VISION

Connecting people,

ideas and capital,
we will be our clients'.......

First Choice

for achieving their
financial aspirations".......

MISSION

"We will put interest of our stakeholders above our own; and measure our success by how much we help them in achieving theirs".

CONTENTS

COMPANY INFORMATION

Board of Directors:

1.	Mr. Shahzad Akbar	Director/Chairman
2.	Mr. Ali Aslam Malik	Director/CEO
3.	Mr. Muhammad Iqbal Khan	Director
4.	Mr. Muhammad Asim Mustafa	Director
5.	Mr. Ijaz Mahmood Chaudhary	Director
6.	Mr. Amir Shehzad	Director
7.	Mr. Naveed Ishaque	Director

Audit Committee:

1.	Mr. Muhammad Iqbal khan	Chairman
2.	Mr. Shahzad Akbar	Member
3.	Mr. Ijaz Mahmood Chaudhary	Member

HR& Remuneration Committee:

1.	Mr. Shahzad Akbar	Chairman
2.	Mr. Muhammad Asim Mustafa	Member
3.	Mr. Ali A Malik	Member

Chief Financial Officer
Mr. Naveed Ishaque

Company Secretary
Ms. Samra Tahir

Auditors:
Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Lahore.

Legal Advisor:
Lashari & CO. Advocates

Shares Registrar:

CorpTec Associates (Pvt.) Limited
503-E, Johar Town, Lahore
Tel: 92-042-35170336-7
Fax: 92-042-35170338

Bankers:

Summit Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
United Bank Limited

Principal Office:

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
Tel: (92-42) 35843721-27
Fax: (92-42) 35843730

Registered Office:

Room No. 135-136 , 3rd Floor,
New Stock Exchange Building,
Karachi
Tel: 021-32472119, 32472014, 32472758
Fax: 021- 32472332

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of First National Equities Limited (“the company”) will be held at Office No. 306, 3rd Floor, Business & Finance Center, Commercial Plot No. 7/3, Suited in I.I Chundrigar Road , Karachi, on Saturday, October 29, 2016 at 02:45 p.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited annual financial statements of the company for the year ended June 30, 2016 together with the directors' and auditors' reports thereon.
2. To appoint external auditors of the company for the year ending on June 30, 2017 and fix their remuneration.
3. To transact any other business of the company that may be placed before the meeting with the permission of the chair.

SPECIAL BUSINESS

4 Approve the remuneration of whole-time working director:

To consider and if thought fit, pass with or without modification, the following resolution as special resolution.

“Resolved that the remunerations of the whole time working director Mr. Naveed Ishaque as recommended by the Board of Directors be and are hereby post facto approved”

Attached to this notice is a statement of material facts covering the above mentioned special business, as required under section 160(1) (b) of the Companies Ordinance, 1984.

By Order of the Board
Samra Tahir
(Company Secretary)

Karachi.
Dated: October 07, 2016

Notes:

1. The Shares Transfer Books will remain closed from October 23, 2016 to October 29, 2016 (both days inclusive) to enable the Company to determine the right of members to attend the above meeting.

2. Transfer received in order at office of the Company's Shares Registrar, CorpTec Associated (pvt.) Limited, 503-E, Johar Town, Lahore by the close of business hours on October 22, 2016 will be treated in time for the entitlement of vote and attending AGM. Members are also requested to immediately notify of any change in their registered addresses by writing to the office of Company's Share Registrar.

3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy who shall have same rights as available to a member. In order to be a valid, the duly stamped, signed and witnessed instrument of proxy and the power of attorney or a notarially certified copy of such power of attorney or other authority under which it is signed must be deposited at the registered office of the company, not later than 48 hours before the time of holding the meeting.

4. Central Depository Company account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A For Attending the Meeting

i. In case of individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub account number along with valid original CNIC or valid original passport to authenticate his /her identity at the time of meeting.

ii. In case of corporate entity, the Board of Director's resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B For Appointing Proxies

a. In case of individuals beneficial owners of CDC shall submit the proxy form as per above requirements along with participant IDS and account sub account number together with attested copy of the valid CNIC or passport.

b. The proxy shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c. In case of corporate entity, the Board of Director's resolution/ power of attorney with specimen signature of the proxy member shall be submitted (unless it has been submitted earlier) along with proxy form.

d. The proxy shall produce his/her valid original CNIC or valid original passport at the time of the meeting.

C- Reference of the SECP Circular No. 19/2014, The Government of Pakistan through Finance Act , 2014, has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. There tax rates are as under:

i. For filers of Income tax return: 12.5%

ii. For non-filer of income tax return: 20%

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date the payment of the cash dividend i.e [the date of payment of dividend must be quoted] otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

A STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 PERTAINING TO THE SPECIAL BUSINESS CONTAINED IN THE NOTICE OF AGM.

A statement setting out all material facts with respect to the special business is furnished hereunder and annexed with the notice of AGM:

1- The approval of the members of the company is being sought for the directors' remuneration as recommended by the Board of Directors of the Company for performing extra services as whole-time working directors. The material facts including the nature and extent of the director interest are as follows:

No.	Director Name	Extra Services	Monthly Compensation (Rs)	Other Benefits
1.	Mr. Naveed Ishaque	Chief Financial Officer	60,000/-	A Company maintained 1000 CC, Leaves, retirement's benefits and other entitlement are per company employee's services rules, policies and/or applicable Legal Laws, Rules and Regulations.

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Financial Statements of your Company for the year ended June 30, 2016, together with the auditors' report thereon.

Business Environment

In the recent years the Pakistani economy has made noticeable improvements amid rising disposable incomes, consumer demand and urbanization. This year was exception; despite the reduced output, as well as low farm prices witnessed in the agriculture sector, specifically in cotton production, a GDP growth at 4.71% was achieved owing to both the industrial and services sectors showing significant improvement. Business environment remained buoyant, with the significantly improved law and order situation in the country. Some of the major industries driving the Large Scale Manufacturing (LSM) increase were Automobiles, Fertilizers and Non-Metallic Mineral Products. Also favorable was the low inflation at 2.9% in contrast to 4.6 during the previous year, as a result of soft commodity prices in the global market in general and lower oil prices in particular; which created room for the State Bank's policy rate to be slashed another 75bps to a multi-decade low of 5.75% by June 2016.

On the external front, although the import bill of USD 40.5 billion, displayed a mere 2% dip prices, the country's exports declined to USD 22 billion, a decrease of 9%, resulting in the trade deficit increasing to USD 18.5 billion (2014-15: USD 17.2 billion). Albeit, a mild 7% year-on-year retraction in the Current Account Deficit (CAD) to USD 2.5 billion was achieved through

Robust influx of workers' remittances during the year settling at USD 19.9 billion (a 6% ascend from 2014-15), coupled with an impressive 39% surge in Foreign Direct Investment (FDI) to USD 1.3 billion. Supportive provisions from the International Monetary Fund, the World Bank and the Asian Development Bank also assisted the foreign exchange reserves to reach an all-time high of USD 23 billion, providing an effective import cover of 5 months and stability to the local currency.

Stock Market

In terms of the stock market, FY2015-2016 has seen a significant and steady rise in the indices which have reached historic highs. The PSX-100 index began the year at 34,398.86 points which reached 36,266.23 points by May 11, 2016 which was an increase of 5.4% for the year. Foreign investment in the market saw a net inflow of $38.54 million which was lower than previous year. The rally was driven by stable and low commodity prices and investment being carried out in projects of CPEC. Stable exchange rate was witnessed for the period against the dollar while improved security situation led to renewed confidence in the investors. There was also an increased interest in the stocks from foreign investors while paying off debt of the IMF meant that the economy was strengthening itself. The first three quarters of the year saw lackluster performance, however, in the last quarter record breaking performance was seen. The index suffered in the first nine months due to a fall in oil prices and strict enforcement policy being applied by the regulators in the capital markets. The fall in oil prices led to a reduction in energy stocks and was indirectly impacting the banking sector as well which makes up most of the index in terms of their weightage. The upward trend in the PSX-100 index began in April of 2016 as Pakistan's stock market was reclassified from a frontier market to an emerging market by the MSCI. In addition to this announcement, the rebound in oil prices, improving macroeconomic indicators and development of CPEC related projects led to the PSX-100 index reaching new all-time highs.

Financial Results	**2016**	**2015**
	(Rupees in Million)	
Gross revenue	63.0	175.2
Operating revenue	22.7	24.7
Operating Profit	(51.5)	85.8
Profit/ (Loss) before taxation	96.6	192.9
Less: taxation	38.4	50.0
Profit/ (Loss) after tax	135.0	242.9
Earning per share (Rs.)	0.95	1.71

During the year, the gross revenues of your company amounted to Rs. 63.0 million (2015: Rs. 175.2 million) and operating revenues included in it was Rs. 22.7 million (2015: Rs. 24.7 million) the administrative expenses were increased to Rs. 52.12 million (2015: Rs. 41.45 million), financial expenses were down to Rs. 29.73 million (2015: Rs. 35.35 million) and other operating expenses increased to Rs. 12.83 million (2015: Rs. 3.51 million), Resultantly we are pleased to report an earning of Rs. 0.95 per share as compared to profit of Rs. 1.71 per shares in last year.

The management is making the vigorous efforts to complete the right issue as approved in the EOGM held on May 15, 2013 and in process of negotiation with difference parties to issue the remaining right shares in shortest possible time in the current year. Management believes that due to availability of additional liquidity and further financing facilities as well as likely enhancement in new investment in listed companies and future capital gains in the investment will have significant impact on the profitability of the company in future. Further this capital /funds injection will also mitigate the auditor's observation/emphasis of matter highlighted in his audit report regarding the company's ability to continue as going concern. After loan restructuring / rescheduling agreement, including the waiver of outstanding Markup, with a commercial Bank it has provided substantial positive impact on the equity of the company. We are very positive that as results of these measures, company will be able to generate more revenue and sufficient profits in future.

Owing company financial position the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves.

There have been no material changes since June 30, 2016 to the date of this report that require adjustment to Financial Statements.

At FNEL, Human Resources in its business partner role, endorses strategies to raise the performance of each team member to its maximum potential. The continuous review of the organizational structure ensured the business' stability. Employees are rewarded based on performance, resulting enhanced retention and motivation at all levels.

The Company is committed towards fulfilling its Corporate Social Responsibility and has been actively performing its Corporate Social Responsibility in areas of healthcare, education, environment community welfare, sports & relief work and aims to enhance its scope and contribution in the future. We at FNEL are well aware of the well being of our employees as well as the community at large. Pollution reduction and waste management processes have been distinct and are being applied to ensure minimal impact on our environment. The Company focuses on energy conservation and all departments and employees adhere to the power conservation measures. Your Company always takes its contribution towards national economy seriously

The Directors are pleased to confirm that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and there has been no departure from them.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Mitigating factors for significant doubts upon the company's ability to continue as going concern have been detailed in note 2.2 to the financial statements.
- The information about the loan/debts have been detailed in notes 19 & 24 to the financial statements
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Key historical data is summarized and attached.
- A total of four board meetings were held during the year details of which together with attendance by each director are as follows:

S. No.	Name of Director	Total No. of Board Meeting	Number of Meeting(s) attended
1	Mr. Ali Aslam Malik	4	4
2	Mr. Muhammad Iqbal khan	4	4
3	Mr. Shahzad Akbar	4	4
4	Mr. Amir Shehzad	4	4
5	Mr. Saeed Ahmad Bajwa	4	0
6	Mr. Rais Ahmad Dar	4	0
7	Mr. Azeem-Ul-Hassan*	4	3

*Mr. Azeem-ul-Hassan resigned and Mr. Naveed Ishaque was appointed as director and CFO of the company during the year to fill the casual vacancy due to the resignation of Mr. Azeem-Ul-Hassan. He is entitled for the remuneration of Rs.60,000/- P.M Leaves, retirement's benefits and other entitlement are per company employee's services rules, policies and/or applicable Legal Laws, Rules and Regulations.

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duty approved by the Board. Six meetings of the Audit Committee were held during the year, details of which together with attendance by each member are as follows:

S. No.	Name of Director	Total No. of Audit Committee Meeting	Number of Meeting(s) attended
1	Mr. Muhammad Iqbal Khan	6	6
2	Mr. Shahzad Akbar	6	6
3	Mr. Rais Ahmad Dar	6	6

As required under the Code of Corporate Governance, the HR&R continued to perform as per its terms of reference duty approved by the Board. Four meetings of the HR&R were held during the year, details of which together with attendance by each member are as follows:

S. No.	Name of Director	Total No. of HR&R Committee Meeting	Number of Meeting(s) attended
1	Mr. Shahzad Akbar	4	4
2	Mr. Muhammad Iqbal Khan	4	4
3	Mr. Ali A. Malik	4	4

The statement showing pattern of share holding in the company, as on June 30, 2016 is attached.

During the year under review 500 shares of the company were purchased by the Mr. Naveed Ishaque, Director and no other trades in the shares of the company were carried out by its Directors, CEO, CFO, Company Secretary and their spouses & minor children.

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under listing regulation 5.19.14 of Pakistan Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of all related party transactions have been provided in note 35 of the annexed audited separate financial statements.

The present external auditors Messrs Tariq Abdul Ghani Maqbool & Co. Chartered Accountant retire and the Audit Committee of the Board recommended for re-appointment of Messer. Tariq Abdul Ghani Maqbool & Co. Chartered Accountant as auditors for the financial year 2016-17. A resolution to appoint the auditors of the company for the following year will be proposed at the Annual General Meeting.

