

**HORIZON SECURITIES
LIMITED
FINANCIAL STATEMENTS
For The Year Ended June 30, 2016**

**Mudassar Ehtisham & Co.
Chartered Accountants**

HORIZON SECURITIES LIMITED

TRE CERTIFICATE HOLDER: ^{Pakistan} Lahore Stock Exchange Limited

Directors' Report

On behalf of the Board of Directors of Horizon Securities Limited, I am pleased to present the Audited Annual Financial Statements of your Company for the year ended on June 30, 2016 together with auditor's report thereon.

ECONOMIC REVIEW

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. 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.

EQUITY MARKET REVIEW

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

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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-

Company's Financial Overview

Following are the comparative financial results for the year 2016 and 2015

	2016 Rs.	2015 Rs.
Gross Revenue / (Loss)	(386,622)	46,854,610
Profit / (Loss) before tax	(34,470,577)	16,348,971
Profit/ (Loss) after tax	(36,275,104)	16,981,940
Total Equity	135,230,104	194,209,759
Earning/ (Loss) Per share	(6.60)	3.09

We report a decrease in the revenues of the Company that are Rs. (386,622) (2015: Rs 46,854,610). This decrease in revenue is due to loss on sale of investment which is Rs. 17,395,220 (2015: Rs 18,673,293) and un realized losses are Rs. 9,263,459 (2015: profit: Rs. 41,729,471) The admin and operating expenses has been decreased to Rs. 21,283,237 (2015: Rs. 24,362,995). There is also increase in financial charges which are 8,006,551 (215: Rs. 5,794,721). We report loss after tax as of Rs. 36,275,104 (2015: Profit Rs: 16,981,940) The loss per share is of Rs. 6.60 as compared to Earning per share of Rs. 3.09 of last year

Future Outlook

On brokerage side we are continuously in the process of building a solid clientele base by adding the new clients and also enhancing the business volumes from the exiting clientele. On investment side we have built quality portfolio which will benefit the Company by dividends and capital gains both. The process of controlling and monitoring the expenses will remain one of our top priorities. We hope to have good revenues from brokerage, capital gains and dividends in next years and are confident for the bright future of the Company

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Keeping in view the fund requirement of the Company the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves.

Corporate and Financial Reporting Framework

The directors are pleased to confirm that:

- The Financial Statements together with the notes thereon have been drawn up by the management of the company in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, results of its operations, cash flows and changes in equity.
- Proper Books of Account 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.
- The auditor's report does not contain any reservation, observation, any qualification or any adverse remarks.
- The system of internal control is sound and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There is not material statutory payment outstanding on account of taxes, duties, levies and charges.
- The company has not made any default in the payments of its debts or obligations
- There have been no material changes since June 30, 2016 and the company has not entered into any commitment, which would affect its financial position at the date.
- The pattern of shareholding as on June 30, 2016 is attached

Auditors

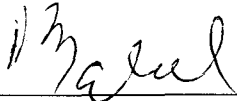
The auditors appointed on last AGM reigned from their office and M/s Mudassar Ehtisham & CO Chartered Accountants, was appointed to fill the casual vacancy. They will retire on the conclusion of Annual General Meeting and being eligible, have offered themselves for reappointment. The BOD has recommended their reappointment as auditors of the Company for the year ending on June 30, 2017, at a fee to be mutually agreed.

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Acknowledgement

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We also record our appreciation and thanks to our Bankers, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan, National Clearing Company of Pakistan Limited and the Management of Pakistan Stock Exchange Limited for their continued support and guidance for the growth of the company.



Dr. Zafar Iqbal
Chairman & CEO

Place: Lahore

Date: October 07, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HORIZON SECURITIES LIMITED** ("the Company") as at **June 30, 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement, statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require us to 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 reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, 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 true and fair view of the state of the Company's affairs as at **June 30, 2016** and of the loss, comprehensive loss, cash flow and changes in equity for the year then ended; and
- d) In our opinion no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).



