				
Investment at fair value through profit or loss	141,720,974	-	-	141,720,974
Available for sale financial assets	-	-	1,790,073,830	1,790,073,830
	141,720,974	-	1,790,073,830	1,931,794,804

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

level 3: If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3.The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

(ii) **Valuation techniques used to determine fair values**

Valuation technique used to value financial instruments includes the use of quoted market prices.

e. **Recognized fair value measurements - Non-Financial Assets**

There were no any non-financial assets as at 30 June 2016 (2015: Nil) for the recognised fair value measurement.

f. Financial instruments by categories

As at 30 June 2016	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
Assets as per balance sheet				
Long term investment	-	-	1,790,073,830	1,790,073,830
Long term deposits	2,200,855	-	-	2,200,855
Short term investments	-	26,079,075	-	26,079,075
Trade debts	1,301,641,121	-	-	1,301,641,121
Loans and advances	67,233,924	-	-	67,233,924
Short term deposits	800,745,857	-	-	800,745,857
Cash and bank balances	83,201,249	-	-	83,201,249
	2,255,023,006	26,079,075	1,790,073,830	4,071,175,911

Liabilities as per balance sheet	At amortized cost
	Rupees
Liabilities against assets subject to finance lease	2,600,263
Long term financing	149,094,043
Accrued mark up	2,696,133
Trade and other payables	779,300,949
	933,691,388

As at 30 June 2015	Loans and receivables	Assets at fair value through profit and loss	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
Assets as per balance sheet				
Long term Investments	-	-	1,790,073,830	1,790,073,830
Long term deposits	1,140,200	-	-	1,140,200
Short term investments	-	141,720,974	-	141,720,974
Trade debts	1,290,021,034	-	-	1,290,021,034
Loans and advances	30,634,344	-	-	30,634,344
Short term deposits	875,231,536			875,231,536
Cash and bank balances	140,990,679	-	-	140,990,679
	2,338,017,793	141,720,974	1,790,073,830	4,269,812,597

Liabilities as per balance sheet	At amortized cost
	Rupees
Liabilities against assets subject to finance lease	5,046,694
Long term financing	209,094,043
Accrued mark up	35,815,656
Trade and other payables	997,407,941
	1,247,364,334

30. CAPITAL RISK MANAGEMENT

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

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

31. NUMBR OF EMPLOYEES

The number of employees during the year were as follows:

	2016		2015	
	At year end	**Average**	At year end	Average
Number of employees	**128**	**128**	120	115

32. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue by the board of directors of the Company in their meeting held on 0 5 OCT 2016

33. GENERAL

33.1 Figures have been rounded of the nearest rupee. However, in some notes and disclosures figures have been stated in million rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR