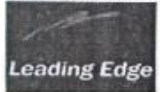


**Zahid Latif Khan Securities
(Private) Limited**

**Audited Accounts
For the year ended June 30, 2015**

A member firm of



**RAFAQAT MANSHA
MOHSIN DOSSANI
M A S O O M & C O.
Chartered Accountants**

Zahid Latif Khan Securities (Private) Limited
Directors Report to the Shareholders

Asalam-o-Alaikum

Dear Shareholders on behalf of the Board of Directors I am pleased to present the Annual Report for the financial year ended June 30, 2015, together with the audited financial statements and auditor's report thereon.

The country most of the challenges prevalent last year, including i) energy shortages, ii) dismal law and order situation, iii) low private sector investment, and iv) persisting floods damaging agricultural activity. Moreover, political sit-ins during the earlier part of the year also hampered economic performance. Despite challenges, improving macros and sound policies enabled the country to churn out a respectable GDP growth rate of 4.2% YoY during FY15

A hall mark of Pakistan's scenario is the revision of its credit rating by internationally acclaimed rating agencies including Moody's, which earlier revised Pakistan's Outlook, from 'Stable' to 'Positive', and upgraded Pakistan's sovereign credit rating to B3 with Stable Outlook, from Caa1 earlier.

Despite market-related challenges and country's economic condition, the company is focused on maintaining its growth momentum in the long run. Management is acutely monitoring its resources to reap the maximum benefits for its shareholders,. This involves optimizing revenue generation from brokerage and fee based operations whilst at the same time rationalizing our cost base.

Financial Results

The company earned net income of Rs. 46.784 m from its operations viz a viz net income of Rs. 14.428 m in the comparative last year.

Future Outlook

In the short run, the company make efforts to regain its due market share from the securities market of the country. The company has now arrived at a critical conclusion that owning a trade and allied system is of paramount importance for the company and the management is now weighing different options in this regard.

The future prospectus of your company look outstanding on account of growing market volumes with our increasing market share. We are targeting to generate better volumes from our existing clients on account of our increasing relationship with fund managers and broker dealers. We are confident that the investment portfolio will keep delivering better results going forward as the market is still offering opportunities. Steps are also being taken to provide excellent research services to our clients to improve our business and reflect our brand's strong performance

Auditors

The present auditors of the company M/s Rifaqat Mansha Mohsin Dossani Masoom & Co., Chartered Accountants retired and offer themselves for re-appointment for the year ended June 30, 2015. The board has suggested the re-appointment of M/s Rifaqat Mansha Mohsin Dossani Masoom & Co. Chartered Accountants as auditors of the company for the ensuing year.

Acknowledgement

We would like to express our sincerest appreciation to our employees, clients and to our shareholders for the confidence they have entrusted on us.

We pray to Allah for the continued success of your company.

Karachi
October 3, 2015



(Ajmal Sultan)
Director



Auditors' Report to the Members

We have audited the annexed balance sheet of **Zahid Latif Khan Securities (Private) Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

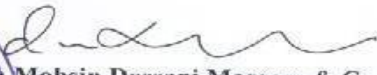
It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statement in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an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

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

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Place: Islamabad

Dated: October 03, 2015


Rafaqat Mansha Mohsin Dossani Masoom & Co.
 Chartered Accountants
 Engagement Partner: Masoom Akhtar

Other office:

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 Lahore Tel: 042 35408708-9 Fax: 042-37442730
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 www.rmdm.com.pk

Zahid Latif Khan Securities (Private) Limited
Balance Sheet as at June 30, 2015

<u>Equity and liabilities</u>	<u>Note</u>	<u>2015</u> <u>(Rupees)</u>	<u>2014</u> <u>(Rupees)</u>
Share capital and reserves			
Share capital	4	30,000,000	30,000,000
Revenue reserves			
Unappropriated profit		89,672,904	45,366,147
		<u>119,672,904</u>	<u>75,366,147</u>
Current liabilities			
Trade payables		237,712,125	177,277,826
Short term bank borrowings	5	-	34,140
Accrued and other liabilities	6	56,497,458	2,127,837
Provision for taxation		2,413,077	1,223,885
		296,622,660	180,663,688
Contingencies and commitments			
	7	-	-
		<u>416,295,564</u>	<u>256,029,836</u>
Property and assets			
Non - current assets			
Property and equipment	8	2,691,905	3,100,754
Long term deposits	9	710,000	710,000
Intangible assets	10	4,000,000	4,000,000
Current assets			
Short term investment - available for sale	11	272,150,195	125,584,765
Trade receivables	12	74,424,560	76,852,933
Loan and advances	13	605,900	359,400
Deposits, prepayments and other receivables	14	13,286,871	30,677,195
Cash and bank balances	15	48,426,131	14,744,790
		408,893,657	248,219,082
		<u>416,295,564</u>	<u>256,029,836</u>