Mudassar Ehtisham & Co.
Chartered Accountants
Audit Engagement Partner: Muhammad Ehtisham

Date: October 07, 2016
Lahore

HORIZON SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

Assets	Note	2016 Rupees	2015 Rupees Restated
Non current assets			
Property, plant and equipment	4	7,799,986	6,516,045
Intangible asset	5	11,804,810	11,804,810
Long term investment	6	14,896,159	9,790,110
Security deposits	7	756,500	1,436,500
		<u>35,257,455</u>	<u>29,547,465</u>
Current assets			
Trade debts	8	59,043,401	54,098,877
Advances and prepayments	9	4,611,159	2,313,376
Short term investments	10	132,990,633	199,587,525
Tax deducted at source, income tax refundable		3,680,195	2,981,554
Cash and bank balances	11	24,492,559	47,438,952
		<u>224,817,947</u>	<u>306,420,284</u>
Total Assets		<u><u>260,075,402</u></u>	<u><u>335,967,749</u></u>
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital	12	110,000,000	110,000,000
Issued, subscribed and paid-up capital	12	55,000,000	55,000,000
Fair value loss on remeasurement of available- for-sale investments		(13,299,031)	(18,405,080)
Loans from related parties	13	74,650,000	102,460,600
Unappropriated profit		18,879,135	55,154,239
		<u>135,230,104</u>	<u>194,209,759</u>
Liabilities			
Non current liabilities			
Long term loans	14	21,200,000	3,700,000
Liabilities against assets subject to finance lease	15	2,148,055	1,760,937
		<u>23,348,055</u>	<u>5,460,937</u>
Current liabilities			
Current portion of liabilities against assets subject to finance lease	15	1,288,015	1,039,802
Trade payables	16	13,894,389	58,689,473
Accrued and other liabilities	17	4,988,235	9,749,281
Short term borrowings	18	80,557,471	66,818,497
Taxation	19	769,134	-
		<u>101,497,243</u>	<u>136,297,053</u>
Total Liabilities		<u><u>124,845,298</u></u>	<u><u>141,757,990</u></u>
Contingencies and commitments	20		
Total Equity and Liabilities		<u><u>260,075,402</u></u>	<u><u>335,967,749</u></u>

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


Chief Executive


Director

**HORIZON SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
Operating revenue	21	26,167,057	21,718,284
Loss on sale of short term investments - net		(17,395,220)	(18,673,293)
Fair value (loss) / gain on remeasurement of investments through profit or loss		(9,263,459)	41,729,471
Other income	22	105,000	2,080,148
		<u>(386,622)</u>	<u>46,854,610</u>
Administrative and operating expenses	23	(21,283,237)	(24,362,995)
Other expenses	24	(4,794,168)	(347,923)
Finance cost	25	(8,006,551)	(5,794,721)
(Loss) / profit before taxation		<u>(34,470,577)</u>	<u>16,348,971</u>
Taxation			
Current	19	(1,821,591)	(1,052,457)
Prior year		17,064	1,685,426
		<u>(1,804,527)</u>	<u>632,969</u>
(Loss) / profit after taxation		<u>(36,275,104)</u>	<u>16,981,940</u>
(Loss) / earnings per share - basic	26	<u>(6.60)</u>	<u>3.09</u>

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


Chief Executive


Director

**HORIZON SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
Note	Rupees	Rupees
(Loss) / profit after taxation	(36,275,104)	16,981,940
Other Comprehensive Income		
Items that may be reclassified subsequently to profit and loss account		
Fair value gain on remeasurement of available for sale investment	6 5,106,049	151,915
Total comprehensive (loss) / income for the year	<u><u>(31,169,055)</u></u>	<u><u>17,133,855</u></u>

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


Chief Executive


Director

**HORIZON SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	2016 Rupees	2015 Rupees
Cash flow from operating activities		
(Loss) / profit before taxation	(34,470,577)	16,348,971
Adjustments for non-cash charges and other items:		
Depreciation	1,685,533	1,374,093
Amortization	-	834
Fair value loss / (gain) on remeasurement of investments through profit or loss	9,263,459	(41,729,471)
Finance cost	8,006,551	5,794,721
Loss before working capital changes	(15,515,034)	(18,210,852)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Trade receivables	(4,944,524)	14,006,838
Advances and prepayments	(1,617,783)	(53,600)
Short term investments - net	57,333,433	(3,058,462)
(Decrease) / increase in current liabilities:		
Trade payables	(44,795,084)	1,127,111
Accrued and other liabilities	(5,731,900)	4,706,568
	244,142	16,728,455
Cash used in operations	(15,270,893)	(1,482,397)
Income tax paid	(1,734,034)	(2,539,177)
Net cash used in operating activities	(17,004,927)	(4,021,574)
Net cash (used in) / generated from investing activities - fixed capital expenditure	(2,969,474)	525,840
Cash flow from financing activities		
Long term loan	(27,810,600)	3,700,000
Loans from related parties - net	17,500,000	(8,900,000)
Lease finances - net	635,331	2,183,473
Short term borrowings - net	13,738,974	56,471,616
Finance cost paid	(7,035,697)	(5,035,260)
Net cash (used in) / generated from financing activities	(2,971,993)	48,419,829
Net (decrease) / increase in cash and cash equivalents	(22,946,393)	44,924,095
Cash and cash equivalents - at beginning of the year	47,438,952	2,514,857
Cash and cash equivalents - at end of the year	24,492,559	47,438,952