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We record our appreciation and thanks to our Associated Companies, Bankers & Financial Institution, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their support and guidance. We also appreciate the valuable contribution and active role of the members of the audit Committee in supporting and guiding the management on matters of great importance leading to growth with sustainability of the Company.

Place: Lahore	Ali A. Malik
Dated: September 26, 2016	(Chief Executive Officer)

Financial Statistical Summary (2009 - 2016)

PARTICULARS	June 30, (Rupees '000)						
	2016	2015	2014	2013	2012	2011	2010
OPERATING RESULTS							
Operating Revenues	19,042	157,516	129,739	53,446	41,819	(3,720)	75,209
Other Operating income	44,022	17,695	34,243	53,230	226,478	40,295	211,288
Gross Revenue	63,064	175,211	163,982	106,676	268,297	36,575	286,497
Administrative Expenses	(51,662)	(41,447)	(77,240)	(54,187)	(64,469)	(73,734)	(78,707)
	11,402	133,764	86,742	52,489	203,828	(37,159)	207,790
Finance Cost	(29,726)	(35,346)	(45,175)	(72,522)	(103,365)	(130,304)	(164,329)
Notional Interest Income	(19,901)	(9,083)	92,441				
Unrealized gain		75,967					
Other Operating Expenses	(12,833)	(3,514)	(10,299)	(10,857)	(46,258)	(11,835)	(11,796)
	(51,058)	161,788	123,709	(30,890)	54,205	(179,298)	31,665
Gain on restructuring of bank liability	26,912						
Notional Gain on recognition of loan from sponsor	100,480						
Fair value loss on remeasurement of held for trading investment - net	19,304	(8)	2,007	1,234	10,755	(3,928)	(6,436)
Impairment loss on available for sale securities			-	-	-	-	(90,830)
	146,696	(8)	2,007	1,234	10,755	(3,928)	(97,266)
Share of profit of associates - net of tax	1,459	31,090	(6)	16,206	2,827	5,819	511
Profit / (Loss) before Tax	97,097	192,870	125,710	(13,450)	67,787	(177,407)	(65,090)
Taxation - net	38,406	50,015	(10,992)	(4,946)	(36,152)	1,205	(62,595)
Profit / (Loss) after Tax	135,503	242,885	114,718	(18,396)	31,635	(176,202)	(127,685)
Payout Ratio	-	-	-	-	-	-	-
BALANCE SHEET SUMMARY							
Non-Current Assest							
Fixed assets	133,123	145,625	177,130	183,309	206,919	214,444	223,681
Investment Property		106,142					
Investment in Associate	114,133	134,300	53,326	53,492	39,073	38,018	30,438
Deferred Taxation	130,064	87,502	25,030	25,650	29,064	64,617	65,874
Receivable from associates		78,085	106,768	175,411	175,411	175,411	175,411
Investment - Available for Sale	40,074	40,074	40,074	40,074	-	-	-
Long Term deposits	2,481	2,344	2,394	2,679	3,185	2,863	2,863
	419,875	**594,072**	**404,722**	**480,615**	**453,652**	**495,353**	**498,267**
Current assets							
Short term investments	420,738	1,598	93,533	266,530	151,033	83,413	194,720
Trade debts	353,144	346,273	322,932	281,257	287,764	198,165	208,436
Loans & advances	501	1,480	1,568	922	2,844	4,312	4,681
Trade deposits & short term prepayments	6,536	20	534	498	355	412	1,066
Other Receivables	165,281	157,643	140,964	115,386	86,063	57,703	28,989
Advance tax	13,606	15,605	25,912	32,545	31,641	30,420	25,520
Cash and bank balance	52,230	56,483	3,471	3,561	772	3,004	10,039
Total Curruent Assets	**1,012,036**	**579,102**	**588,914**	**700,699**	**560,472**	**377,429**	**473,451**
CURRENT LIABILITIES							
Trade & other payables	198,341	229,002	224,399	471,505	354,367	221,901	160,041
Interest and mark-up accrued on borrowings	-	-	-	-	65	52	9,181
Payable in respect of continuous funding system						-	-
Short term borrowings	-	-	-	35,463	167,376	273,157	484,976
Current maturity of long term financing	70,623	289,938	331,159	552,735	-	-	-
Loan from director	-	-	-	-	-	13,700	-
	268,964	518,940	555,558	1,059,703	521,808	508,810	654,198
Net Current Assets	**743,072**	**60,162**	**33,356**	**(359,004)**	**38,664**	**(131,381)**	**(180,747)**
Non-current liabilities							
Long Term Borrowings	445,702	298,861	499,242	513,954	1,010,539	1,077,427	901,027
Loan from director	-	-	-	-	-	5,141	4,449
Loan from Sponsors	412,204	26,643	138,497	68,498	68,498		
Defferred liabilites	7,419	7,137	6,231	7,503	6,419	5,608	3,515
Other Loans	118,210	256,948	191,375				
	983,535	589,589	835,345	589,955	1,085,456	1,088,176	908,991
Net Assets	**179,412**	**64,645**	**(397,267)**	**(468,344)**	**(593,140)**	**(724,204)**	**(591,471)**
REPRESENTED BY							
Issued, subscribed and paid-up capital	1,418,098	1,418,098	1,418,098	1,380,000	1,380,000	575,000	575,000
Discount on issue of Right Shares	(630,419)	(630,418)	(630,418)	(603,750)	(603,750)		
Accumulated losses	(638,755)	(774,260)	(1,250,749)	(1,367,784)	(1,349,388)	(1,231,306)	(1,055,103)
Unrealized gain/(loss) on remeasurement of investments classified as available for sale	30,488	51,225	65,802	123,190	(20,002)	(67,898)	(111,368)
Total Equity and Liabilities	**179,412**	**64,645**	**(397,267)**	**(468,344)**	**(593,140)**	**(724,204)**	**(591,471)**

Statement of Compliance with the Code of Corporate Governance For the year ended on June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Muhammad Iqbal Khan Mr. Saeed Ahmed Bajwa
Executive Directors	Mr. Ali Aslam Malik Mr. Amir Shehzad Mr. Naveed Ishaque
Non-Executive Directors	Mr. Rais Ahmad Dar Mr. Shahzad Akbar

The independent directors meets the criteria of independence under clause i(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancy of Mr Azeem ul Hassan was vacated during the financial year which was filled by the appointing Mr. Naveed Ishaque as Executive Director.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged one training programs for its directors during the year.

10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

11. The financial statements of the company were duly endorsed by CEO and officiating CFO before approval of the Board.

12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

13. The company has complied with all the corporate and financial reporting requirements of the CCG.

14. The board has formed an Audit Committee. It comprises three members and all of them are non-executive directors and the chairman of the committee is an independent director.

15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two non-executive directors and the chairman of the committee is a non-executive director.

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17. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

22. The related party transactions have been placed before the audit committee and approved by the board of directors.

23. The company has not made appropriate arrangements of certification for director's training program for their directors as required by para xi of the code.

24. The company has not appointed Head of Internal Audit as required by para xiv of the code and consequently meetings of audit committee are held without presence of head of internal auditor as required by para xxvii of the code.

25. We confirm that all other material principles enshrined in the CCG have been complied with except for the clauses xi and xiv, toward which reasonable progress has been made by the company to seek compliance by the end of next accounting year.

Place: Lahore	Ali A. Malik
Dated: September 26, 2016	(Chief Executive Officer)

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-mai: info@tagm.com.pk

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of First National Equities Limited (the Company) to comply with the requirements of Listing Regulation No. 35 of Pakistan Stock Exchange where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and deport if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

- The company has not appointed Head of Internal Audit as required by para xiv of the code and consequently meetings of audit committee are held without presence of head of internal auditor as required by para xxviii of the code.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Engagement partner: Malik Haroon Ahmad

Place: Lahore
Date: September 26, 2016

GENEVA GROUP INTERNATIONAL
SWITZERLAND

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of FIRST NATIONAL EQUITIES LIMITED("the Company") as at June 30, 2016 and 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 approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984.

b) In our opinion

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

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

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

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

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

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Engagement partner: Malik Haroon Ahmad

Place: Lahore
Date: September 26, 2016

FIRST NATIONAL EQUITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
NON-CURRENT ASSETS			
Property and equipment	4	**57,868,172**	60,369,890
Capital work in progress	5	**33,340,000**	33,340,000
Intangible assets	6	**41,915,000**	51,915,000
Investment Property	7	**-**	106,142,000
Receivable from associates	8	**-**	78,084,646
Investment in associate	9	**114,133,180**	134,300,452
Investments - available for sale	10	**40,073,830**	40,073,830
Long term deposits	11	**2,481,070**	2,344,209
Deferred taxation	12	**130,063,953**	87,502,177
		419,875,205	594,072,203
CURRENT ASSETS			
Short term investments	13	**420,737,630**	1,598,356
Trade debts	14	**353,144,113**	346,273,348
Loans and advances	15	**500,862**	1,480,314
Trade deposits	16	**6,536,997**	20,000
Other receivables	17	**165,281,066**	157,642,446
Advance tax		**13,605,926**	15,604,849
Cash and bank balances	18	**52,230,353**	56,483,031
		1,012,036,947	579,102,344
Total Assets		**1,431,912,152**	1,173,174,547
NON-CURRENT LIABILITIES			
Long term financing	19	**445,702,038**	298,860,877
Loan from sponsors	20	**412,204,675**	26,643,417
Other loans	21	**118,209,800**	256,947,585
Deferred liabilities	22	**7,181,208**	7,136,796
		983,297,722	589,588,675
CURRENT LIABILITIES			
Trade and other payables	23	**198,341,210**	229,002,321
Current maturity of long term financing	19	**70,623,218**	289,938,081
		268,964,428	518,940,402
Total Liabilities		**1,252,262,150**	1,108,529,077
CONTINGENCIES AND COMMITMENTS	24	**-**	-
NET ASSETS		**179,650,003**	64,645,470
REPRESENTED BY:			
Issued, subscribed and paid-up capital	25	**1,418,098,310**	1,418,098,310
Discount on issue of right shares		**(630,418,817)**	(630,418,817)
Accumulated losses		**(638,518,253)**	(774,259,059)
		149,161,240	13,420,434
Unrealized gain/(diminution) on re-measurement of investments classified as available for sale	13.1.3	**30,488,763**	51,225,036
		179,650,003	64,645,470

The Annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive | Director

FIRST NATIONAL EQUITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
INCOME			
Operating revenue	26	**22,685,363**	24,672,555
Gain/(loss) on sale of investments		**(3,642,647)**	132,844,403
Other operating income	27	**44,021,757**	17,695,229
		63,064,473	175,212,187
EXPENSES			
Administrative expenses	28	**(52,115,192)**	(41,447,504)
Finance cost	30	**(29,726,104)**	(35,346,104)
Other charges	31	**(12,833,476)**	(3,514,073)
Notional expense - BAF	19.1/19.5	**(19,901,147)**	(9,082,864)
		(114,575,919)	(89,390,545)
OPERATING (LOSS) / PROFIT		**(51,511,445)**	85,821,642
Gain on resturcturing of bank liability	19.3	**26,912,842**	-
Notional Gain on recognition of loan from Sponsor	20.2	**100,479,788**	-
Unrealised gain on re-measurement of investment property		**-**	75,967,236
Unrealized profit on re-measurement of investments classified as financial assets at fair value through profit or loss-held for trading-net	13.2	**19,304,351**	(8,032)
Share of profits from associate	9.1.1	**1,459,060**	31,089,967
PROFIT BEFORE TAXATION		**96,644,596**	192,870,813
Taxation income/(expense)	32	**38,405,808**	50,014,964
PROFIT AFTER TAXATION		**135,050,404**	242,885,777
PROFIT PER SHARE - BASIC AND DILUTED	33	**0.95**	1.71

The annexed notes from 1 to 45form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Profit after taxation		**135,050,404**	242,885,777
Unrealized gain/(loss) during the year in the market value of investments classified as 'available for sale'		**(51,825,547)**	65,008,438
Reclassification adjustment of realized profit on sale of investments-available for sale		**-**	(132,301,492)
Share of unrealized surplus - investment in associate	9.1	**31,089,275**	52,715,607
		(20,736,272)	(14,577,447)
Acturial gains from remeasurment of staff retirement benefits		**690,402**	342,386
Total comprehensive income/(loss) for the year-net of tax		**115,004,534**	228,650,716

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated (losses) / profit	Unrealised surplus / (deficit) on re-measurement of investments classified as available for sale	Total
	--------------------------------------(Rupees)--				
Balance as at July 01, 2013 (Restated)	**1,380,000,000**	**(603,750,000)**	**(1,365,750,242)**	**123,190,563**	**(466,309,679)**
Profit after taxation for the year ended June 30 2014	-	-	114,717,919	-	**114,717,919**
Other comprehensive income for the year	-	-	-	(57,388,080)	**(57,388,080)**
Right shares issued during the year	38,098,310	(26,668,817)			**11,429,493**
Effect of change in accounting policy (Note 29)	-	-	282,815	-	**282,815**
Prior years' adjustment			(3,976)		**(3,976)**
Balance as at June 30, 2014 (as previously reported)	**1,418,098,310**	**(630,418,817)**	**(1,250,753,484)**	**65,802,483**	**(397,271,509)**
Notional gain on amortisation of markup liability			233,266,262		**233,266,262**
Balance as at June 30, 2014 (as restated)	**1,418,098,310**	**(630,418,817)**	**(1,017,487,222)**	**65,802,483**	**(164,005,247)**
Profit after taxation for the year ended June 30, 2015	-	-	242,885,777		**242,885,777**
Other comprehensive income for the year				(14,577,447)	**(14,577,447)**
Gain on remeasurment of staff retirment benefits(Note 29)	-	-	342,386	-	**342,386**
Balance as at June 30, 2015	**1,418,098,310**	**(630,418,817)**	**(774,259,059)**	**51,225,036**	**64,645,469**
Profit after taxation for the year ended June 30, 2016			**135,050,404**		**135,050,404**
Other comprehensive income/(loss) for the year				**(20,736,272)**	**(20,736,272)**
Gain on remeasurment of staff retirment benefits(Note 29)			**690,402**		**690,402**
Balance as at June 30, 2016	**1,418,098,310**	**(630,418,817)**	**(638,518,253)**	**30,488,763**	**179,650,003**