A

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Executive


Director

Zahid Latif Khan Securities (Private) Limited
Profit and Loss Account
For the year ended June 30, 2015

	<u>Note</u>	<u>2015</u> <u>(Rupees)</u>	<u>2014</u> <u>(Rupees)</u>
Commission income	16	33,950,665	29,031,438
Unrealized gain/(loss) on remeasurement of investment at fair value through profit or loss - held for trading (net)	17	28,674,596	4,189,856
		<u>62,625,261</u>	<u>33,221,294</u>
Operating expenses	18	31,939,785	27,677,855
Profit from operations		<u>30,685,476</u>	<u>5,543,439</u>
Financial charges	19	1,693,724	1,025,376
		<u>28,991,752</u>	<u>4,518,063</u>
Other income	20	17,792,344	9,980,539
Profit before taxation		<u>46,784,096</u>	<u>14,498,603</u>
Taxation	21	2,477,339	1,134,896
Profit after taxation		<u><u>44,306,757</u></u>	<u><u>13,363,706</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Executive


Director

Zahid Latif Khan Securities (Private) Limited
Statement of Comprehensive Income
For the year ended June 30, 2015

	<u>2015</u> (Rupees)	<u>2014</u> (Rupees)
Profit for the year	44,306,757	13,363,706
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>44,306,757</u></u>	<u><u>13,363,706</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Executive


Director

Zahid Latif Khan Securities (Private) Limited
Cash Flow Statement
For the year ended June 30, 2015

	2015	2014
	(Rupees)	(Rupees)
Cash flow from operating activities		
Net profit before tax	46,784,096	14,498,603
Adjustments for:		
Depreciation	408,849	487,164
Unrealized gain on short term investment	(28,674,596)	(4,189,856)
Operating profit before working capital changes	(28,265,746)	(3,702,692)
(Increase)/decrease in :	18,518,349	10,795,911
Short term investment-Listed Companies	(117,890,835)	(91,048,879)
Trade receivables	2,428,372	(13,465,958)
Loan and advances	(246,500)	9,000
Deposits, prepayments and other receivables	18,462,506	(22,024,309)
(Decrease)/Increase in current liabilities	(97,246,456)	(126,530,145)
	114,769,780	109,472,891
Cash generated from operating activities	17,523,324	(17,057,254)
Income tax paid	36,041,673	(6,261,344)
	(2,360,331)	(1,207,201)
	(2,360,331)	(1,207,201)
Net cash (used)/generated from operating activities	33,681,341	(7,468,545)
Cash flow from investing activities		
Fixed capital expenditure	-	(238,996)
Net cash used in investing activities	-	(238,996)
Cash flow from financing activities		
Issuance of share capital	-	15,000,000
Net cash inflow from financing activities	-	15,000,000
Net increase/(decrease) in cash and cash equivalents	33,681,341	7,292,459
Cash and cash equivalent at the beginning of the year	14,744,790	7,452,330
Cash and cash equivalent at the end of the year	48,426,131	14,744,790

(14)

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Executive


Director

Zahid Latif Khan Securities (Private) Limited
Statement of Changes in Equity
For the year ended June 30, 2015

	<u>Share Capital</u> <u>(Rupees)</u>	<u>Accumulated</u> <u>profit /(losses)</u> <u>(Rupees)</u>	<u>Total</u> <u>(Rupees)</u>
Balance as at June 30, 2013	15,000,000	32,002,441	47,002,441
Issuance of share capital	15,000,000	-	15,000,000
Total comprehensive income for the year	-	13,363,706	13,363,706
Balance as at June 30, 2014	30,000,000	45,366,147	75,366,147
Issuance of share capital	-	-	-
Total comprehensive income for the year	-	44,306,757	44,306,757
Balance as at June 30, 2015	30,000,000	89,672,904	119,672,904