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


Chief Executive


Director

**HORIZON SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016**

	Share Capital	Capital Reserve	Revenue Reserve	
	Paid up ordinary share capital	Fair value (loss) / gain on remeasure- ment of available- for-sale investments	Unappr- opriated profit	Total Equity
----- Rupees -----				
Balance as at June 30, 2014	55,000,000	(18,556,995)	38,172,299	74,615,304
Total comprehensive income for the year ended June 30, 2015				
Profit for the year	-	-	16,981,940	16,981,940
Other comprehensive income	-	151,915	-	151,915
	-	151,915	16,981,940	17,133,855
Balance as at June 30, 2015	55,000,000	(18,405,080)	55,154,239	91,749,159
Total comprehensive (loss) / income for the year ended June 30, 2016				
Loss for the year	-	-	(36,275,104)	(36,275,104)
Other comprehensive income	-	5,106,049	-	5,106,049
	-	5,106,049	(36,275,104)	(31,169,055)
Balance as at June 30, 2016	55,000,000	(13,299,031)	18,879,135	60,580,104

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


Chief Executive


Director

**HORIZON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. LEGAL STATUS AND OPERATIONS

Horizon Securities Limited (the Company) was incorporated in Pakistan on January 08, 2007 as a Single Member Company under the Companies Ordinance, 1984. The Company was incorporated pursuant to the corporatisation policy of the Securities and Exchange Commission of Pakistan to enable the individual members of Stock Exchanges to transfer their membership along with all entitlements related thereto to a corporate entity. The status of the Company has been first converted into a Private Limited Company with effect from May 27, 2011 and then a Public Limited Company with effect from June 27, 2011.

The Company is a Trading Right Entitlement Certificate holder Pakistan Stock Exchange Limited. The Company is principally engaged in shares brokerage & trading and consultancy services. The Company's registered office is at Suite. No. 22, 2nd Floor, Al-Hafeez View, 67 D-1, Sir Syed Road, Liberty Commercial Zone, Gulberg III, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Changes in accounting standards and interpretations

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- (a) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- (b) Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- (c) Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- (d) Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.
- (e) Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.
- (f) Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.
- (g) Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- (h) Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

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

- (a) IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- (b) IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- (c) IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- (d) IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

2.5 Accounting estimates and judgements

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against.
- (ii) Classification and valuation of investments.
- (iii) Provision for taxation.
- (iv) Provisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Operating fixed assets

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

Depreciation is charged to income by applying reducing balance method at the rates specified in note 4. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

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

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

3.2 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rates stated in note 4 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to income currently.

3.3 Intangible asset - Trading Right Entitlement Certificate

In the absence of active market value of Trading Right Entitlement Certificate, this has been carried at the same value as was determined when the membership card was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

3.4 Investments

(a) Available for sale

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

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

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

(b) At fair value through profit and loss

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

3.5 Impairment losses

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

3.6 Cash and cash equivalents

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

3.7 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.8 Taxation

(a) Current and prior year

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

(b) Deferred

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

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

3.9 Provisions

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

3.10 Borrowings and borrowing costs

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

3.11 Revenue recognition

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

- brokerage income is accounted for on 'accrual basis'.
- capital gains and losses on sale of investments are recorded on the date of sale.
- dividend income is accounted for when the right of receipt is established.
- Income from marginal finance is recognized as and when such services are provided.
- 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.
- Other/miscellaneous income is recognized on receipt basis.

3.12 Financial instruments

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

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

3.13 Off-setting of financial assets and liabilities

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

3.14 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 using valuation models, as admissible, 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.

