

**Nael Capital (Private) Limited
Financial Statements
For the Year ended June 30, 2014**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NAEL CAPITAL (PRIVATE) LIMITED** "the company" as at **June 30, 2014** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming parts thereof (here-in-after referred to as the "financial statements"), for the period then ended. We state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose 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 requirement of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

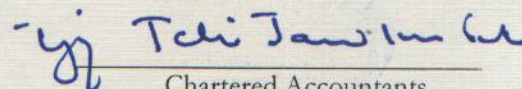
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, 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 statements.

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the period was for the purpose of the company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the period 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, 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, 2014 and of the profit for the period then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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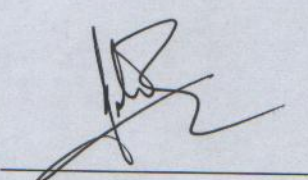
KARACHI:


Chartered Accountants
Imran Iqbal

NAEL CAPITAL (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 (Rupees)	2013 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
<u>Share capital and reserves</u>			
Issued, subscribed and paid-up	4	50,000,000	50,000,000
Share premium		51,000,000	51,000,000
Unappropriated loss		1,285,506	(3,375,442)
		102,285,506	97,624,558
Advance against issue of shares		22,565,000	22,565,000
Deferred taxation	5	172,838	132,248
<u>CURRENT LIABILITIES</u>			
Trade and other payable	6	8,065,201	2,941,647
Contingencies and commitments	7	-	-
		<u>133,088,545</u>	<u>123,263,453</u>
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property, plant and equipment	8	1,857,757	1,920,722
Intangible assets	9	22,052,340	22,152,340
Investment - available for sale	10	80,147,660	80,147,660
Long term deposits	11	302,000	302,000
		104,359,757	104,522,722
<u>CURRENT ASSETS</u>			
Trade debts - unsecured considered good		2,701,932	3,866,004
Short term investment - through profit & loss account	12	2,519,830	2,219,000
Advances, deposits, prepayments & other receivables	13	15,742,760	8,251,055
Cash and bank balances	14	7,764,266	4,404,672
		28,728,788	18,740,731
		<u>133,088,545</u>	<u>123,263,453</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.


 Chief Executive

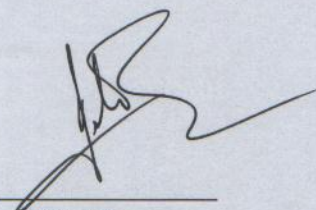

 Director

NAEL CAPITAL (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014

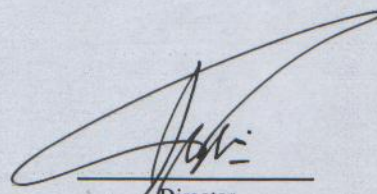
	<i>Note</i>	2014 <i>(Rupees)</i>	2013 <i>(Rupees)</i>
Operating revenue	15	19,242,557	15,168,845
Operating and administrative expenses	16	15,582,768	11,672,070
Other income	17	2,733,246	1,599,224
NET PROFIT BEFORE TAXATION		6,393,036	5,095,999
Taxation	18	1,732,088	477,807
NET PROFIT AFTER TAXATION		4,660,948	4,618,192
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		4,660,948	4,618,192

The annexed notes from 1 to 22 form an integral part of these financial statements.

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 Chief Executive



 Director

NAEL CAPITAL (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

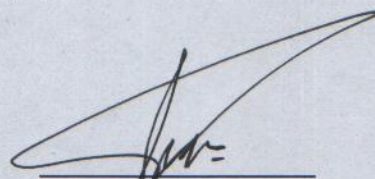
	<i>Note</i>	2014 (Rupees)	2013 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,393,036	5,095,999
<i>Adjustment for non-cash items:</i>			
Depreciation		301,225	335,438
Amortization		100,000	100,000
Capital Gain		(689,247)	(1,242,873)
Dividend income		(741,366)	(60,000)
Capital (gain)/loss - unrealised		(277,703)	116,234
Bad debts		-	-
Operating profit before working capital changes		(1,307,091)	(751,201)
<i>Changes in working capital</i>			
Decrease / (increase) in trade debts		1,164,072	(2,778,646)
Decrease / (Increase) in advances, deposits and prepayments		(7,533,173)	(1,329,461)
Decrease / (Increase) in long term deposit		-	(2,000)
(Decrease) / increase in trade and other payable		5,123,554	(334,062)
		(1,245,547)	(4,444,169)
Taxes paid		(1,650,030)	(1,149,549)
Net cash (used in) operating activities		2,190,367	(1,248,920)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(238,260)	(20,700)
Purchase of short term investments		666,120	1,398,184
Net cash generated from / (used in) investing activities		427,860	1,377,484
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend received		741,366	60,000
Net cash generated from financing activities		741,366	60,000
Net decrease in cash and cash equivalent		3,359,593	188,564
Cash and cash equivalent at beginning of the year		4,404,672	4,216,108
Cash and cash equivalent at end of the year		7,764,265	4,404,672

The annexed notes from 1 to 22 form an integral part of these financial statements.