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Executive


Director

Zahid Latif Khan Securities (Private) Limited
Notes to the accounts
For the year ended June 30, 2015

1. The Company and its operations

The company was incorporated in Pakistan on May 06, 1999 under the Companies Ordinance, 1984 as a private limited company. The company is a Trading Right Entitlement Certificate (TREC) holder of Islamabad Stock Exchange Limited and duly registered with the Securities and Exchange Commission of Pakistan (SECP). It started its commercial activities with effect from July 06, 1999.

The main object of the company is to carry on the business of broker in stocks, shares, securities under license or with the foreign permission or approval of any recognized association, authority, stock exchange, or other market in Pakistan or abroad. The registered office of the company is situated at Room No. 624-627, 6th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

2. Basis of preparation of financial statements

2.1) Statement of compliance

These financial statements have been prepared in accordance with 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2) Basis of measurement

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values except for financial assets which are taken over on fair value basis.

2.3) Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency.

2.4) Use of significant estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.5) New and amended standards and interpretations

- 2.5.1) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued	July 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

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

- 2.5.2) Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

3.1) Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. Company provides for the deferred taxation, if any, using the liability method. However no provision is made if it is estimated that this would not reverse in the foreseeable future.

3.2) Property and equipment

- i) These are stated at cost less accumulated depreciation and impairment losses, if any;
- ii) Depreciation on operating assets is charged on reducing balance method. A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal;
- iii) Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;
- iv) Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;
- v) The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

3.3) **Impairment of non-financial assets**

Assets that are subject to depreciation/amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. As impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original costs of the asset.

3.4) **Intangible assets**

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably.

3.5) **Investments**

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

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held for trading'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked-to-market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held-to-maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale'. Subsequent to initial measurement, available-for-sale investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed of or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of Term Finance Certificates, units of open end Mutual Funds and Government Securities are determined on the basis of rates notified by Mutual Fund Association of Pakistan for Term Finance Certificates, relevant redemption prices for the open-end Mutual Funds and quotations obtained from the PKRV sheets for Government Securities respectively. Unquoted securities are valued at cost.

3.6) **Staff retirement benefits**

The company operates a non-contributory, unapproved and unfunded gratuity scheme for its permanent employees, who have completed minimum period of five year service. No provision has been recorded for in these accounts as no permanent employee fulfill the minimum length of service requirement. λ

3.7) **Revenue recognition**

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

3.8) **Trade debts**

These are stated at net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

3.9) **Cash and cash equivalents**

Cash in hand and at banks are carried at cost.

3.10) **Financial instrument**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The company derecognizes the financial assets and liabilities when it ceases to be party to such contractual provisions of the instruments. Financial instrument mainly comprise investments, trade and other receivables, cash and bank balances, deposits, borrowings, trade and other payables, accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4. **Share capital and reserves**

Authorized:

300,000 ordinary shares of Rs. 100/= each

Issued, subscribed and paid up:

300,000 ordinary shares of Rs. 100/= each

2015

(Rupees)

30,000,000

30,000,000

2014

(Rupees)

30,000,000

30,000,000

5. **Short term bank borrowings**

MCB Bank Limited

-

-

34,140

34,140

The facility is available with MCB Bank Limited to the tune of Rs. 45.000 million against the running finance - I (RF-I) and running finance-II (RF-II) of Rs. 20.000 million and 25.000 million respectively at a mark up listed below and Rs. 20.000 million for term finance at a mark up as follows:

- RF - I & II TPMP 3 (Months Kibor + 2.75% p.a.)
SMR (TPMP + 5%) (which ever is higher)

These facilities are secured by way of:

Running Finance - I

- Personal guarantees of all the directors covering the entire exposure;
- Pledge of activity traded shares in marketable lots (trading at not less than par value) of eligible listed companies registered with CDC as per MCB's eligible list for financing against shares.

Running Finance - II

- 1st Exclusive charge of Rs. 35 million over assets of the company;
- Hypothecation of receivables of the company.