5. INTANGIBLE ASSET

	Note	2016 Rupees	2015 Rupees
Trading Right Entitlement Certificate	5.1	<u>11,804,810</u>	<u>11,804,810</u>

- 5.1** In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received Trading Right Entitlement Certificate (TREC) and equity shares of LSE Financial Services Ltd. (formerly Lahore Stock Exchange Ltd.) in lieu of its membership card of Lahore Stock Exchange Ltd. The Company's entitlement in respect of shares of LSE Financial Services Ltd. was determined on the basis of the valuation of assets and liabilities of Lahore Stock Exchange Ltd. as approved by the SECP. The Company has been allotted with 843,975 shares of LSE Financial Services Ltd. (formerly Lahore Stock Exchange Ltd.), having face value of Rs.10 each, out of which 506,385 shares have been kept in a blocked account and the disinvestment of the same will be made in accordance with the requirements of the Act. As at June 30, 2013 the active market value of TREC and equity shares of LSE Financial Services Ltd. was not available, the allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares of the LSE Financial Services Ltd. was made based on the guidance given by the Technical Committee of the Institute of Chartered Accountants of Pakistan.
- 5.2** Pursuant to Memorandum of Understanding was signed between Karachi Stock Exchange Limited (KSE), Lahore Stock Exchange Limited (LSE) & Islamabad Stock Exchange Limited (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) [the Act], the Company has been issued TREC's of Pakistan Stock Exchange, in lieu of TREC of LSE previously issued. This TREC has been mortgaged/charge in the favour of PSX for Rs. 5,000,000.

	Note	2016 Rupees	2015 Rupees
6. LONG TERM INVESTMENT - available for sale			
LSE Financial Services Limited (formerly Lahore Stock Exchange Limited) 843,975 ordinary shares of Rs.10 each		28,195,190	28,195,190
Adjustment on remeasurement to fair value		(13,299,031)	(18,405,080)
		<u>14,896,159</u>	<u>9,790,110</u>
6.1 As at June 30, 2016, out of total shares, 506,385 shares have been kept in a blocked account as detailed in note 5.1.			
6.2 Shares have been valued on the basis of latest available net asset value per share of Rs.17.65 as at March 31, 2016. This value was determined by the Board of Directors of the LSE Financial Services Ltd. and circulated vide their notice no.800 dated July 19, 2016.			
7. SECURITY DEPOSITS			
Deposits with:			
- LSE Financial Services Limited		200,000	880,000
- Central Depository Company of Pakistan		100,000	100,000
- National Clearing Company of Pakistan		300,000	300,000
- Others		156,500	156,500
		<u>756,500</u>	<u>1,436,500</u>
8. TRADE DEBTS			
Considered good	8.1	59,043,401	54,098,877
		<u>59,043,401</u>	<u>54,098,877</u>
8.1 This includes Rs. 10.42 million (2015: Rs 9.19 million) due from related parties.			
9. ADVANCES AND PREPAYMENTS			
Advances to employees		1,911,159	1,588,952
Prepayments		-	724,424
Margin deposits with Pakistan Stock Exchange Limited		2,700,000	-
		<u>4,611,159</u>	<u>2,313,376</u>
10. SHORT TERM INVESTMENTS - At fair value through profit or loss			
Quoted	10.1	132,961,940	199,559,881
Mutual fund	10.2	28,693	27,644
		<u>132,990,633</u>	<u>199,587,525</u>