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 Chief Executive



 Director

NAEL CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up	Share Premium	Accumulated Loss	Total
	-----Rupees-----			
Balance as at June 30, 2012	50,000,000	51,000,000	(7,993,634)	93,006,366
Net profit for the year	-	-	4,618,192	4,618,192
Balance as at June 30, 2013	50,000,000	51,000,000	(3,375,442)	97,624,558
Net profit for the year	-	-	4,660,948	4,660,948
Balance as at June 30, 2014	50,000,000	51,000,000	1,285,506	102,285,506

The annexed notes from 1 to 22 form an integral part of these financial statements.

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Chief Executive



Director

**NAEL CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. LEGAL STATUS AND OPERATIONS:

The company was incorporated as a private limited company in Pakistan on May 13, 2008 under the Companies Ordinance, 1984 as a private limited company. The registered office of the company is situated at Business and Finance Centre, I.I Chandigarh Road Karachi. The principal activity of the company is to carry on the business of share brokerage, underwriting and advisory to its various clients.

2. BASIS OF PREPARATION

2.1 Statement of Compliance:

These Financial Statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984.

The financial statements for the year ended June 30, 2012 and prior years were prepared in accordance with the requirements of Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan as notified by the Securities and Exchange Commission of Pakistan (SECP). However, due to increase in operation of the company the management has decided to prepare financial statements for the current year on IFRSs as notified by the SECP and are applicable in Pakistan. There are no changes in accounting policies and accordingly there are no changes in previous years figures.

2.2 Basis for Measurement:

These Financial Statements have been prepared under the historical cost convention except where stated otherwise in the accounting policy below.

2.3 Functional Currency:

The financial statements are presented in Pak Rupee, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, 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 the judgments about carrying values 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 affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in application of the approved accounting standards that have significant risk of material adjustment in the next year as discussed in respective policy notes.

2.5 Amendments/ interpretation to existing standard and forthcoming requirements

Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective; however, the amendments or interpretation did not have any significant impact on the Company's financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013. The Company either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.:

- IAS 19 'Employee Benefits' Employee contributions – a practical approach (effective for annual periods beginning on or after July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out the criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event, that gives rise to a liability, to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

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- Amendments to IAS 39 Financial Instruments: 'Recognition and Measurement', Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.
- 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 amortisation methods for intangible assets is inappropriate 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.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual period beginning on or after 1 January 2016). The amendments to IAS 27 allow entities to use equity method to account for its investment in subsidiaries, joint ventures and associates in the Separate Financial Statements. Management is currently evaluating the implication of the amendment.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition & a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further, IFRS 3 also has all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

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- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a "management entity that provides key management personnel services to the reporting entity," either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Securities and Exchange Commission of Pakistan (SECP) vide SRO 633(1)/2014 dated 10 July 2014 has approved the below IFRSs to be effective for annual period beginning on or after 1 January 2015:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of interests in other entities'
- IFRS 13 'Fair Value Measurement'

The Company is currently evaluating the implication of the aforementioned Standards in its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Revenue Recognition

- Brokerage income is recognized when the transaction is executed.
- Gain/loss on sale of investments are recognized on the date of transaction and charged to profit and loss account in the period in which they arise.
- Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend is established.

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3.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation on addition is charged from the month an asset is available for intended use, while on disposal no depreciation is charged in the month of disposal.

Depreciation on all property and equipment is charged to profit and loss account using the reducing balance method over the asset's useful life at the rate stated in note 7.

Gains and losses on disposals of an item of property, plant and equipment are recognized in the profit and loss account.

The assets' residual value and useful life are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of residual value of property and equipment as at 30th June 2013 did not require any adjustment as its impact is considered insignificant.

3.3 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Amortization is charged by applying straight line method, so as to write off the cost of assets at amortization rate as mentioned in note 13.3 to the financial statements.

Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

3.4 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized is transferred from equity and recognized

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in the profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Such impairment losses are recognized in profit and loss account.