Collateral

- Personal guarantees of all the directors covering aggregate exposure must be held;
- Token registration mortgage of Rs. 0.100 million and rest against equitable mortgage of residential property bearing plot No. 07 & 09, Street No. 13, Sector C, Phase - I, admeasuring 1000 sq. yds situated at Defence Housing Authority Islamabad owned by chief executive of the company valuing Rs. 40.308 million (FSV: Rs. 34.262 million) as per valuation report of M/s Al-Hadi Financial & Legal Consultant dated 20.02.2014.

These facilities shall expired on March 31, 2016.

6. <u>Accrued and other liabilities</u>		2015	2014
		(Rupees)	(Rupees)
Due to director	(6.1)	50,940,748	-
Directors remuneration payable		1,800,000	-
Commission payable		1,545,049	1,162,459
Staff salary payable		900,000	-
Payable to Islamabad Stock Exchange Limited/NCCPL		256,797	263,712
FED payable		239,130	256,141
Other liabilities		217,744	123,126
Sales tax payable		210,709	-
CDC bill payable		147,261	128,193
Utilities		140,020	119,206
Audit fee		100,000	75,000
		56,497,458	2,127,837

6.1) Due to director

This is unsecured, interest free and repayable at the convenience of the company.

7. Contingencies and commitments

a) Contingencies:

Currently there are no contingencies against the company in foreseeable future.

b) Commitments:

Currently there are no commitments against the company in foreseeable future.

8. Property and equipment

Particulars	Cost				Rate %	Depreciation				W.D.V at 30.06.15
	As on 01.07.14	Additions	Adjustments/ (Deletion)	As at 30.06.15		As on 01.07.14	For the year	Adjustments Dr/(Cr)	As at 30.06.15	
Owned										
Office building	2,575,000	-	-	2,575,000	10	725,770	184,923	-	910,693	1,664,307
Furniture and fixtures	830,924	-	-	830,924	15	615,919	32,251	-	648,170	182,754
Air conditioners	223,487	-	-	223,487	15	160,018	9,520	-	169,538	53,949
Office equipments	48,990	-	-	48,990	15	48,344	97	-	48,441	549
Motor cycle	167,925	-	-	167,925	15	123,293	6,695	-	129,988	37,937
Electronic equipments	117,420	-	-	117,420	15	90,012	4,111	-	94,123	23,297
Computers	869,543	-	-	869,543	30	628,225	72,395	-	700,620	168,923
Generator	19,100	-	-	19,100	15	15,516	538	-	16,054	3,046
Telephone installation	64,618	-	-	64,618	15	38,090	3,979	-	42,069	22,549
Motor vehicle - owned	2,299,084	-	-	2,299,084	15	1,670,151	94,340	-	1,764,491	534,593
Rupees - 2015	7,216,091	-	-	7,216,091		4,115,338	408,849	-	4,524,187	2,691,905

Particulars	Cost				Rate %	Depreciation				W.D.V at 30.06.13
	As on 01.07.13	Additions	Adjustments/ (Deletion)	As at 30.06.14		As on 01.07.12	For the year	Adjustments Dr/(Cr)	As at 30.06.13	
Owned										
Office building	2,575,000	-	-	2,575,000	10	520,300	205,470	-	725,770	1,849,230
Furniture and fixtures	830,924	-	-	830,924	15	577,977	37,942	-	615,919	215,005
Air conditioners	223,487	-	-	223,487	15	148,817	11,201	-	160,018	63,469
Office equipments	48,990	-	-	48,990	15	48,230	114	-	48,344	646
Motor cycle	167,925	-	-	167,925	15	115,417	7,876	-	123,293	44,632
Electronic equipments	117,420	-	-	117,420	15	85,175	4,837	-	90,012	27,408
Computers	630,547	238,996	-	869,543	30	524,803	103,422	-	628,225	241,318
Generator	19,100	-	-	19,100	15	14,884	632	-	15,516	3,584
Telephone installation	64,618	-	-	64,618	15	33,409	4,681	-	38,090	26,528
Motor vehicle - owned	2,299,084	-	-	2,299,084	15	1,559,163	110,988	-	1,670,151	628,933
Rupees - 2014	6,977,095	238,996	-	7,216,091		3,628,175	487,163	-	4,115,338	3,100,754