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Cash flows from operating activities			
Cash generated from operations	**36**	**59,775,579**	(23,951,853)
Finance cost paid		**(5,873,436)**	(8,902,764)
Gratuity paid		**(916,078)**	(110,000)
Income taxes paid		**(2,157,046)**	(2,149,821)
Net cash used in the operating activities	A	**50,829,019**	(35,114,438)
Cash flows from investing activities			
Investment in available for sale financial assets - net		**(3,642,673)**	154,805,093
Investment in marketable securities - net		**(398,944,839)**	5,504,831
Fixed capital expenditure incurred		**(782,519)**	(72,800)
Investment property		**111,500,000**	-
Long-term deposits		**(136,861)**	50,000
Received from Associates		**78,084,646**	11,383,000
Dividend received		**1,331,750**	6,600,795
Net cash from investing activities	B	**(212,590,496)**	178,270,918
Cash flows from financing activities			
Payment made against long-term financing		**(89,314,674)**	(43,863,052)
Net (decrease)/ increase in other loans		**(138,737,785)**	65,572,364
Received/(Paid to)from sponsor		**385,561,258**	(111,854,084)
Net cash from financing activities	C	**157,508,799**	(90,144,771)
Net increase in cash and cash equivalents	(A+B+C)	**(4,252,677)**	53,011,709
Cash and cash equivalents at the beginning of year		**56,483,031**	3,471,322
Cash and cash equivalents at the end of year		**52,230,353**	56,483,031

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 THE COMPANY AND ITS OPERATIONS

First National Equities Limited (the Company) is a limited liability company incorporated in Pakistan under the Companies Ordinance, 1984. The registered office of the company is situated at Room No. 135 -136, 3rd Floor, New Stock Exchange Building, Karachi. The Company is a subsidiary of First Florance Developers (Pvt) Limited (the parent company). The parent company holds 54.4519% shares of the Company. The Company is listed on the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited).

The Company holds Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company include shares brokerage, consultancy services and IPO underwriting.

2 ACCOUNTING CONVENTION AND BASIS FOR PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with requirements of Companies Ordinance, 1984 (the Ordinance), the directives issued by Securities and Exchange Commission of Pakistan and approved financial reporting standards as applicable in Pakistan. Approved financial reporting 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 and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance, prevail.

2.2 Performance History

The Company has made profit after tax of Rs. 135.050 million during the current year. The Company's accumulated losses, as at June 30, 2016 decreased to Rs. 638.518 million (2015: Rs.774.259 million) resulting in an increase in equity to Rs. 179.650 million as compared to Rs. 64.645 million at previous year end. The current year profitability arrived at after taking into account notional income of Rs. 127.391 million and effect of deferred tax asset of Rs. 42.561 million during the year. excess current assets over current liabilities at year end as increase to Rs. 743.072 million as compared to previous year or Rs. 60.162 million where as net capital balance of the company under rule to (d) of third schedule of SE rules, 1971 is Rs. 185.286 million at the close of current year.

a) Restructuring arrangement

During the current year the Company has made highly favorable progress in finalizing a restructuring/rescheduling arrangements for its financing facilities with Bank Alfalah Limited and The Bank of Punjab which includes a waiver of outstanding markup, as explained in note 19.1 and 19.3 respectively, which will have substantial positive impact on the profitability and consequently on the equity and liquidity of the Company in coming years. The financial support provided by both banks reveals high level of confidence on the the Company management and its business strategies.

b) Financial support from directors/sponsors

During the current year the sponsors have provided significant financial assistance in the shape of loan for the purpose of equities investment and to enhance the investment portfolio of the company which would have significant impact on the profitability of the Company. In addition, sponsors of the Company are also considering further assistance to the company in near future.

c) Prospective new Business Plans

The management believes that improved cash flow management due to availability of the additional liquidity and further financing arrangements as well as likely enhancement in new investments in listed companies and future capital gains in the investment in shares and consequently new business opportunities would arise in the future period, the Company would therefore be able to generate sufficient profits to enable it to set-off the accumulated losses.

d) Substantial reduction in administrative expenses

The management of the Company has continued to control its administrative and other operating expenses to minimum possible level without affecting the operational efficiency of the Company. This has resulted in improving the operating results and equity position of the Company. Consequently, company's cash flow from operating activities reached to positive Rs. 50.829 million as compared to previous year's negative operating cash flow of Rs. 35.114 million.

e) Issue of right shares

The members of the Company in their EOGM held on May 15, 2013 had approved the issuance of 333.396 million ordinary shares to inject a further equity (liquidity) of Rs.. 1,001.88 million by way of right issue which has also been approved by SECP vide its letter dated June 12, 2013. During the previous year Rs.11.429 million equity was injected through Right Issue. The Company is in process for further Right Issue and is hopeful to complete the same during coming years.

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments and derivative financial instruments which have been marked to market and carried at fair value.

2.4 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New/Revised Standards, Interpretations and Amendments which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

Improvements to Accounting Standards issued by the IASB

- IFRS 14 -Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Annual Improvements 2012-2014 Cycle contain amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations are not likely to have any effect on the financial statements.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Standard or Interpretation	Effective date (annual periods Beginning on or after)
-	IAS 7 - Disclosure Initiative - (Amendments)	01 January 2017
-	IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses - (Amendments)	01 January 2017
-	IFRS 15 - Revenue from Contracts with Customers	01 January 2018
-	IFRS 9 - Financial Instruments	01 January 2018
-	IFRS 2 - Classification and Measurement of Share-based Payment Transactions - (Amendments)	01 January 2018
-	IFRS 16 - Leases	01 January 2019

The management anticipates that, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

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

- IFRS 1 - First-time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments: Classification and Measurement
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

The following interpretations issued by the IASB have been waived off by SECP:

- IFRIC 4 - Determining whether an arrangement contains lease
- IFRIC 12 - Service concession arrangements

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expense. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment. The Company estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimate in the future years might affect the carrying amounts of the respective item of property and equipment with a corresponding affect on the depreciation charge and impairment.

b) Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the prevailing income tax law and the decisions of appellate authorities on certain issues in the past.

c) Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgment basis, provisions may differ in the future years based on the actual experience. The difference in provision if any, is recognized in the future period.

d) Classification and valuation of investments

The Company has determined fair value of investments from active market. Fair value estimates are made at a specific point of time based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

e) Staff retirement benefits

Liability under defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of this plan, such estimates are subject to uncertainty. Further details are given in Note 29.

3 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 the years presented, unless otherwise stated.

3.1 Property and equipment

These are stated at cost less accumulated depreciation or impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

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 benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation on all property and equipment is calculated using the straight-line method in accordance with the rates specified in note 4 to these financial statements and after taking into account residual value, if material. The residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation on additions is charged from the month the property and equipment is available for use while no depreciation is charged in the month of disposal.

Repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred. Gains or losses on disposals of property and equipment are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account.

An asset’s carrying amount is written down immediately to its recoverable amount if the carrying amount is less than the recoverable amount.

3.2 Intangible assets -

Intangible assets, includes Trading Right Entitlement Certificate (TREC), Licenses and tenancy rights, with indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment, if any, at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are taken to the profit and loss account.

3.3 Investment Property

"Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes,is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any. Subsequent expenditure is capitalized to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property. Changes in fair values are recognized in the profit and loss account. An item of Investment property is derecognized either when disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal."

3.4 Investments

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standards (IAS) 39: "Financial Instruments : Recognition and Measurement", at the time of the purchase and re-evaluates this classification on a regular basis. The existing portfolio of the Company has been categorized as follows:

a) Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investment in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, the investment in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the post acquisition profits or losses in income and its share of the post acquisition movement in reserves is recognized in reserves.

b) Financial assets at fair value through profit or loss account

Investments that are acquired principally for the purpose of generating profit from short term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value and the transaction costs associated with these investments are taken directly to the profit and loss account. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried at these values on the balance sheet being their fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account in the period in which they arise.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments, and (c) financial assets at fair value through profit or loss. These investments are initially recognized at fair value which includes transaction costs associated with the investments. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried at these values on the balance sheet being their fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognized at trade date, which is the date that the Company commits to purchase or sell the asset. All other purchases and sales are recognized as derivative forward transactions until settlement occurs.

Investments are derecognized when the right to receive cash flows from the investments have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment loss in respect of investments is recognized when there is any objective evidence as a result of one or more events that may have an impact on the estimated future cash flows of the investment. A significant or prolonged decline in the fair value of an investment in equity security below its cost is also an objective evidence of impairment. Provision for impairment in the value of investment, if any, is taken to the profit and loss account. In case of impairment of equity securities classified as available for sale, the cumulative loss that has been recognized directly in surplus on revaluation of securities on the balance sheet below equity is removed there from and recognized in the profit and loss. Any subsequent increase in the value of these investments is taken directly to surplus on revaluation of securities which is shown on the balance sheet below equity. For investments classified as held to maturity, the impairment loss is recognized in the profit and loss.

3.5 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently at amortized cost using the effective interest method less an estimate made for doubtful receivables where there is objective evidence that the Company will not be able to collect all the amounts due. Balances considered bad and irrecoverable are written off.

3.6 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using 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 liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short term running finances.

3.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. The amount recognized represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.10 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all eligible permanent employees. The liability recognized in the balance sheet in respect of defined benefit gratuity scheme is the present value of the defined benefit obligation at the balance sheet date together with the adjustments for unrecognized actuarial gains or losses and past service costs, if any. The defined benefit obligation is calculated by an independent actuary using the Projected Unit Credit Method. The unrecognized actuarial gains or losses at each valuation date in excess of the 10% of the present value of the defined benefit obligation are amortized over the average remaining working lives of the employees in the following year.

3.11 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount remaining unpaid.

3.12 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers are made.

3.13 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized immediately in the financial statements. The resulting impairment loss is taken to the profit and loss account.

3.14 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

3.15 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage income is recognized when brokerage services are rendered

- Dividend income is recognized when the right to receive the dividend is established.

- Commission income is recognized on an accrual basis.

- Return on deposits is recognized using the effective interest method.

- Income on fixed term investments is recognized using the effective interest method.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealized capital gains / (losses) arising from mark to market of investments classified as ‘financial assets at fair value through profit or loss - held for trading’ are included in profit and loss account for the period in which they arise.

- Income on PSX exposure deposit is recognized using the effective interest rate.

3.17 Foreign currency transaction and translation

Transactions in foreign currencies are translated into the functional currency at the rates of exchange ruling on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from translation at year end exchange rates of monetary assets and liabilities in foreign currencies are recognized in income.

3.18 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

3.19 Financial instruments

a) Financial assets and liabilities

Financial instruments carried on the balance sheet include investments, loans, deposits, margin trading system, trade debts, other receivables, cash and bank balances, trade and other payables, payable in respect of margin trading system transactions, short-term borrowings and accrued mark-up on borrowings. At the time of initial recognition, all the financial assets and liabilities are measured at fair value. The particular recognition method for subsequent re-measurement of significant financial assets and liabilities is disclosed in the individual policy statements associated with each item.

b) Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

c) Off setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.20 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4 PROPERTY AND EQUIPMENT

Description	Lease hold land	Building on lease hold land	Furniture and fittings	Office equipment	Computer and accessories	Vehicles	Total
	----------	----------	----------	Rupees	----------	----------	----------
Cost							
Balance as at July 01, 2014	36,156,614	65,335,686	18,354,344	14,796,499	18,650,007	15,163,211	168,456,361
Additions during the year	-	4,050,000	-	-	72,800	-	4,122,800
Transfer	-	(44,025,908)	-	-	-	-	(44,025,908)
Balance as at June 30, 2015	36,156,614	25,359,778	18,354,344	14,796,499	18,722,807	15,163,211	128,553,253
Balance as at July 01, 2015	36,156,614	25,359,778	18,354,344	14,796,499	18,722,807	15,163,211	128,553,253
Additions during the year	-	210,000	-	268,969	303,550	-	782,519
Transfer/Disposal/Write off	-		(3,483,260)	(719,540)	(1,561,719)	-	(5,764,519)
Balance as at June 30, 2016	**36,156,614**	**25,569,778**	**14,871,084**	**14,345,928**	**17,464,638**	**15,163,211**	123,571,253
Depreciation							
Balance as at July 01, 2014	777,465	15,724,980	14,990,583	12,162,669	18,570,743	14,355,017	76,581,457
Charge for the year	388,684	1,633,396	1,612,303	1,248,077	43,512	527,080	5,453,052
Transfer	-	(13,851,145)	-	-	-	-	(13,851,145)
Balance as at June 30, 2015	1,166,149	3,507,231	16,602,886	13,410,746	**18,614,255**	**14,882,097**	68,183,364
Balance as at July 01, 2015	1,166,149	3,507,231	16,602,886	13,410,746	18,614,255	14,882,097	68,183,364
Charge for the year	388,684	639,248	1,034,019	684,279	80,356	252,632	3,079,218
Transfer/Disposal/Write off	-	-	(3,346,234)	(651,858)	(1,561,409)		(5,559,501)
Balance as at June 30, 2016	**1,554,833**	**4,146,479**	**14,290,672**	**13,443,167**	**17,133,202**	**15,134,729**	**65,703,081**
Depreciation Rate	1.08%	2.5%	10%	10%	33.33%	20%	
Written down value as at June 30, 2016	**34,601,781**	**21,423,299**	**580,413**	**902,761**	**331,436**	**28,483**	**57,868,172**
Written down value as at June 30, 2015	34,990,465	21,852,547	1,751,458	1,385,753	108,552	281,115	60,369,890

Lease hold land comprises Plot No. 666-C, measuring 1,100.677 square yards, Mall Road, Peshawar Cantt.