10.1 At fair value through profit or loss - Quoted

Number of Shares		Name of the Company	Market Value	
2016.	2015		2016	2015
		Archroma Pakistan Ltd. (formerly		
20	20	Clariant Pakistan Ltd.)	9,747	9,136
350	350	Arif Habib Ltd.	15,792	24,364
7,267	1,049,000	Askari General Insurance Ltd.	149,773	32,498,020
-	8,700	Attock Refinery Ltd.	-	1,987,515
100,000	-	Century Paper & Board Mills Ltd.	5,204,000	-
1,000	1,000	Dawood Hercules Chemicals Ltd.	148,870	116,770
14,000	-	Engro Corporation Ltd.	4,661,580	-
70,000	-	Engro Fertilizers Ltd.	4,513,600	-
1,000	1,000	Engro Foods Ltd.	163,330	151,440
110	110	Engro Polymer & Chemicals Ltd.	935	1,077
1,500	-	Engro Power Gen Qadirpur Ltd.	43,380	-
212,500	-	Fauji Food Ltd.	22,325,250	-
15,000	-	Fauji Food Ltd. - non voting shares	1,196,100	-
100	100	Gadoon Textile Mills Ltd.	12,859	16,476
2,540	1,512	Ghani Gases Ltd.	49,759	42,790
525	525	Ghani Glass Ltd.	49,550	45,575
100	-	Glaxosmithkline Pakistan Ltd.	20,711	-
500	500	Ibrahim Fibres Ltd.	28,340	38,425
5,936,500	7,100,000	JS Bank Ltd.	35,262,810	52,398,000
210,000	-	Jahangir Siddiqui & Co. Ltd.	4,158,000	-
25,000	-	Japan Power Generation Ltd.	99,750	-
83,500	-	Kot Addu Power Co. Ltd.	7,452,375	-
127,000	206,000	Mughal Steel	8,533,130	11,585,440
-	214,500	MCB-Arif Habib Saving & Investment Ltd.	-	6,435,000
55	35	Murree Brewery Co. Ltd.	33,991	32,550
-	989,500	Nishat Chunian Ltd.	-	36,344,335
-	7,800	Nishat Mills Ltd.	-	890,994
800	800	Nishat Power Ltd.	40,408	46,832
110,000	-	Nishat Chunian Power Ltd.	5,781,600	-
503,500	904,500	ORIX Leasing Pakistan Ltd.	24,888,005	55,825,740
500	500	Pakistan Gum & Chemicals Ltd.	56,690	83,190
200,000	22,500	Pakistan Intl. Bulk Terminal Ltd.	6,414,000	805,500
		Pakistan Intl. Container Terminal Ltd.	673,000	-
2,000	-	Pakgen Power Ltd.	6,975	8,703
290	290	Pakistan Telecommunication Co. Ltd.	751,500	-
50,000	-	The Searle Co. Ltd.	19,301	8,979
36	28	Shell Pakistan Ltd.	14,801	12,901
51	51	Sitara Chemical Industries Ltd.	182,000	150,100
500	500	United Distributors Pakistan Ltd.	28	29
1	1			
<u>7,676,245</u>	<u>10,509,822</u>		<u>132,961,940</u>	<u>199,559,881</u>

- Nil (2015: 2,551,800) shares are held by brokers as margin for trading.
- 7,602,237 (2014: 6,119,390) shares are pledged against short term borrowings.

		Note	2016 Rupees	2015 Rupees
10.2 At fair value through profit or loss - mutual fund				
2016	2015			
No. of	No. of			
Units	Units			
MCB cash Management Optimizer				
272.814	256.110	Balance at the beginning of the year	27,644	25,611
11.319	16.704	Add: Bonus	1,136	1,670
			<u>28,780</u>	<u>27,281</u>
		Balance at the end of the year		
		Adjustment arising from		
		remeasurement to fair value	(,87)	363
<u>284.133</u>	<u>272.814</u>		<u>28,693</u>	<u>27,644</u>
11. CASH AND BANK BALANCES				
Cash in hand			-	14,085
Cash at banks on:				
- current accounts			24,492,559	47,424,867
- PLS saving account			-	-
			<u>24,492,559</u>	<u>47,424,867</u>
			<u>24,492,559</u>	<u>47,438,952</u>
12. SHARE CAPITAL				
12.1. Authorized Share Capital				
Number of shares				
11,000,000		(2015: 11,000,000 ordinary shares of Rs. 10 each)	110,000,000	110,000,000
			<u>110,000,000</u>	<u>110,000,000</u>
12.2 Issued, Subscribed and paid-up capital				
Numbers of shares				
5,500,000		(2015: 5,500,000 ordinary shares of Rs.10/-)	55,000,000	55,000,000
			<u>55,000,000</u>	<u>55,000,000</u>

The company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company. All shares rank equally with regard to the company's residual assets.

13 LOANS FROM RELATED PARTIES

- Due to directors	74,650,000	102,460,600
	<u>74,650,000</u>	<u>102,460,600</u>

These loans have been obtained from the Company's directors. These loans are interest free and are repayable at the discretion of the company.

These loans were previously classified as long term liabilities, but in the current year these have been reclassified as equity in accordance with TR-32, issued by the Institute of Chartered Accountants of Pakistan (ICAP). The change has been applied retrospectively in accordance with International Accounting Standards (IAS-8) "Accounting Policies, change in accounting estimates and errors", however, there has been no effect on the accumulated profits of the Company, since loans are interest free and now treated as equity component. Accordingly, this classification has no impact on basic or diluted earnings per share of the Company for the year ended June 30, 2015.