9. Long term deposits		2015	2014
Security deposits with:		(Rupees)	(Rupees)
	Islamabad Stock Exchange Limited	390,000	390,000
	National Clearing Company of Pakistan Limited	300,000	300,000
	Mobile phones	20,000	20,000
		<u>710,000</u>	<u>710,000</u>

10. Intangible assets			
	Trading Right Entitlement Certificate (TREC)	(11.1) 4,000,000	4,000,000
		<u>4,000,000</u>	<u>4,000,000</u>

11. Short term investment - available for sale			
Financial assets at fair value through profit or loss- Held for trading:			
	Islamabad Stock Exchange Limited	(11.1) 30,346,030	30,346,030
	Investment in quoted equity securities	(17) 241,804,165	95,238,735
		<u>272,150,195</u>	<u>125,584,765</u>

11.1)

Pursuant to the promulgation of the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 (The Act) the ownership in a Stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the company has received equity shares of ISEL and Trading Right Entitlement Certificate (TREC) in lieu of membership card of ISE. The company entitlement in respect of ISEL shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and the company has been allotted 3,034,603 shares of the face value of Rs 10/= each. These includes 60% shares of ISEL, held in separate CDC blocked account to restrict the sale of these shares by the members whereas stock exchange will dispose off these shares under the provisions of the Act, however the proceeds of these shares and right to dividend/bonus are vested with the company whereas voting rights attached to these shares are suspended.

In the absence of an active market for TREC, the company has taken the cost of TREC at Rs 4,000 million, which is the value approved by the Board of Directors of ISEL and intimated to SECP. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investors' interest.

The company has recorded a surplus of Rs. 30.746 million on conversion of membership card of ISE to shares and TREC in the equity through profit and loss account during previous year.

12. Trade receivables		
These are unsecured and considered good by the management.		

13. Loan and advances			
Advances - unsecured & considered good			
	To staff against salary	605,900	359,400
		<u>605,900</u>	<u>359,400</u>

	2015	2014
	(Rupees)	(Rupees)
14. <u>Deposits, prepayments and other receivables</u>		
Deposits		
Advance tax	2,242,389	1,170,207
Security deposit - Office premises	60,000	60,000
Security deposit - Central Depository Company of Pakistan Ltd.	75,000	75,000
	2,377,389	1,305,207
Prepayments:		
Insurance	-	2,234
Rent	-	60,000
	-	62,234
<u>Other receivables</u>		
Due from National Clearing Company of Pakistan Limited	10,900,775	29,294,559
Accrued income	8,707	15,195
	10,909,482	29,309,754
	13,286,871	30,677,195
15. <u>Cash and bank balances</u>		
Cash in hand	231,363	165,254
Cash at bank - current account	8,320,440	859,637
- special deposit account	39,874,328	13,719,899
	48,194,768	14,579,536
	48,426,131	14,744,790
16. <u>Commission income</u>		
This represents brokerage and commission received during the year.		
17. <u>Unrealized gain/(loss) on remeasurement of investment at fair value through profit or loss - held for trading (net)</u>		
Market value of investment in shares	241,804,165	95,238,735
Less: Cost of investment	213,129,570	91,048,879
Net unrealized gain in the value of investment for the year	28,674,596	4,189,856
18. <u>Operating expenses</u>		
Commission	14,555,331	12,523,180
Staff salaries and benefits	7,451,370	6,358,700
Directors' remuneration	3,947,400	2,124,000
Utilities	1,788,173	1,739,204
Office rent	1,483,659	1,433,166
Software expenses	625,000	-
Printing and stationary	322,622	76,570
Vehicle running and maintenance	269,111	822,734
Fee and subscription	191,045	164,614
Office repair and maintenance	171,794	168,319
Postage and telegram	149,336	105,999
Central Depository Company expense	134,400	134,400
Entertainment	130,301	72,155
Audit fee	100,000	75,000
Miscellaneous	87,171	28,229
ISEL/I.SEL/NCCPL trading fee	57,007	1,300,818
Newspapers and periodicals	47,216	45,603
Legal and professional charges	20,000	18,000
Depreciation	408,849	487,164
	31,939,785	27,677,855