Building on lease hold land comprises Office No. 306 situated at 3rd Floor, Business and Finance Centre, I. I. Chundrigar Road, Karachi.

5 CAPITAL WORK IN PROGRESS

	Note	2016 Rupees	2015 Rupees
Advance for Commercial space - Karachi financial towers		**33,340,000**	33,340,000

6 INTANGIBLE ASSETS

	Cost				
	Trading Right Entitlement Certificate (TREC) Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited)	Membership card of Karachi Stock Exchange	License to use Room at Karachi Stock Exchange	Tenancy rights Building	Total
	6.1		6.2	6.3	
	----------	----------	Rupees	----------	----------
Balance as at June 30, 2016	15,000,000	-	22,000,000	**14,915,000**	51,915,000
Less: Impairment Loss	(10,000,000)	-	-	-	(10,000,000)
Total	**5,000,000**	-	**22,000,000**	**14,915,000**	41,915,000
Balance as at June 30, 2015	15,000,000	-	22,000,000	**14,915,000**	51,915,000
Total	15,000,000	-	22,000,000	**14,915,000**	51,915,000

6.1 "Pursuant to demutualization of the Pakistan Stock Exchange Limited, PSX (formerly Karachi Stock Exchange Limited), the ownership rights in the Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and TREC from PSX against its membership card."

The active market for TREC is currently not available. The TREC has been accounted for as intangible asset as per provisions of IAS 38. As the TRE certificate is not common tradable instrument, therefore after demutualization, value approved by the Board of Directors of KSE (now PSX) has been used as its initial value. The Board of Directors of KSE had set a value of Rs 15 million for TREC vide its notice dated May 2013 which was also used in determining the base minimum capital to be maintained by each TREC holder under regulations for Risk management.

During the year, a memorandum of understanding was signed between Karachi Stock Exchange (KSE), the Lahore stock exchange (LSE) and the Islamabad stock exchange (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the stock exchanges (Corporatization, Demutualization and Integration) Act 2012 (XV of 2012) vide SECP's SRO 21(1)/2016 dated January 11, 2016. As a consequence of the integration scheme, KSE would carry the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited (PSX). During the year Pakistan Stock Exchange Limited (PSX) vide its notice dated March 30, 2016 revised the Notional value of the TREC to Rs 5 million. The PSX shall determine Notional value of the TREC biannually as per Chapter 19 of PSX Rule Book. In consequence of this revision, the Company has recognized an impairment loss as per IAS 36 amounting Rs 10 Million.

6.2 Room at Pakistan stock exchange represents the consideration paid for the right to occupy two rooms situated at Stock Exchange Building, Karachi. The Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited) is the absolute owner of the said rooms and has granted full rights to occupy the premises under Leave and License agreement for the purposes of the Company's business. The Company has hypothecated license of these rooms in favor of commercial bank securing financing facilities.

6.3 Tenancy rights of building represent the consideration paid by the Company in connection with the transfer of tenancy rights in favor of the Company against properties situated at Bank Square, Peshawar and Mall road, Nowshera. The ownership of these properties continue to vest with the original owner. The Company has hypothecated the tenancy rights of Bank Square Peshawar in favor of commercial bank for securing financing facilities.

7 INVESTMENT PROPERTY

	Note	2016 Rupees	2015 Rupees
Opening balance		**106,142,000**	-
Transfers during the year		**-**	30,174,763
Increase in fair value		**-**	75,967,237
Disposal during the year	**7.1**	**(106,142,000)**	-
Fair value balance at year end		**-**	106,142,000

7.1 During the current year, the Board of Directors of the Company approved the disposal of investment property to pay the loan liability of Bank Alfalah Limited. The Company has received Rs 111.500 million as a result of above disposal and recognized a gain of Rs. 5.358 million.

8 RECEIVABLE FROM ASSOCIATES

	Note	2016 Rupees	2015 Rupees
First Pakistan Securities Limited		**-**	29,207,904
Switch Securities (Private) Limited		**-**	48,876,742
		-	78,084,646

The principal amount has been received by the Company in the current year which carried mark-up at the rate not less than the borrowing rate of the Company and are recoverable over a maximum period of ten years.

9 INVESTMENT IN ASSOCIATE

	Note	2016 Rupees	2015 Rupees
National Asset Management Company Limited (NAMCO)	**9.1**	**114,133,180**	134,300,452
		114,133,180	134,300,452

9.1 Investment in associate accounted for under equity method - National Asset Management Company Limited - holding 28.1669% (2015: 37.38318%) [4,000,000 ordinary shares (2015: 4,000,000 ordinary shares) of Rs 10. each fully paid-up. Cost of investment Rs 40,000,000.

	Note	2016 Rupees	2015 Rupees
Investment as at July 01		**81,584,845**	50,494,878
Share in reserves of associate		**31,089,275**	52,715,607
Share of profits from associate	**9.1.1**	**1,459,060**	31,089,967
Balance as at June 30		**114,133,180**	134,300,452

9.1.1 The share of the Company in National Asset Management Company Limited (an associated undertaking / related party) has been accounted for under the equity method of accounting based on its unaudited and audited financial statements for the year ended June 30, 2016 and June 30, 2015 respectively in accordance with the treatment specified in International Accounting Standard 28: "Accounting for Investment in Associates". The Company holds 28.1669% (2015 :37.38318%) i.e. 4,000,000 ordinary shares (June 30, 2015: 4,000,000 ordinary shares) of Rs. 10 each fully paid-up. Cost of investment Rs.40 million (June 30, 2015: Rs. 40 million).

Summarised financial information of Associate is presented below based upon the unaudited and audited financial statements for the year ended June 30, 2016 and 2015 respectively.

Summarised financial information for associates

Summarized Balance Sheet for associate	2016	2015
Current assets		
Cash and cash equivalents	**124,783**	33,840,592
Other current assets	**239,812,442**	208,237,239
Total current assets	**239,937,225**	242,077,831
Non Current Assets	**25,579,161**	50,669,923
Current Liabilities	**-**	-
Financial liabilities (excluding trade payables)	**7,950,722**	9,751,345
Other current liabilities	**7,950,722**	9,751,345
Total current liabilities		
Closing net assets	**257,565,664**	282,996,409
Company's share in %	**28.12 %**	37.38 %
Company's share in Rs		
Carrying amount	**72,419,480**	105,784,058
Reconciliation to carrying amounts:		
Opening net assets 1 July	**282,996,409**	142,649,972
Share deposit money	**-**	35,000,000
Reserve Dipsosed	**(26,805,656)**	-
Profit for the year	**5,180,054**	83,148,785
Other comprehensive income	**(3,815,544)**	22,197,652
Closing net assets	**257,555,263**	**282,996,409**
Summarised Income Statement		
Revenue.	**26,586,332**	107,044,874
Interest income	**4,396,753**	49,490
Depreciation and amortisation	**1,509,609**	1,664,690
Income tax expense	**84,934.00**	169,178
Profit for the year	**5,180,054.00**	**83,148,785**

		Note	2016 Rupees	2015 Rupees
10	**INVESTMENTS - AVAILABLE FOR SALE**			
	Pakistan Stock Exchange Limited	**10.1**	**40,073,830**	40,073,830
			40,073,830	40,073,830

10.1 Pursuant to demutualization of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, KSE), herein after referred to as (PSX), the ownership rights in the Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and TREC from PSX against its membership card.

The above arrangement has been resulted in allocation of 4,007,383 shares of Rs. 10/- each and TREC to the Company by the PSX. Out of the total shares issued by the PSX, the Company has received 40% equity shares i.e. 1,602,953 shares in its CDC account. The remaining 60% shares have been transferred to CDC sub account in the Company's name under the PSX's participant IDs with the CDC which will remain blocked until these shares divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

In accordance with applicable IFRS in Pakistan, the shares allotted by PSX has been classified as "Available for sale". These shares have been recorded initially at face value of Rs. 10/- each. Since active market of these shares is not available as of now, therefore, fair value determination is difficult task. An attempt to arrive at the fair value by using appropriate valuation technique may be possible, if data from observable market is available. However in the absence of requisite data for fair value, these shares have been carried at par value. The above shares and TRE certificate have been received against surrender of stock exchange membership card. As the fair value of both the asset transferred and asset obtained has been determined with reasonable accuracy, the gain on exchange of assets was recognized recorded in profit and loss account of the Company in the year 2013.

During the year, a memorandum of understanding was signed between Karachi Stock Exchange (KSE), the Lahore stock exchange (LSE) and the Islamabad stock exchange (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the stock exchanges (Corporatization, Demutualization and Integration) Act 2012 (XV of 2012) vide SECP's SRO 21(1)/2016 dated January 11, 2016. As a consequence of the integration scheme, KSE would carry the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited (PSX).
During the year, the Pakistan Stock Exchange vide letter dated March 30, 2016 revised the Break up Value of its shares to Rs 10.042 as of December 31, 2015. The PSX shall determine break value of its shares biannually as per Chapter 19 of PSX Rule Book. Thus, in consequence of above revision, the shares initially recorded at face value remained the same.

11 LONG TERM DEPOSITS

	Note	2016 Rupees	2015 Rupees
Central Depository Company Limited		**150,000**	150,000
Pakistan Stock Exchange Limited		**1,200,000**	1,100,000
National Clearing Company of Pakistan Limited		**300,000**	300,000
Security deposits		**831,070**	794,209
		2,481,070	2,344,209

12 DEFERRED TAXATION - NET

	Note	2016 Rupees	2015 Rupees
Temporary differences on:			
Provision for gratuity		**1,800,330**	1,213,255
Intangible Assets		**6,362,982**	-
Investment available for Sale		**(9,724,900)**	-
Short Term Investments		**(4,538,946)**	-
Current Maturity of Long Term Financing		**17,138,461**	-
Long Term Financing		**7,247,704**	-
Loan from Sponsors		**(24,383,892)**	-
Provision for doubtful debts		**76,091,697**	53,304,256
Accelerated tax depreciation		**98,771**	(1,772,131)
Investment in associate		**(17,990,239)**	(15,841,228)
		52,101,969	36,904,151
Effect of Carried Forward tax losses/tax credits	12.1	**77,961,985**	50,598,025
		130,063,953	87,502,177

12.1 The amount of remained unused tax losses for the tax year 2011 and tax year 2013 were Rs 82,554,825 and Rs 170,703,594/- respectively . During the year ended June 30, 2016, the Company has recognized deferred tax debit balance on these losses and tax loss for the tax year 2016 amounting Rs 8,669,581 and the impact of other carry forward adjustable amounts allowed under section 113C of ITO, 2001 amounting Rs 14,398,714 .

13 SHORT-TERM INVESTMENTS - NET

	Note	2016 Rupees	2015 Rupees
Available for sale	13.1	**1,914,282**	1,024,197
At fair value through profit or loss- held for trading	13.2	**418,823,348**	574,159
		420,737,630	1,598,356

13.1 Available for sale

Detail of investments in shares / certificates / units of listed Companies / mutual funds:

No. of Shares		Name of Scrip / Company	2016		2015	
Jun-16	Jun-15		Average Cost	Market Value	Average Cost	Market Value
		Cement				
10,134	10,134	Pioneer Cement Limited - note 13.1.1	**204,594**	**1,088,392**	204,594	864,329
		Leasing Companies				
453,525	453,525	SME Leasing Limited - note 13.1.2	**2,267,851**	**721,105**	2,267,826	113,355
		Sugar composite				
1,500	1,500	Kohinoor sugar mills limited	**15,997**	**85,680**	15,997	25,950
		Technology and Communication				
180	180	TRG Pakistan	**1,005**	**6,039**	1,005	5,499
23	23	Pak Telecommunication Corp.	**271**	**346**	271	472
		Miscellaneous				
500	500	Diamond Industries Limited	**25,000**	**12,350**	25,000	14,290
		Vanaspati and Allied Industries				
1	1	Punjab Oil Mills Limited	**46**	**267**	46	183
		Power Generation and Distribution				
2	2	Nishat Chunian Power	**29**	**105**	29	119
465,865	465,865		**2,514,794**	**1,914,282**	2,514,768	1,024,197
		Unrealised gain/(loss) on re-measurement of investments classified as 'available for sale'	**(600,512)**		(1,490,571)	
			1,914,282	1,914,282	1,024,197	**1,024,197**

13.1.1 Securities having average cost of Rs. 2,267,851 (2015: Rs 1,406,254) and fair value of Rs 1,352,122 (2015: Rs. 924,408) have been pledged with various commercial banks for obtaining finance facilities under mark-up arrangements as specified in note 19 and 20.