	Note	2016 Rupees	2015 Rupees
14. LONG TERM LOANS			
Mrs.Maria amir	14.1	3,700,000	3,700,000
Mr. Shahzad ahmad	14.2	2,000,000	-
Mr. Zafar-ul-haq	14.3	10,000,000	-
Mr. Amjad iqbal	14.4	5,500,000	-
		<u>21,200,000</u>	<u>3,700,000</u>

- 14.1** The Company, during the preceding financial year, entered into a loan agreement with Mrs. Maria Amir dated April 22, 2015 in respect of a loan obtained amounting Rs.3.700 million. This loan carries mark-up at the rate of 15% (2015: 15%) per annum payable on monthly basis. The principal amount is repayable in lump sum on expiry of 5 years after April 21, 2020.
- 14.2** The Company, during the year, entered into a loan agreement with Mr. Shahzad Ahmad Zafar dated April 13, 2016 in respect of a loan obtained amounting Rs.2 million. This loan carries mark-up at the rate of 17% per annum payable on monthly basis. The principal amount of loan is repayable in lump sum on expiry of 5 years after April 12, 2021.
- 14.3** The Company, during the year, entered into a loan agreement with Mr. Zafar ul Haq dated April 12, 2016 in respect of a loan obtained amounting Rs.10 million. This loan carries mark-up at the rate of 17% per annum payable on monthly basis. The principal amount of loan is repayable in lump sum on expiry of 5 years after April 11, 2021.
- 14.4** The Company, during the year, entered into a loan agreement with Mr. Amjad Iqbal dated June 30, 2016 in respect of a loan obtained amounting Rs.5.500 million. This loan carries mark-up at the rate of 17% per annum payable on monthly basis. The principal amount of loan is repayable in lump sum on expiry of 5 years after June 29, 2021.

15. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Present Value of Minimum Lease Payments	3,436,062	2,800,730
Less: Current Portion shown under Current Liabilities	(,1288015)	(,1039801)
	<u>2,148,047</u>	<u>1,760,929</u>
Minimum lease rentals payable		
Not later than one year	1,635,876	1,321,453
Later than one year and not later than five years	2,392,024	1,975,447
	<u>4,027,900</u>	<u>3,296,900</u>
Less: Future financial charges	(,591838)	(,496170)
Net lease obligation	<u>3,436,062</u>	<u>2,800,730</u>

- 15.1** The Company has entered into a lease agreement with Orix Leasing Limited through the CEO to acquire Vehicle. The liabilities under lease agreement are payable on monthly basis and are subject to Financial charges ranging 6 Month KIBOR + 4% per annum. The lease facility is secured against title of the leased vehicle.
- 15.2** The Company has entered into a lease agreement with Dubai Islamic Bank Pakistan Limited through the CEO to acquire Vehicle. The liabilities under lease agreement are payable on monthly basis and are subject to Financial charges ranging 12 Month KIBOR+ 4.76% per annum. The lease facility is secured against title of the leased vehicle.

	Note	2016 Rupees	2015 Rupees
16. TRADE PAYABLES			
Trade creditors	16.1	13,894,389	58,689,473
		<u>13,894,389</u>	<u>58,689,473</u>
16.1 This includes Rs. 0.036 million (2015: Rs 0.037 million) due to related parties.			
17. ACCRUED AND OTHER LIABILITIES			
Accrued mark-up and lease finance charges		1,979,708	1,008,854
Accrued expenses		2,326,782	8,174,824
Income tax payable		157,743	81,539
Punjab sales tax		271,674	183,838
Dividend payable		252,328	300,226
		<u>4,988,235</u>	<u>9,749,281</u>
18. SHORT TERM BORROWINGS			
From:			
- banking companies - secured	18.1	72,057,471	66,818,497
- others - unsecured	18.2 & 18.3	8,500,000	-
		<u>80,557,471</u>	<u>66,818,497</u>
18.1 Short term finance facilities available from commercial banks under mark-up arrangements aggregate to Rs.180 million (2015: Rs.100 million). These facilities have various maturity dates up to July 2017. These facilities, during the year, carried mark-up at the rates ranging from 3 Months KIBOR + 2.5% to 3 Months KIBOR +5% and 6 Months KIBOR +3% (2015: 10.50% to 15.18%) per annum payable on quarterly basis. These facilities are secured against pledge of shares acceptable to bank in CDC account with 30% to 50% margin against shares or as per SBP whichever is higher and personal guarantee of all directors of the Company.			
18.2 The Company, during the year, entered into a loan agreement with Ms.Tasmia Saif in respect of a short term loan obtained amounting Rs.3 million. This loan carries mark-up at the rate of 16.8% per annum and is repayable in lump sum with in next twelve months.			
18.3 The Company, during the year, entered into a loan agreement with Mr. Haroon Munawar in respect of a short term loan obtained amounting Rs.5.500 million. This loan is interest free and is repayable in lump sum with in next twelve months.			
19. TAXATION - net			
Opening balance		-	857,696
Add: provision made during the year for:			
- current		1,821,591	1,052,457
- prior year		(17,064)	(1,685,426)
		1,804,527	(632,969)
Less: adjustments against completed assessments / tax deducted at source during the year		(1,035,393)	(224,727)
		<u>769,134</u>	<u>-</u>
19.1 Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2015.			