	2015 (Rupees)	2014 (Rupees)
19. Financial charges		
Markup on running finance facility	1,526,911	961,429
Bank charges	166,813	63,947
	1,693,724	1,025,376
20. Other income		
Profit on investment in shares	11,166,661	8,439,143
Dividend	5,090,650	871,800
Saudi Pak Leasing	1,083,817	-
IPO commission	276,103	311,607
Interest on bank deposits	175,113	357,989
	17,792,344	9,980,539
21. Taxation		
Normal	535,869	296,813
Full and final taxation	1,877,208	927,072
Prior year taxation	64,262	(88,989)
	2,477,339	1,134,896
22. Financial instruments and related disclosures		
22.1) Financial assets		

	2015			2014				
	Effective Interest Rate %	Interest/ mark-up bearing	Non-interest / mark-up bearing (Rupees)	Total	Effective Interest Rate %	Interest/ mark-up bearing	Non-interest / mark-up bearing (Rupees)	Total
Financial assets								
Maturity upto one year								
Trade receivables		-	74,424,560	74,424,560		76,852,933	76,852,933	
Loan and advances		-	605,900	605,900		359,400	359,400	
Deposits, prepayments and other receivables		-	13,286,871			30,677,195		
Cash and bank balances	6% to 7%	39,874,328	8,551,803	48,426,131	5% to 8%	13,719,899	1,024,891	14,744,790
		39,874,328	97,579,134	124,166,591		13,719,899	109,259,418	92,402,123
Maturity after more than one year								
Long term deposits		-	710,000	710,000		445,000	445,000	
		39,874,328	97,579,134	124,166,591		13,719,899	109,259,418	92,402,123
Financial Liabilities								
Recognized								
Maturity upto one year								
Trade credites		-	237,712,125	237,712,125		-	177,277,826	177,277,826
Accrued and other liabilities		-	56,497,458	56,497,458		-	2,127,837	2,127,837
Maturity after more than one year								
		39,874,328	97,579,134	124,166,591		13,719,899	109,259,418	92,402,123
		39,874,328	97,579,134	124,166,591		13,719,899	109,259,418	92,402,123

22.2) **Financial risk management objectives and policies**

The company's activities expose it to a variety of financial risk: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/markup rate risk and price risk). The company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on financial performance. Overall, risk arising from the company's financial assets and liabilities are limited.

a) **Capital risk management**

The company's policy is to maintain a strong capital base so as to maintain investor, credit and market confidence and to sustain future development of the business. Additionally, to safeguard the company's ability to continue as a going concern in order to provide returns to share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

b) **Concentration of credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. All financial assets except cash in hand, are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk.

c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and ability to close out market positions due to dynamic nature of the business. The company finances its operations through equity borrowing and the managements of working capital with a view to maintain an appropriate mix between various source of finance to minimize risk. The company's treasury aims at maintaining flexibility in funding by keeping regular committed credit lines. Management closely monitors the company's liquidity and cash flow position.

d) **Market risk**

Market risk means that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks; foreign exchange or currency risk, interest/mark - up rate risk and price risk. The market risk associated with the company's business activities are discussed as under.

- **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the company did no transaction in foreign currencies nor have any foreign currency loans.

- **Interest mark-up rate risk**

Interest/mark-up rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark-up rates arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

- **Price risk**

Price risk represents the risk that fair value of future cash flow of financial instrument will fluctuate because of changes in market price (other than those arising from interest mark - up rate risk of currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trade in the market. The company is not exposed to equity price risk since there are no investments made during the current fiscal year.

e) **Fair value of the financial instruments**

Fair value is the amount for which an asset can be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transactions. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

23. **Chief Executive and Executive' remuneration**

Description	2015			2014		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	3,000,000	947,400	-	1,200,000	924,000	-
	-	-	-	-	-	-
	<u>3,000,000</u>	<u>947,400</u>	<u>-</u>	<u>1,200,000</u>	<u>924,000</u>	<u>-</u>
Numbers	1	2	NIL	1	2	NIL

24. **Number of employees**

Total number of employees at year ended June 30, 2015 are 34 (2014: 35).

25. **Date of authorization for issue**

These financial statements have been authorized for issue on **October 03, 2015** by the board of directors of the company.


Chief Executive


Director