13.1.2 As at June 30, 2016 securities having average cost of Rs. 201,889 and fair value of Rs. 1,074,000 (2015: 852,900) are held in the name Sindh Industrial Trading Estate Limited (S.I.T.E) and have been kept as security with one of the Commercial banks for securing financing facilities under mark-up arrangement.

13.1.3 Movement in unrealized gain / (loss) on investments classified as 'available for sale':

	Note	2016 Rupees	2015 Rupees
Short-term investments	**13.1**	**(600,512)**	(1,490,571)
Share in reserves of associate	**9.1**	**31,089,275**	52,715,607
		30,488,763	51,225,036

13.2 Financial assets at 'fair value through profit or loss'

No. of Shares		Name of Scrip / Company	2016		2015	
Jun-16	Jun-15		Average Cost	Market Value	Average Cost	Market Value
		Closed-end mutual fund				
-	1,166	NAMCO Balanced Fund - related party	-	-	6,996	14,906
		Modarabas				
200,000	200,000	First I.B.L Modaraba - IPO Investments	**522,000**	**822,000**	540,000	522,000
		Insurance				
49	49	EFU General Insurance	**7,203**	**5,794**	6,009	7,203
		Oil & gas marketing Companies				
68	68	Pakistan State Oil Company Limited	**26,234**	**25,531**	26,442	26,234
200,000	-	Sui Northern Gas Limited	**7,524,140**	**7,258,000**	-	-
		Banks				
113,000	-	Bank of Punjab	**766,841**	**908,520**	-	-
250,000	-	Jahangir Siddiqui Co Ltd	**5,492,675**	**4,950,000**	-	-
		Cement				
100,000	-	Dewan Cement Limited	**1,491,000**	**1,448,000**	-	-
1,847,000	-	Maple Leaf Cement Factory Limited	**180,958,347**	**194,876,970**	-	-
17,500	-	Pak Cement Limited	**260,313**	**309,050**	-	-
1,693,000	-	Pioneer Cement Limited	**174,659,699**	**181,828,200**	-	-
		Transport				
385,000	-	Pakistan International Bulk Terminal Ltd	**12,851,339**	**12,346,950**	-	-
		Technology and Communication				
418,500	-	TRG Pakistan	**14,955,390**	**14,040,675**	-	-
		Fertilizers				
69	69	Fauji Fertilizer Bin Qasim Limited	**3,817**	**3,658**	**2,744**	**3,817**
5,224,186	201,352		**399,518,998**	**418,823,348**	582,191	574,159
		Unrealized gain (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'-held for trading	**19,304,351**		(8,032)	
			418,823,348	418,823,348	574,159	**574,159**

13.2.1 Securities having average cost of Rs. 381,238,060 (2015: Rs NIL) and fair value of Rs. 401,442,339 (2015: Rs NIL) have been pledged in favor of the Director of the Company against loan as specified in note 20.2.

13.2.2 International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) requires an entity to assess at each balance sheet date whether there is any objective evidence that a financial asset or liability is impaired. A significant decline in the fair value of an investment in an equity security below its cost is objective evidence of such impairment. When a decline in the fair value of an investment in equity securities classified as available for sale has been recognized directly in equity and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and is recognized in the profit and loss account even though the investment has not been derecognized. Impairment losses recognized in the profit and loss account for an investment in an equity security classified as available for sale are not reversed through the profit and loss account but are recognized in the available for sale reserve in equity.

14 TRADE DEBTS

	Note	2016 Rupees	2015 Rupees
Considered good	14.1	**353,144,112**	346,273,348
Considered doubtful		**313,554,445**	313,554,445
		666,698,558	659,827,793
Less: Provision for doubtful debts	14.2	**(313,554,445)**	(313,554,445)
		353,144,113	346,273,348

14.1 This includes receivable from National Clearing Company of Pakistan Limited (NCCPL) and director of the Company amounting to Rs. NIL (2015: NIL) and Rs. 74,033 (2015: Rs. Nil) respectively in respect of trading in securities.

14.2 Movement in provision against trade debts	Note	2016 Rupees	2015 Rupees
Opening balance		**313,554,445**	313,554,445
Charged during the year		**-**	-
Closing balance		**313,554,445**	313,554,445

14.3 The company holds securities having fair value of Rs. 336.398 million (2015: Rs. 184.562 million) owned by its Clients as collateral against trade debts.

15 LOANS AND ADVANCES	Note	2016 Rupees	2015 Rupees
Advances - unsecured, considered good			
to employees against expenses		**500,862**	1,480,314
to suppliers		**-**	304,250
Less: advances written off		**-**	(304,250)
		500,862	1,480,314
16 TRADE DEPOSITS			
Exposure deposit	16.1	**6,536,997**	20,000
		6,536,997	20,000

16.1 This represents amount deposited with Pakistan Stock Exchange Limited against exposure arising out of the transactions entered into by the Company in respect of which settlements have not taken place as at the year end. The Company has deposited the exposure amount in the form of securities in accordance with the regulations of the Pakistan Stock Exchange Limited.

17 OTHER RECEIVABLES	Note	2016 Rupees	2015 Rupees
Mark up on receivable from associates	17.1	**164,377,837**	154,183,115
Others		**903,229**	3,459,330
		165,281,066	157,642,446

17.1 This mark up is charged on receivable from associates as more fully explained in note 8.

First Pakistan Securities Limited	**84,358,438**	80,607,140
Switch Securities (Private) Limited.	**80,019,399**	73,575,975
	164,377,837	154,183,115

18 CASH AND BANK BALANCES

Cash at bank in:			
Current accounts	18.1	**52,216,592**	56,469,013
Saving accounts	18.2	**13,761**	14,018
		52,230,353	56,483,031

18.1 This includes customer assets Rs.48,707,827 (2015: Rs. 52,935,817).

18.2 The markup rate on saving accounts is from 5.6% to 6.5%(2015: 5.6% to 6.5%).

	Note	Sanctioned Limit Rupees	2016 Rupees	2015 Rupees
19 LONG-TERM FINANCING				
From banking companies-secured				
Bank Alfalah Limited	**19.1**		**140,270,599**	210,033,390
United Bank Limited	**19.2**	300,000,000	**2,995,880**	4,437,528
The Bank of Punjab	**19.3**		**107,972,995**	135,307,837
From non-banking company-unsecured				
Sindh Industrial Trading Estates -S.I.T.E.	**19.4**		**16,237,442**	16,237,442
Overdue interest on long term financing	**19.5**		**248,848,341**	222,782,762
			516,325,256	588,798,958
Less: current portion of long term financing			**(70,623,218)**	(289,938,081)
			445,702,038	298,860,877

19.1 Financing from Bank Alfalah Limited (BAF) has been restructured/rescheduled vide offer letter dated June 27, 2014 as amended dated September 08, 2014 wherein TF-I,TF-II, TF-III and short term financing have been merged. The restructured loan liability is interest free liability and has been recognized at present value discounted at the average borrowing cost of the company. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognized in profit and loss account as notional income. The finance facility was obtained for working capital requirement and improvement in liquidity. The facility was originally secured against pledge of shares amounting to Rs.78.6 million and mortgage of commercial plot of land bearing # 19-C, Sun set lane # 6, phase-2, DHA, Karachi, mortgage of room # 135 & 136, Stock Exchange Building, Karachi, mortgage of room # 306, 3rd Floor, Business & Finance Centre, I. I Chundrigar Road, Karachi, mortgage of municipal showroom # 2, ground floor, adjacent to Asker Bank Ltd, Bank Square, Chowk Yadgar, Peshawar City, total valuing Rs. 115 million and Personal guarantee of Mr. Ali Aslam Malik (CEO). During the current year , the mortgage of commercial plot of land bearing 19-C, Sun set lane # 6, phase-2, DHA, Karachi has been released by making repayment to BAF from its sale proceed.

In view of actual repayments during the year, the present value of the loan was revised whereby notional income of Rs 6,164,433 (2015: Rs. 14,252,484) was recognized in profit & loss account.

As per restructuring offer letter, in the first phase, the company shall get shares released against firm payment as per prevailing market rates, that were pledged from the sub-accounts, up to value of Rs. 30 million, within 30 days of the above offer letter. The company shall get all the remaining pledged shares released in piecemeal before Dec 15, 2014. The bank shall first right to the company to have above properties released from bank's mortgage by paying average market value for partial settlement of loan liability uptill Oct 07, 2014, otherwise the bank will be authorized to acquire/purchase/sell these properties. The balance principal amount left unpaid after the these transactions, would be paid as Rs. 0.3 million on quarterly basis from January 2015 to December 2016, and Rs. 1.0 million would be paid on quarterly basis from January 2017 onwards till final adjustment on or before June 30, 2021.

	2016 Rupees	2015 Rupees
Reconciliation of fair value of the Long term Financing - BAF		
Amount of Liability of loan - Bank Alfalah Ltd	**210,033,390**	240,263,937
Less: Unamortized notional Income	**(6,164,433)**	(14,252,484)
Add: Reversal of notional income	**23,852,668**	26,443,340
Less: Payments made during the period	**(87,451,026)**	(42,421,403)
	140,270,599	210,033,390

"In view of interest free restructured loan, the present value was assessed using estimated future cash outflows discounted to their present values @ 11.7% being the average borrowing rate of the company. The difference between the liability initially recognized and the present value calculated through discounting future cash outflows has been recognized in profit and loss account and notional income and will amortized during the tenure of the liability i.e. June 2021."

	2016 Rupees	2015 Rupees
Unamortized notional interest -BAF		
As at the beginning of the year	**80,250,415**	92,441,271
Arising during the year	**(23,852,668)**	(26,443,340)
Amortized for the year	**6,164,433**	14,252,484
As at the closing of the year	**62,562,180**	80,250,415

19.2 The company has negotiated financing agreement with United Bank Limited and has finalized a restructuring agreement to settle its total outstanding liability of amount of Rs.7,333,321 (inclusive of any markup). The borrowing was obtained to finance daily clearing obligations of PSX and settlement of client's trade. The borrowing are secured against pledge of shares through CDC as per list approved by UBL's Treasury Middle Office with minimum margin of 30%.

19.3 During the year financing from Bank of Punjab has been restructured/rescheduled vide offer letter dated June 30, 2016, wherein the Bank has agreed to settle the previous running finance facility amounting Rs 135 million through restructuring/rescheduling on following terms and conditions:

19.3.1 DF-I (Serviceable) amounting Rs 99.497 million with a down payment of Rs 0.422 million and Fuure COF bearing markup Quarterly/bi-annually at the rate of 3%, to be deffered for initial three years and subsequently recovered with balance repayments. This facility will be repaid in 28 step-up quartely/biannual installments till Dec 2025.

19.3.2 DF II (Unserviceable) amounting Rs 94.695 million bears no future mark up. This facility is bifurcated into Rs 36.127 million and Rs 58.568 million. Rs 36.127 million will be repaid in 9 Quarterly/Bi-annual installments starting from Sep-2022 till Dec 2025. The remaining balance of Rs 58.568 million will be waived/written off at the tail end subject to no default.

19.3.3 Other terms and conditions includes the disposal of BOP's petition, to remain intact the existing collateral/Sureties during the currency of credit lines, the unfettered right to demand accelerated repayment with improved rate of markup depending upon the financial growth indicators of the Company by taking June 30, 2015 as base period.

19.3.4 "Since the restructured loan is partially interest free and partially at lower interest rate i.e. 3% quarterly/bi-annualy, the present value has been assessed using estimated future cash outflows discounted to their present values @ 7.5 % being the market interest rate of the simiar loan The difference between the liability initially recognized and the present value calculated through discounting future cash outflows has been recognized in profit and loss account and notional income and will amortized during the tenure of the liability i.e. Dec 2025."

	2016 Rupees	2015 Rupees
Reconciliation of fair value of the Long term Financing - BOP		
Amount of Liability of loan - The Bank of Punjab	**135,307,837**	135,307,837
Extinguishment of old Liability	**(135,307,837)**	-
Add: PV of DF I	**59,542,437**	-
Add: PV of DF II	**19,415,377**	-
Add: PV of waived amount	**29,437,180**	-
Less: Payments made during the year	**(422,000)**	-
	107,972,995	135,307,837
Unamortized notional interest -BOP		
As at the beginning of the year	**-**	-
Arising during the year	**-**	-
Amortized for the year	**26,912,842**	-
As at the close of the year	**-**	-
	26,912,842	-

19.4 The company has settled its liability towards Sindh Industrial Trading Estate (S.I.T.E.) in the light of court order dated October 21, 2013 by making payments amounting to Rs. 129,582,492/= Settlement of balance amount is under negotiation.

19.5 This represents markup liability pertaning to Bank Alflah Limited which was suspended by the bank under the reschedule agreement dated June 27, 2014. During the year the company recognized mark-up liability at present value discounted at average borrowing cost and amortized over the term of new agreement by restating previous year figures. The resultant gain Rs 233.27 million has been recognized in the statment of changes in equity in accordance with IAS 39. Further the notional expense charge for the year is Rs 26.065 million (2015: Rs 23.34 million).