	Note	2016 Rupees	2015 Rupees
20. CONTINGENCIES AND COMMITMENTS			
There was no known contingent liability / commitment as at June 30, 2016 (2015: Nil)			
21. OPERATING REVENUE			
Brokerage income	21.1	16,078,864	12,151,176
Dividend income		10,088,193	9,567,108
		<u>26,167,057</u>	<u>21,718,284</u>
21.1			
This includes income aggregating Rs.4.540 million (2015: Rs.6.376 million) earned from related parties.			
22. OTHER INCOME			
Income from non-financial assets			
Gain on sale of operating fixed assets		-	2,074,560
Other		105,000	5,588
		<u>105,000</u>	<u>2,080,148</u>
23. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and benefits		8,650,400	6,077,019
Director's remuneration		2,670,000	2,670,000
Office rent		687,594	625,086
Fees and subscription		453,437	7,005,960
Travelling and conveyance		1,880,325	537,645
Auditors' remuneration	23.1.	147,500	150,000
Printing and stationery		291,796	147,706
Repair and maintenance		761,634	685,609
Utilities		235,039	274,331
Entertainment		1,743,047	1,049,182
Postage and communication		708,007	629,099
Office supplies and consumables		70,881	99,601
CDC & clearing house charges		404,046	894,533
Commission		442,927	2,058,105
Depreciation	4	1,685,533	1,374,093
Amortization		-	834
Professional charges		20,600	30,000
Insurance and tracker charges		430,470	54,192
		<u>21,283,237</u>	<u>24,362,995</u>

	Note	2016 Rupees	2015 Rupees
23.1. AUDITORS' REMUNERATION			
- statutory audit		135,000	125,000
- certification charges		12,500	-
- out-of-pocket expenses		-	25,000
		<u>147,500</u>	<u>150,000</u>
24. OTHER EXPENSES			
Bad debts written-off		3,251,704	345,297
Other balances written-off		1,542,464	-
Others		-	2,626
		<u>4,794,168</u>	<u>347,923</u>
25. FINANCE COST			
Long term loan		901,701	106,376
Mark-up on short term borrowings		6,443,742	5,018,858
Lease finance charges		492,625	514,353
Bank charges		168,483	155,134
		<u>8,006,551</u>	<u>5,794,721</u>
26. EARNINGS PER SHARE			
Basic earnings per share			
(Loss) / profit for the year		<u>(36,275,104)</u>	<u>16,981,940</u>
		--- Number of shares ---	
Weighted average ordinary shares in issues		<u>5,500,000</u>	<u>5,500,000</u>
		----- Rupees -----	
(Loss) / earnings per share		<u>(6.60)</u>	<u>3.09</u>
27. TRANSACTIONS WITH RELATED PARTIES			

The related parties of the Company comprise of associated undertakings, its directors & their relatives and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties and other transactions with them have been disclosed in the relevant notes to these financial statements (Note 8.1, 13, 16.1, and 21.1).

28. REMUNERATION OF DIRECTORS

Remuneration paid to one of the director of the Company has been disclosed in note 22 to these financial statements.

	Executives		Directors		Chief Executive	
	2016	2015	2016	2015	2016	2015
Remuneration	1,161,000	1,161,000	2,403,000	2,403,000	-	-
Medical Allowance	129,000	129,000	267,000	267,000	-	-
Utilities	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>1,290,000</u>	<u>1,290,000</u>	<u>2,670,000</u>	<u>2,670,000</u>	-	-
	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

	Note	2016 Rupees	2015 Rupees
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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 Financial Risk Factors

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

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

29.2 Market risk

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

(a) Currency risk

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

Financial liabilities	2016	2015		
	Effective rate			
	%	%		
Fixed rate instruments				
Long term Loans	15 to 17	15	<u>21,200,000</u>	<u>3,700,000</u>
Variable rate instruments				
Liabilities against assets subject to finance lease	11.98 to 15.54	15.04 to 18.98	<u>3,436,070</u>	<u>2,800,730</u>
Short term borrowings	8.85 to 16.80	10.50 to 15.18	<u>75,057,471</u>	<u>66,818,497</u>

Sensitivity analysis

At June 30, 2016, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs.784,935 (2015: Rs.696,192) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company's investments in units of mutual funds and shares of quoted Companies are exposed to price risk due to change in Net Assets Value (NAV) of units of units of mutual funds and the prices of shares of quoted companies.