20 LOAN FROM SPONSORS

	Note	2016 Rupees	2015 Rupees
Loan from sponsors	**20.1**	**112,684,463**	26,643,417
Loan from Sponsors - Interest Bearing	**21.1**	**400,000,000**	-
Less : Notional income		**(100,479,788)**	-
		299,520,212	-
		412,204,675	26,643,417
Less: current portion			-
		412,204,675	**26,643,417**

20.1 This represents unsecured interest free loan received from spouse of and a director of the Company.

20.2 This represents loan from a director for a period of 4 years at a mark up of six months kibor plus 2% payable quarterly. The is collateralized at all time by way of pledge of shares with a margin of 30% in favour the director. The loan has been recognized at present value discounted at average borrowing cost of the company along with mark up payable. The difference between the principal and the present value Rs. 100.479 million is recognized in profit and loss account.

		Note	2016 Rupees	2015 Rupees
21	**OTHER LOANS**	21.1	118,209,800	256,947,585

21.1 This represents amounts payable to various individuals from whom the Company borrows funds to settle its clearing with NCCPL and carry mark up ranging from 13% to 16% per annum.

21.2 This includes amount payable to directors of the Company against salary, trading transactions and other payables amounting to Rs Nil (2015: Rs. 142,805,545) and due to spouse of a director of the Company amounting to Rs Nil (2015: Rs. 20,886,175)

		Note	2016 Rupees	2015 Rupees
22	**DEFERRED LIABILITIES**			
	Gratuity	29	7,181,208	7,136,796
			7,181,208	7,136,796
23	**TRADE AND OTHER PAYABLES**			
	Creditors		48,258,479	54,001,800
	Other trade payables - net of comm. & taxes	23.1	143,352,836	143,352,836
	Accrued expenses		3,219,954	20,380,642
	Unclaimed dividends		2,544,013	2,544,013
	Others		965,929	8,723,030
			198,341,210	229,002,321

23.1 This represents payable to a client of the Company 'Abondant Properties Organization' due to inadvertent erroneous transactions by certain ex-employees of the Company in client's account during prior period (s).

24 CONTINGENCIES AND COMMITMENTS

Contingencies

- Income tax assessment of the Company for tax years 2005, 2006 and 2007 has been amended by the Taxation Officer on account of allocation of expenses and disallowance of certain items resulting in a tax demand of Rs. 149,322,823. The Company had filed an appeal with the CIT (appeals) in respect of the above mentioned disallowance and decision was made in favor of the Company as on 26-07-2012, the tax department has filed second appeal before the Appellate Tribunal.

- The Bank of Punjab had filed a suit under section 16 of the Financial Institution's Ordinance, 2001(Recovery of Finance) in the Sindh High Court against the Company during the year for the principal and mark-up of short term borrowings amounting to Rs. 99,321,837/- and Rs. 35,986,000/- respectively. The amounts were transferred to long term financing by the Company. The Company availed the short term borrowings facility against the pledge of listed Company shares (Trust Investment Bank shares 259,000 and Pioneer Cement Shares 8,508,500). Due to financial crunch in the country the Company was unable to payback the principal and mark-up on due date. Against the subject case of Bank of Punjab, the Company has also filed the counter claim against the bank on the ground that the bank has failed to recover the amount by selling off the pledged shares even the margin on the pledged shares reduced below the agreed limit of 30%. In view of restructuring/rescheduling agreement dated June 30, 2016 the BoP's petition will be disposed off accordingly.

- Sindh Industrial Trading Estates (SITE) Limited has filed a recovery suit for Rs. 174,058,936 against the Company in the Honorable Sindh High Court which is pending settlement. During the pendency of the case the company has paid Rs. 129,582,492 in the light of order of Honorable Sindh High Court. The Company is hopeful of settlement of the case in its favor for determination and settlement of balance amount.

- Trade and Other Payable of the Company includes an amount of Rs. 143.35 million payable to M/S Abondoned Properties Organization (APO) against which APO has an addition claim of Rs. 25,004,874 on account of 123,762 bonus shares of Pakistan State Oil which is under scrutiny and negotiation.

	Note	2016 Rupees	2015 Rupees
Commitment			
Capital expenditure contracted for but not incurred		**100,020,000**	100,020,000

This represents amount contracted to be paid to ENSHAA NLC Developers (Private) Limited for acquiring commercial space, payable installment, in Karachi Financial Tower.

		Note	2016 Rupees	2015 Rupees
25	**SHARE CAPITAL**			
25.1	**Authorized capital**			
	500,000,000 (2013: 50,000,000) Ordinary shares of Rs. 10 each		**5,000,000,000**	5,000,000,000
25.2	**Issued, subscribed and paid-up share capital**			
	50,000,000 Ordinary shares of Rs. 10 each issued for cash		**500,000,000**	500,000,000
	7,500,000 Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**75,000,000**	75,000,000
	80,500,000 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount		**805,000,000**	805,000,000
	3,809,831 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount		**38,098,310**	38,098,310
			1,418,098,310	1,418,098,310

25.3 The following shares were held by the related parties of the Company:

	2016		2015	
	Shares held	Percentage	Shares held	Percentage
First Florance Developers (Pvt.) Limited	**77,218,150**	**54.452%**	77,218,150	54.452%
MCD Pakistan Limited	**2,353,950**	**1.660%**	2,353,950	1.660%
First Pakistan Securities Limited	**10,481,808**	**7.391%**	10,581,808	7.462%
Switch Securities (Pvt.) Limited	**5,684,506**	**4.009%**	5,684,506	4.009%

25.4 The directors, their spouses and minor children hold 622,730 shares as at June 30, 2016 (2015: 2,448,856 shares).

		Note	2016 Rupees	2015 Rupees
26	**OPERATING REVENUE**			
	Brokerage income		**15,850,527**	13,887,233
	Dividend income		**1,331,750**	6,600,795
	Other		**5,503,086**	4,184,527
			22,685,363	24,672,555
27	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Mark-up on:			
	Exposure deposits		**-**	14,644
	Receivable from associates		**10,194,722**	15,664,920
	Return on fixed assets		**6,246**	10,877
			10,200,968	15,690,441
	Income from non-financial assets			
	Rental income	**27.1**	**100,000**	1,830,000
	Gain on disposal of Investment Property		**5,358,000**	-
	Underwriting Commission		**3,500,000**	-
	Liabilities written off	**27.2**	**24,679,734**	-
	Miscellaneous		**183,055**	174,788
			44,021,757	17,695,229

27.1 This includes rent received from National Asset Management Company Limited amounting to Rs 100,000 (2015: Rs 180,000), a related party.

27.2 This amount includes Rs. 23,991,500 pertaining to excess liabilities in respect of a director of the Company.

	Note	2016 Rupees	2015 Rupees

28 ADMINISTRATIVE EXPENSES

	Note	2016 Rupees	2015 Rupees
Salaries, allowances and other benefits	28.1	**18,945,419**	18,777,916
Rent, rates and taxes		**5,086,405**	6,072,827
Fuel, repairs and maintenance		**1,705,860**	1,531,826
Utilities		**2,275,751**	2,023,602
Fees and subscription		**1,519,382**	915,124
KSE, clearing house and CDC charges		**740,215**	820,048
Traveling and conveyance		**1,656,618**	249,520
Depreciation	4	**3,079,218**	5,453,094
Communication, printing and stationery		**2,046,428**	1,679,269
Legal and professional charges		**9,160,895**	2,943,072
Entertainment		**793,707**	778,689
Others		**5,105,293**	202,517
		52,115,192	41,447,504

28.1 Salaries, allowances and other benefits include Rs 1,650,892 (2015: Rs.1,357,932) in respect of staff retirement benefits.

29 EMPLOYEE BENEFITS

Unfunded gratuity scheme:

As mentioned in note 3.1, the Company operates an unfunded gratuity scheme. The latest actuarial valuation of the scheme was carried out as at June 30, 2016. Projected Unit Credit method using the following significant assumptions, was used for the valuation of the scheme:

29.1 Balance sheet reconcilliation

	Note	2016 Rupees	2015 Rupees
Present Value of defined benefit obligation	29.1.1	**4,021,542**	4,408,849
Plus Payables		**3,159,666**	2,727,947
Net Liability at the end of year		**7,181,208**	7,136,796

29.1.1 Movement in present value of defined benefit obligation

	2016 Rupees	2015 Rupees
Present Value of defined benefit obligation at the beginning of the year	**4,408,848**	4,525,725
Current service cost	**745,924**	830,823
Past service cost credit	**512,798**	-
Interest cost on defined benefit obligations	**392,170**	527,109
Benefits due but not paid (payables)	**(1,084,234)**	(1,132,423)
Benefits paid	**(263,562)**	-
Remeasurement: experience adjustments	**(690,402)**	(342,386)
Present value of defined benefit obligation	**4,021,542**	4,408,848

29.1.2 Expenses to be charged to profit and loss account

	2016 Rupees	2015 Rupees
Current service cost	**745,924**	830,823
Past service cost credit	**512,798**	-
Interest cost on defined benefit obligations	**392,170**	527,109
Expense for the year	**1,650,892**	1,357,932

29.1.3 Remeasurement losses/(gains) recognised in other comprehensive income

	2016 Rupees	2015 Rupees
Experience adjustments	**(690,402)**	(342,386)
	(690,402)	(342,386)

29.1.4 Net recognized liability

	2016 Rupees	2015 Rupees
Net liability at the beginning of the year	**7,136,796**	6,231,249
Remeasurement losses/(gains) recognized in other comprehensive income	**1,650,892**	1,357,932
Experience adjustments	**(690,402)**	(342,386)
Benefits paid	**(916,078)**	(110,000)
Net liability at the end of the year	**7,181,208**	7,136,795

	Note	2016 Rupees	2015 Rupees

29.2 The principal assumptions used in the actuarial valuations carried out as of June 30, 2016 using the 'Projected Unit Credit' method are as follows:

	2016	2015
Discount rate per annum	**10.50%**	13.50%
Expected per annum rate of increase in future salaries	**9.00%**	10.50%
Expected morality rate	**SLIC 2001-2005 Setback 1 Year**	SLIC 2001-2005 Setback 1 Year
Expected withdrawal rate	**Age-based**	Age-based

29.3 Sensitivity analysis for actuarial assumptions

The sensisvity of the defined benefit obligation to changes in weighted principal assumptions is:

	2016	2015
Discount Rate +100 bps	**3,513,744**	3,855,713
Discount Rate -100 bps	**4,625,014**	5,066,456
Salary Increase +100 bps	**4,619,040**	5,060,033
Salary Increase -100 bps	**3,509,436**	3,851,085
The average duration of the defined benefit obligation is	**14 years**	14 years

Five year data on experience adjustments

	2016	2015	2014	2013	2012
	----------------------	------------------(Rupees)	------------------		
Present value of defined benefit obligation, June 30	7,181,208	7,136,796	6,231,249	5,469,302	4,366,438
Experience adjustment arising on plan liabilities gains	690,402	342,386	282,815	108,194	2,285,404

Based on the actuarial advice, the Company intends to charge an amount of approximately Rs 1,650,892 (2015: 1,418,830) in respect of the gratuity scheme in the financial statements for the year ending June 30, 2016.

	Note	2016 Rupees	2015 Rupees
30 FINANCE COST			
Mark-up on:			
Long Term Financing-BAF		**-**	-
Notional intrest-BAF		**23,852,668**	26,443,340
Bank and other charges	30.1	**5,873,436**	8,902,765
		29,726,104	35,346,104

30.1 This includes finance charges amounting to Rs 5,847,398 (2015: Rs. 8,846,260) paid/payable by the Company against funds placed by various individuals in order to pay off/settle clearing with National Clearing Company of Pakistan Limited (NCCPL).

	Note	2016 Rupees	2015 Rupees
31 OTHER CHARGES			
Auditors' remuneration	31.1	**1,439,721**	1,110,000
Provision for doubtful debts		**-**	1,695,892
Property and equipment written off		**205,019**	-
Impairment loss on Intangible Assets	6.1	**10,000,000**	-
Security Charges		**278,200**	-
Advances written off		**-**	304,250
Commission to trading agents		**910,537**	403,931
		12,833,476	3,514,073
31.1 Auditors' remuneration			
Statutory audit fee		**700,000**	700,000
Half yearly review fee		**230,000**	230,000
Other Certifications and out of pocket expenses		**509,271**	180,000
		1,439,271	1,110,000

	Note	2016 Rupees	2015 Rupees

32 TAXATION

Current:			
for the year		**12,866,972**	12,457,460
Prior years		**(8,711,004)**	-
Deferred		**(42,561,776)**	(62,472,424)
		(38,405,808)	(50,014,964)

Relationship between tax expenses and accounting profit

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under the provisions of Alternate Corporate Tax under Section 113C of the Income Tax Ordinance, 2001.

33 EARNING PER SHARE - BASIC AND DILUTED

Earning per share is calculated by dividing Profit after tax for the period by weighted average number of shares outstanding during the period as follows:

	Note	2016 Rupees	2015 Rupees
Profit after taxation attributable to ordinary shareholders		**135,050,404**	242,885,777
Weighted average number of ordinary shares in issue during the year		**141,809,831**	141,809,831
Earning Per Share		**0.95**	1.71

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits to the chief executive, directors and executives of the Company as per terms of the employment are as follows:

	2016			2015		
	Chief Executive	Executive Directors	Executives	Chief Executive	Executive Directors	Executives
	(Rupees)					
Managerial remuneration	**6,000,000**	**1,577,333**	**900,000**	6,000,000	1,392,000	780,000
Utilities	**154,522**	**-**	**-**	65,119	-	-
Retirement benefits	**-**	**-**	**-**	500,000	130,000	75,000
Conveyance and traveling	**867,873**	**215,479**	**-**	8,100	433,012	-
	7,022,395	**1,792,812**	**900,000**	6,573,219	1,955,012	855,000
No of persons	**1**	**2**	**1**	1	2	1

The chief executive, executive directors and executives are provided with the free use of Company's owned and maintained cars.

Remuneration to other directors

Aggregate amount charged in the financial statements for fee to directors was Nil as at June 30, 2016 (2015: Nil).

35 RELATED PARTY TRANSACTIONS

	2016			
	Key Management	Associates	Other related parties	Total
	-----------------------------(Rupees)-----------------------------			
Transactions during the year				
Purchase of marketable securities for and on behalf of	**74,521,816**	**331,828,790**	**132,803,909**	**539,154,515**
Sale of marketable securities for and on behalf of	**490,587,882**	**556,658,494**	**135,834,891**	**1,183,081,267**
Brokerage income	**86,506**	**945,695**	**655,271**	**1,687,473**
Rent received	**-**	**-**	**3,000,000**	**3,000,000**
Rent expense	**-**	**-**	**-**	**-**
Remuneration to key management personnel	**9,715,207**	**-**	**-**	**9,715,207**
Gratuity charged	**263,562**	**-**	**-**	**263,562**
Loan From Sponsors	**385,561,258**	**-**	**26,643,417**	**412,204,675**
Mark up on receivable from associates	**-**	**10,194,722**	**-**	**10,194,722**

	2015			
	Key Management	Associates	Other related parties	Total
	-----------------------------(Rupees)-----------------------------			
Transactions during the year				
Purchase of marketable securities for and on behalf of	293,205,135	1,444,516,271	27,996,347	1,765,717,753
Sale of marketable securities for and on behalf of	163,240,972	1,630,526,313	15,070,849	1,808,838,134
Brokerage income	248,534	2,107,431	283,000	2,638,965
Rent received	-	-	180,000	180,000
Rent expense	-	-	4,500,000	4,500,000
Remuneration to key management personnel	8,477,333	-	-	8,477,333
Gratuity charged	-	-	-	-
Loan From Sponsors	-	-	26,643,417	26,643,417
Mark up on receivable from associates	-	15,664,920	-	15,664,920

The Company has related party relationship with its associated undertakings, its directors and executive officers. Transactions with associated undertakings essentially entail sale and purchase of marketable securities.
Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel.
There are no transactions with key management personnel other than under their terms of employment / entitlement. Balances outstanding from / to related parties as at the year end have been disclosed in the relevant balance sheet notes. Transactions with related parties are on arms length.

36 CASH GENERATED FROM OPERATIONS

	Note	2016 Rupees	2015 Rupees
Profit before taxation		**96,644,596**	192,870,813
Adjustment for non cash items			
Depreciation		**3,079,218**	5,453,094
Property and equipment written off		**205,019**	-
Loss/Gain on disposal of investments		**3,642,647**	(132,844,403)
Fair value adjustment of Investment property		**(5,358,000)**	(75,967,236)
Exchange of asset		**-**	(4,050,000)
Share of profit of associate - net of tax		**(1,459,060)**	(31,089,967)
Unrealized loss/(profit) on investments at fair value through profit or loss-held for trading-net		**(19,304,351)**	8,032
Notional Interest expense		**43,753,815**	49,778,687
Gain on extinguishment of BOP old liability		**(26,912,842)**	(14,252,483)
Impairment loss on Intangible Asset		**10,000,000**	-
Bad debts		**-**	1,695,892
Provision for gratuity		**1,650,892**	1,357,932
Finance cost		**5,873,436**	8,902,765
Dividend income		**(1,331,750)**	(6,600,795)
Income on exposure deposits		**-**	(14,644)
Mark-up income from related party		**(10,194,722)**	(15,664,920)
		3,644,301	(213,288,046)
		100,288,897	(20,417,233)
Operating loss before working capital changes			
Changes in working capital:			
Decrease / (increase) in current assets			
Trade debts		**(6,870,765)**	(25,037,182)
Loans and advances		**979,452**	87,672
Trade deposits and short-term prepayments		**(6,516,997)**	528,574
Other receivables		**2,556,102**	(1,017,945)
Increase / (decrease) in current liabilities			
Trade and other payables		**(30,661,111)**	21,904,261
		(40,513,318)	(3,534,620)
Cash generated / (used in) operations		**59,775,579**	(23,951,853)

37 FINANCIAL INSTRUMENTS BY CATEGORY

	2016				
	Loans and receivables	Available for sale	At fair value through profit and loss	Cost/ amortized cost	Total
	----------(Rupees)----------				
Assets					
Non-current assets					
Long-term deposits	**2,481,070**	**-**	**-**	**-**	**2,481,070**
Receivable from associates	**-**	**-**	**-**	**-**	**-**
Current assets					
Short-term investments		**1,914,282**	**418,823,348**	**-**	**420,737,630**
Trade debts - net	**353,144,113**	**-**	**-**	**-**	**353,144,113**
Loans and advances	**500,862**	**-**	**-**	**-**	**500,862**
Trade deposits	**6,536,997**	**-**	**-**	**-**	**6,536,997**
Other receivables	**165,281,066**	**-**	**-**	**-**	**165,281,066**
Cash and bank balances	**-**	**-**	**-**	**52,230,353**	**52,230,353**
Liabilities					
Current liabilities					
Trade and other payables	**-**	**-**	**-**	**198,341,210**	**198,341,210**
Short-term borrowings	**-**	**-**	**-**	**-**	**-**
Current maturity of long term financing	**-**	**-**	**-**	**70,623,218**	**70,623,218**
Non-current liabilities					
Long-term financing	**-**	**-**	**-**	**445,702,038**	**445,702,038**
Other Loans	**-**	**-**	**-**	**118,209,800**	**118,209,800**
Loan from Sponsor	**-**	**-**	**-**	**412,204,675**	**412,204,675**

	2015				
	Loans and receivables	Available for sale	At fair value through profit and loss	Cost/ amortized cost	Total
	----------(Rupees)----------				
Assets					
Non-current assets					
Long-term deposits	2,344,209	-	-	-	2,344,209
Receivable from associates	78,084,646	-	-	-	78,084,646
					-
Current assets					-
Short-term investments	-	1,024,197	574,159	-	1,598,356
Trade debts - net	346,273,348	-	-	-	346,273,348
Loans and advances	1,480,314	-	-	-	1,480,314
Trade deposits	20,000	-	-	-	20,000
Other receivables	157,642,446	-	-	-	157,642,446
Cash and bank balances	-	-	-	56,483,031	56,483,031
					-
Liabilities					-
Current liabilities					-
Trade and other payables	-	-	-	229,002,321	229,002,321
Short-term borrowings	-	-	-	-	-
Current maturity of long term financing	-	-	-	289,938,081	289,938,081
					-
Non-current liabilities					-
Long-term financing	-	-	-	298,860,877	298,860,877
Other Loans	-	-	-	256,947,585	256,947,585
Loan from Sponsor	-	-	-	26,643,417	26,643,417

	2016				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortised cost	Total
	------------------------------------(Rupees)------------------------------------				
Income / other items					
Operating revenue	**5,503,086**	**-**	**-**	**-**	**5,503,086**
Other operating income	**10,200,968**	**-**	**-**	**-**	**10,200,968**
(Loss) on sale of investments-held for trading	**-**	**-**	**(3,642,647)**	**-**	**(3,642,647)**
					-
(Expenses / other items)					
Gain on sale of investments-available for sale	**-**	**-**	**-**	**-**	**-**
Finance cost	**-**	**-**	**-**	**-**	**-**
Unrealized profit on re-measurement of investments	**-**	**-**	**19,304,351**	**-**	**19,304,351**

	2015				
	Loans and receivables	Available for sale	At fair value through profit and loss	At amortised cost	Total
	------------------------------------(Rupees)------------------------------------				
Income / other items					
Operating revenue	4,184,527	-	-	-	4,184,527
Other operating income	15,690,441	-	-	-	15,690,441
gain on sale of investments-held for trading	-	-	542,912	-	542,912
(Expenses / other items)					
Gain on sale of investments-available for sale	-	-	132,301,492	-	132,301,492
Finance cost	-	-	-	-	-
Unrealized profit on re-measurement of investments	-	-	(8,032)	-	(8,032)

38 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities are exposed to a variety of financial risks namely market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

38.1 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 of securities 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.

38.1.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company believes that it is not exposed to major foreign exchange risk in this respect.

38.1.2 Yield / Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through appropriate policies.

	As at June 30, 2016			
	Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
	Up to one year	More than one year		
	-------(Rupees)-------			
Financial assets				
Non-current assets				
Long-term deposits	-	-	2,481,070	2,481,070
Receivable from associates	-	-	-	-
	-	-	2,481,070	2,481,070
Current assets				
Short-term investments	-	-	420,737,630	420,737,630
Trade debts - net	-	-	353,144,113	353,144,113
Loans and advances	-	-	500,862	500,862
Trade deposits	6,536,997	-	-	6,536,997
Other receivables	-	-	165,281,066	165,281,066
Cash and bank balances	13,761	-	52,216,592	52,230,353
	6,550,758	-	991,880,263	998,431,021
Sub Total	6,550,758	-	994,361,333	1,000,912,091
Financial liabilities				
Current liabilities				
Trade and other payables	-	-	198,341,210	198,341,210
Current maturity of long term financing	70,623,218	-	-	70,623,218
	70,623,218	-	198,341,210	268,964,428
Non current liabilities				
Long term financing	-	445,702,038	-	445,702,038
Other Loans	-	118,209,800	-	118,209,800
Loan from sponsor	-	-	412,204,675	412,204,675
	-	563,911,838	412,204,675	976,116,514
Sub Total	70,623,218	563,911,838	610,545,885	1,245,080,942
On-balance sheet gap	(64,072,460)	(563,911,838)	383,815,448	(244,168,851)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(64,072,460)	(563,911,838)		
Cumulative interest rate sensitivity gap	(64,072,460)	(563,911,838)		

	As at June 30, 2015			
	Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
	Up to one year	More than one year		
	------------------------------(Rupees)------------------------------			
Financial assets				
Non-current assets				
Long-term deposits	-	-	2,344,209	2,344,209
Receivable from associates	-	78,084,646	-	78,084,646
	-	78,084,646	2,344,209	80,428,855
Current assets				
Short-term investments	-	-	1,598,356	1,598,356
Trade debts - net	-	-	346,273,348	346,273,348
Loans and advances	-	-	1,480,314	1,480,314
Trade deposits	20,000	-	-	20,000
Other receivables	-	-	157,642,446	157,642,446
Cash and bank balances	14,018	-	56,469,013	56,483,031
	34,018	-	563,463,477	563,497,495
Sub Total	34,018	78,084,646	565,807,686	643,926,350
Financial liabilities				
Current liabilities				
Trade and other payables	20,949,132	-	208,053,189	229,002,321
Current maturity of long term financing	289,938,081	-	-	289,938,081
	310,887,213	-	208,053,189	518,940,402
Non current liabilities				
Long term financing	-	298,860,877		298,860,877
Other Loans	-	256,947,585		256,947,585
Loan from sponsor	-	-	26,643,417	26,643,417
	-	555,808,462	26,643,417	582,451,879
Sub Total	310,887,213	555,808,462	234,696,606	1,101,392,281
On-balance sheet gap	(310,853,195)	(477,723,816)	331,111,080	(457,465,931)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(310,853,195)	(477,723,816)		
Cumulative interest rate sensitivity gap	(310,853,195)	(477,723,816)		

38.1.2.1 The mark-up rates per annum on financial assets and liabilities are as follows:

	2016	2015
	Percentage	
Long term financing	**7.5-11.7**	11.7
Receivable from associates	**16**	16
Bank balances	**5.56-6.5**	5.56-6.5

38.1.2.2 Sensitivity analysis for variable rate instruments

In case of 100 basis points increase / decrease in KIBOR on June 30, with all other variables held constant, the impact on profit and loss will be as follows:

	Profit and loss 100 bps	
	Increase	Decrease
Cash flow sensitivty - variable rate financial liabilities		
As at June 30, 2016	355,166	(355,166)
As at June 30, 2015	3,021,035	(3,021,035)

The sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the impact on Company's net assets of future movements in interest rates.

38.1.3 Price Risk

The Company is exposed to equity price in respect of investments classified as available for sale and at fair value through profit or loss. To manage price risk arising from these equity investments the Company applies appropriate internal policies.

The investment of the Company classified as available for sale and at fair value through profit or loss would normally be affected due to fluctuation of equity prices in the stock exchange. In case of 10% (2015: 5%) increase / decrease in KSE 100 index on June 30, 2016, the net gain for the year relating to securities classified as fair value through profit and loss would decrease / increase by Rs 41,882,334 (2015: Rs. 28,708) and net assets of the Company would increase / decrease by the same amount . In case of 10% (2015: 5%) increase / decrease in KSE 100 index on June 30, 2016, the net loss for the year relating to securities classified as available for sale and other components of equity and net assets of the Company would increase / decrease by Rs 191,428 (2015: Rs. 51,211) as a result of gains / losses on equity securities classified as available for sale.

The above analysis is based on the assumption that the equity index had increased / decreased by 10% (2015; 5%) with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2016 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of KSE100 index.

38.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company except Rs. NIL (2015: Rs. NIL) are exposed to credit risk. To manage the exposure to credit risk, the Company applies credit limits to its customers and in certain cases obtains margins and deposits in the form of cash and marketable securities. the management is confident that credit quality of debts which are not past due nor impaired remains sound at the balance sheet date.