	2016	2015
Note	Rupees	Rupees
A change of 10% in NAV of units of mutual funds and the price of shares of quoted Companies at reporting date would have increased / decreased loss before tax for the year by Rs.13.299 million (2015: Rs.19.959 million).		

29.3 Credit risk exposure and concentration of credit risk

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

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

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

Exposure to credit risk

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

Long term investment	14,896,159	9,790,110
Security deposits	756,500	1,436,500
Trade receivables	59,043,401	54,098,877
Advances	4,611,159	1,588,952
Short term investments	132,990,633	199,587,525
Bank balances	24,492,559	47,424,867
	<u>236,790,411</u>	<u>313,926,831</u>

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade receivables as debts aggregating Rs.30.230 million have been realised subsequent to the year-end and for other trade receivables there are reasonable grounds to believe that the amounts will be realised in short course of time.

29.4 Liquidity risk

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

Particulars	Carrying amount	Contractual cash flows	Note	2016	2015
				Rupees	Rupees
			Less than 1 year	Between 1 to 5 years	
----- Rupees -----					
June 30, 2016					
Long term loan	21,200,000	37,749,479	3,530,000	34,219,479	
Loans from related parties	74,650,000	74,650,000	-	74,650,000	
Liabilities against assets subject to finance lease	3,436,070	4,027,900	1,635,876	2,392,024	
Trade payables	13,894,389	13,894,389	13,894,389	-	
Accrued and other liabilities	4,558,818	4,558,818	4,558,818	-	
Short term borrowings	80,557,471	89,869,348	89,869,348	-	
	<u>198,296,748</u>	<u>224,749,934</u>	<u>113,488,431</u>	<u>111,261,503</u>	
June 30, 2015					
Long term loan	3,700,000	-	-	-	
Loans from related parties	102,460,600	102,460,600	-	102,460,600	
Liability against asset subject to finance lease	2,800,739	3,314,432	1,321,465	1,992,967	
Trade payables	58,689,473	58,689,473	58,689,473	-	
Accrued and other liabilities	9,483,904	9,483,904	9,483,904	-	
Short term borrowings	66,818,497	73,602,723	73,602,723	-	
	<u>243,953,213</u>	<u>247,551,132</u>	<u>143,097,565</u>	<u>104,453,567</u>	

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

29.5 Fair value hierarchy

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
-
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

	2016	2015
Note	Rupees	Rupees

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

	Level 1	Level 2	Level 3
	----- Rupees -----		
June 30, 2016			
Assets			
Long term investment	-	-	14,896,159
Short term investments	132,961,940	28,693	-
June 30, 2015			
Assets			
Long term investment	-	-	9,790,110
Short term investments	199,559,881	27,644	-

29.6 Fair value of financial assets and liabilities

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

30. CAPITAL RISK MANAGEMENT

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

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

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

31. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2016 were 13 (2015: 13) and their weighted average numbers during the years were same.

32. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 07 October, 2016 by the board of directors of the Company.

33. GENERAL

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


Chief Executive


Director

HORIZON SECURITIES LIMITED
PATTERN OF SHAREHOLDING
As at June 30, 2016

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
2	1	100	1,000
	101	500	
	501	1,000	
	1,001	5,000	
	5,001	10,000	
	10,001	100,000	
1	100,001	1,000,000	5,499,000
	1,000,001	10,000,000	
3			5,500,000

CATEGORIES OF SHAREHOLDERS
As at June 30, 2016

Categories	Shares Held	Percentage
Associated Companies & Related Parties		0.000
Directors, Chief Executive and their Spouse and Minor Children		
Dr. Zafar Iqbal	5,499,000	99.982
Mrs. Abida Zafar	500	0.009
Mr. Afraz Zafar	500	0.009
Executives	-	0.000
Banks/DFIs/NBFIs		
Modarabas/ Mutual Funds & Foreign Investors		0.000
Joint Stock Companies		0.000
Insurance Companies		0.000
NIT & ICP		0.000
Individual -Local		0.000
Individual -Foreign		0.000
Other		
	5,500,000	100.000

Detail of Shareholding 5% & more

Dr. Zafar Iqbal	5,499,000	99.982
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