Apportion of the outstanding amounts of trade debts are secured against pledge of customers securities. The Company is entitled to sell these securities, at its own discretion, in case of default by the customers. During the year the Company has disposed off certain securities of its clients in case of non-payment to the Company . The outstanding receivables settled on this account and the amount of securities realized through disposal / transfer to the Company's own account have not been disclosed as it was not practicable to determine the amount of these collaterals / outstanding receivable due to the quantum of transactions that had taken place on these arrangement . The management intends to take appropriate measures for determining these amount in future periods.

A reconciliation of provision made during the year in respect of outstanding trade debts and certain investments categorized as available for sale is given in notes 14 and 13 to these financial statements.

The Company hold certain collaterals which are permitted by the customer for repledge in the absence of default . The fair value of such collateral held as at June 30, 2016 and those which have been repledged along with the details of the Company's obligation as to their return and the significant terms and condition associated with their use are given in note 40 to the financial statements.

The maximum exposure to credit risk , by class of financial instrument , at the end of the reporting period without taking into account any collateral held or other credit enhancement is given in note 38 to the financial statements. The Company does not hold any collateral in respect of these assets except for certain trade debts which have been collateralized against certain equity securities.

An analysis of the age of significant financial assets that are past due but not impaired are as under.

	2016		2015	
	Total outstanding amount	**Payment over due (in days)**	Total Outstanding amount	Payment over due (in days)
	Rupees		Rupees	
Financial instruments carried at amortized cost	-	-	-	-
Trade debts - net	**353,144,113**	**1 - 360**	346,273,348	1 - 360

An analysis of the significant financial assets that are individually impaired are as under. The factors in determining the impairment loss mainly comprises management's assessment of potential loss which is expected to arise on these financial assets. Such assessment is mainly based on the potential recoveries / cash flows from the customers.

	2016			
	Total outstanding amount	**Up to one month**	**One to three months**	**More than three months**
	--------------------------------(Rupees)--------------------------------			
Financial instruments carried at amortised cost Trade debts	**666,698,558**	**828,478**	**10,801,818**	**655,068,262**

	2015			
	Total outstanding amount	Up to one month	One to three months	More than three months
	--------------------------------(Rupees)--------------------------------			
Financial instruments carried at amortised cost Trade debts	659,827,793	25,227,994	4,207,561	630,392,238

Although the Company has made provision against the aforementioned portfolio , the Company still holds certain collateral to be able to enforce in recovery.

38.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company currently is not exposed to significant level of liquidity risk keeping in view the current market situation. Negotiations are in progress with the financial institutions to meet any deficit required to meet the short-term liquidity commitments.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2016			
	Up to three months	**More than three months and up to one year**	**More than one year**	**Total**
	--------------------------------(Rupees)--------------------------------			
Current liabilities				
Trade and other payables	**198,341,210**	**-**	**-**	**198,341,210**
Current maturity of long term financing	**-**	**70,623,218**	**-**	**70,623,218**
Non current liabilities				
Long term financing	**-**	**-**	**445,702,038**	**445,702,038**
Loan from sponsor	**-**	**-**	**412,204,675**	**412,204,675**

	2015			
	Up to three months	More than three months and up to one year	More than one year	Total
	-----------------	(Rupees)	-----------------	
Current liabilities				
Trade and other payables	229,002,321	-	-	229,002,321
Current maturity of long term financing	-	289,938,081	-	289,938,081
Non current liabilities				
Long term financing	-	-	298,860,877	298,860,877
Loan from sponsor	-	-	26,643,417	26,643,417

38.4 Fair value of financial assets and liabilities

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

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30 June 2016	Level 1	Level 2	Level 3	Total
Investment Property	-	-	-	-
Investments - available for sale	-	40,073,830	-	40,073,830
Available for sale	1,914,282	-	-	1,914,282
At fair value through profit or loss	418,823,348	-	-	418,823,348

Recurring fair value measurements at 30 June 2015	Level 1	Level 2	Level 3	Total
Investment Property	-	106,142,000	-	106,142,000
Investments - available for sale	-	40,073,830	-	40,073,830
Securities Available for sale	1,024,197	-	-	1,024,197
Securities At fair value through profit or loss	574,159	-	-	574,159

The finance department of the company includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the company half-yearly reporting periods.

39 CAPITAL RISK MANAGEMENT

The objective of managing capital is to ensure the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

40 USE OF COLLATERAL AND TRADING SECURITIES

The Company utilizes customers marginable securities for meeting the exposure deposit requirements of the Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited) , for meeting securities shortfall at the time of settlements on behalf of the customers and for securing financing facilities from bank. These securities are utilized by the Company with the consent of the customers. As at June 30, 2016, securities amounting to Rs NIL (2015: Rs 3,939,825) and Rs. NIL (2015:Rs. 4,880,564) were pledged / utilized by the Company for meeting the exposure deposit requirement of the Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited) and for securing financing facilities from banks respectively.

41 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contracted value of the transaction. The Company also gives customer securities to brokers. If a broker fails to return a security on time, the Company may be obligated to purchase the securities in order to return to the owner. In such circumstances, the Company may incur a loss equal to the amount by which the market value of the security on the date of non-performance exceeds the value of the collateral received from the broker.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers, brokers and other financial institutions. These activities primarily involve collateralized arrangement and may result in credit exposure in the events as mentioned above or if the counter party fails to meet its contracted obligations. The Company's exposure to credit risk can also be directly impacted by volatile securities markets which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

42 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and rearranged wherever necessary to reflect more appropriate presentations of events and transactions for the purpose of comparison. Significant reclassification and rearrangement are as follows:

Particulars	**From**	**To**	**2016**
Loan from Sponsors	Other Loans	Loan from Sponsors	**86,041,046**

Particulars	**From**	**To**	**2015**
Investment Property	Property and equipment	Investment Property	106,142,000

43 NUMBER OF EMPLOYEES

	2016	2015
Number of employees at the year end.	**59**	43
Average number of Employees	**59**	40

44 GENERAL AND CORRESPONDING FIGURES

Amounts have been rounded off to the nearest rupees unless otherwise stated.

45 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on **September 26, 2016** by the Board of Directors of the Company.

Chief Executive

Director

PATTERN OF SHAREHOLDING
As at June 30, 2016

NUMBER OF SHAREHOLDERS	Shareholding		TOTAL SHARES HELD
	From	To	
177	1	100	3,625
116	101	500	40,068
107	501	1,000	84,183
200	1,001	5,000	604,593
61	5,001	10,000	507,240
33	10,001	15,000	411,457
18	15,001	20,000	330,685
26	20,001	25,000	632,332
15	25,001	30,000	430,500
4	30,001	35,000	128,960
11	35,001	40,000	433,000
7	40,001	45,000	305,385
13	45,001	50,000	639,091
6	50,001	55,000	320,800
9	55,001	60,000	526,510
3	60,001	65,000	190,072
2	65,001	70,000	137,268
3	70,001	75,000	216,596
1	75,001	80,000	79,000
2	80,001	85,000	168,000
3	85,001	90,000	261,500
3	90,001	95,000	280,000
8	95,001	100,000	800,000
2	100,001	105,000	204,500
4	105,001	110,000	431,014
1	110,001	115,000	113,500
1	115,001	120,000	120,000
5	120,001	125,000	615,296
1	125,001	130,000	130,000
1	130,001	135,000	134,000
1	135,001	140,000	140,000
1	140,001	145,000	143,500
1	145,001	150,000	150,000
1	155,001	160,000	157,000
1	165,001	170,000	168,500
3	175,001	180,000	532,350
1	180,001	185,000	182,000
1	190,001	195,000	190,500
1	195,001	200,000	200,000
1	200,001	205,000	202,048
1	235,001	240,000	237,000
1	240,001	245,000	242,500
1	260,001	265,000	265,000
2	295,001	300,000	600,000
1	300,001	305,000	303,000
1	330,001	335,000	335,000
1	335,001	340,000	340,000
1	395,001	400,000	397,500
1	420,001	425,000	423,500
1	480,001	485,000	483,373
1	515,001	520,000	516,000
1	545,001	550,000	546,150
1	600,001	605,000	600,500
1	620,001	625,000	623,000

PATTERN OF SHAREHOLDING
As at June 30, 2016

NUMBER OF SHAREHOLDERS	Shareholding		TOTAL SHARES HELD
	From	To	
1	630,001	635,000	633,400
1	670,001	675,000	671,000
1	695,001	700,000	700,000
1	720,001	725,000	725,000
1	760,001	765,000	763,000
1	920,001	925,000	922,065
1	1,345,001	1,350,000	1,345,200
1	1,515,001	1,520,000	1,518,172
1	1,840,001	1,845,000	1,840,500
1	1,995,001	2,000,000	2,000,000
1	2,350,001	2,355,000	2,353,950
1	2,475,001	2,480,000	2,476,525
1	2,535,001	2,540,000	2,540,000
1	4,765,001	4,770,000	4,765,990
1	5,050,001	5,055,000	5,051,106
1	8,700,001	8,705,000	8,702,637
1	10,325,001	10,330,000	10,325,540
1	77,215,001	77,220,000	77,218,150
888			**141,809,831**

Categories of Shareholders

AS at June 30, 2016.

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children				
Directors				
Muhammad Iqbal Khan	-	2,760	2,760	0.00
Amir Shehzad	-	2,400	2,400	0.00
Shahzad Akbar	-	15,180	15,180	0.01
Saeed Ahmed Bajwa	-	500	500	0.00
Rais Ahmad Dar	-	1,440	1,440	0.00
Director's Spouses and Their Minor Children				
Ghazala Rais	-	546,150	546,150	0.39
Omer Ali Malik(m)through Gardian Ali Aslam Malik (g)	-	54,300	54,300	0.04
	-	**622,730**	**622,730**	**0.44**
Executives	**-**	**1,949,799**	**1,949,799**	**1.37**
Associated Companies, Undertakings & Related Parties				
First Pakistan Securities (Pvt) Limited	-	67,268	67,268	0.05
First Pakistan Securities Limited	-	10,414,540	10,414,540	7.34
MCD Pakistan Limited	-	2,353,950	2,353,950	1.66
First Florance Developers(Pvt) Limited	-	77,218,150	77,218,150	54.45
Switch Securities (Pvt) Limited	-	5,684,506	5,684,506	4.01
	-	**95,738,414**	**95,738,414**	**67.51**
Banks, NBFCs, DFIs, Takaful, Pension Funds	**-**	**1,969,186**	**1,969,186**	**1.39**
Insurance Companies	**-**	**46,591**	**46,591**	**0.03**
Other Companies,Corporate Bodies, Trust etc.	**-**	**13,910,863**	**13,910,863**	**9.81**
General Public	**32,528**	**27,539,720**	**27,572,248**	**19.44**
	32,528	**141,777,303**	**141,809,831**	**100.00**
Shareholders More Than 5.00%				
First Florance Developers(Pvt) Limited		77,218,150	77,218,150	54.45
First Pakistan Securities Limited		10,414,540	10,414,540	7.34
Biofert (Pvt) Limited		8,702,637	8,702,637	6.14

Branch Network
of First National Equities Limited

Lahore Office

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
Tel: 042-35843721-27
Fax: 042-35843730

Peshawar office

Ground Floor, Bank Square Chowk Yadgar,
Opposite Habib Bank Ltd,
Peshawar Cantt, Peshawar
Tel: 091-2570962-2580746-9

Rawalpindi Office

Office No. 01, First Floor, Faisal Shopping Mall,
Opposite GPO, 29-Kashmir Road,
Rawalpindi Cantt, Rawalpindi
Tel: 051-5563194-5-6

FORM OF PROXY

FIRST NATIONAL EQUITIES LIMITED

Room # 135-136, 3rd Floor, New Stock Exchange Building, Stock Exchange Road. Karachi.

I/ We____ of ____ being a member of First National Equities Limited and holder of ________________ Ordinary Shares as per Share Register Folio No. ________________________________

For Beneficial Owners As per CDC List

CDC Particiapant I.D. _______________ No.Sub-Account No. _______________

C N I C No. ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ or Passport No. _______________

Hereby appoint ____ of ____ or failing him/ her____ of ________________________________ as my/ our proxy to vote and act for me/ our behalf at the Annual General Meeting of the Company to be held on Saturday, October 29, 2016 at 02:45 p.m. at Office No. 306, 3rd Floor, Business & Finance Center, Commercial Plot No. 7/3, Suited in I.I Chundrigar Road , Karachi and at any adjournment thereof.

Please affix rupees five revenue stamp

(Signatures should agree with the specimen signature)

Signature of Shareholder ____________________

Signature of Proxy ____________________

Dated this ______ day of _________ ,2016

For beneficial owners as per CDC list

1.WITNESS

Signature: ____________________

Name: ____________________

Address: ____________________

CNIC NO: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

or Passport No. ____________________

2.WITNESS

Signature: ____________________

Name: ____________________

Address: ____________________

CNIC NO: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

or Passport No. ____________________

Important:

1 This Proxy Form, duly completed and signed, must be received at Room # 135-136, 3rd Floor, New Stock Exchange Building, Stock Exchange Road. Karachi. not less than 48 hours before the time of holding the meeting.

2 No person shall act as proxy unless he/she himself/ herself is a member of the Company, except that a corporation may appoint a person who is not a member.

3 If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/ Corporate Entities:

In addition to the above the following have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his/ her original CNIC or passport at the time of the Meeting.

iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has provided earlier) along with proxy form of the Company.

FIRST NATIONAL EQUITIES LIMITED
FNE House: Room No. 135-136 , 3rd Floor,
New Stock Exchange Building, Karachi.