The carrying amount of the Company's non-financial assets and investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

3.5 Investments

Classification of investment is made on the basis of intended purpose of holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designations on regular basis.

Investments are initially recognized at fair value plus transaction cost.

The company assesses at each balance sheet date whether there is any objective evidence that investments are impaired. If any such evidence exists, the company applies the provision of IAS-39 to all investments.

The Company classifies its investments in the following category.

(a) at fair value through profit and Loss

Investments classified as held for trading and those designated as such are included in this category. Investments are classified as held for trading if these are acquired for the purpose of selling in short term. Gain or losses on investments held for trading are recognized in profit and loss account.

(b) Available for Sale

Investment intended to be held for an indefinite period of time which may be sold in response to need of liquidity or changes in assets prices are classified as available for sale. Unrealized Gain or losses on available for sale investments are recognized directly in equity..

3.6 Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when obligation specified in the contract is discharged or cancelled or expire. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.



3.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet only when the company has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.8 Trade and other payables

Creditors, accrued and other liabilities are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.9 Trade debts – considered good

Trade debts are other liabilities are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services rendered.

3.10 Taxation

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

Current

The change for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

3.11 Provisions

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

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3.12 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 comprise cash and bank balance, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change.

3.13 Related Party Transactions

Transactions in relation to sales purchase and services with related parties are made at arms length price which is determined in accordance with the comparable uncontrolled price method. The related parties comprise of entities over which the Directors are able to exercise significant influence, entities with common Directors, major shareholders, Directors and Key Management Employees.

3.14 Staff Retirement Benefits - Defined Contribution Plan

The company operates a recognized provident fund for all its registered employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 10% of the salary for all its employees. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss accounts as and when incurred.

4. SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

2014	2013		2014	2013
Number of Shares			(Rupees)	(Rupees)
<u>30,000,000</u>	<u>30,000,000</u>	ordinary shares of Rs. 10 each	<u>300,000,000</u>	<u>300,000,000</u>

ISSUED SUBSCRIBED AND PAID-UP

<u>5,000,000</u>	<u>5,000,000</u>	ordinary shares of Rs. 10 each fully paid in cash	<u>50,000,000</u>	<u>50,000,000</u>
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5. DEFERRED TAX

Deferred tax liability arising due to
Accelerated tax depreciation
Others

	172,838	132,248
	<u>172,838</u>	<u>132,248</u>

6. TRADE AND OTHER PAYABLE

Trade creditors
Federal Excise Duty payable
Provident fund payable
Other liabilities

	6,900,365	2,074,631
	248,361	304,572
	634,632	192,674
	281,843	369,770
	<u>8,065,201</u>	<u>2,941,647</u>

7. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the balance sheet date.

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8. PROPERTY PLANT AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			W.D.V. As at June 30, 2014
	As at July 01, 2013	Additions / (Deletions)	As at June 30, 2014		As at July 01, 2013	For the Period	As at June 30, 2014	
Generator	1,048,330	-	1,048,330	10%	429,102	61,923	491,025	557,305
Office Equipments	1,347,312	33,800	1,381,112	10%	548,278	80,748	629,026	752,086
Furniture & Fixtures	171,532	16,560	188,092	10%	71,131	10,647	81,778	106,314
Computers	2,374,395	137,900	2,512,295	30%	1,984,538	144,633	2,129,171	383,124
Vehicle	22,000	50,000	72,000	20%	9,798	3,274	13,072	58,928
June 30, 2014 (Rupees)	4,963,569	238,260	5,201,829		3,042,847	301,225	3,344,072	1,857,757

Particulars	Cost			Rate %	Depreciation			W.D.V. As at June 30, 2013
	As at July 01, 2012	Additions / (Deletions)	As at June 30, 2013		As at July 01, 2012	For the Period	As at June 30, 2013	
Generator	1,048,330	-	1,048,330	10%	360,299	68,803	429,102	619,228
Office Equipments	1,337,912	9,400	1,347,312	10%	460,106	88,172	548,278	799,034
Furniture & Fixtures	171,532	-	171,532	10%	59,975	11,156	71,131	100,401
Computers	2,363,095	11,300	2,374,395	30%	1,820,282	164,256	1,984,538	389,857
Vehicle	22,000	-	22,000	20%	6,747	3,051	9,798	12,202
June 30, 2013 (Rupees)	4,942,869	20,700	4,963,569		2,707,409	335,438	3,042,847	1,920,722

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		2013 (Rupees)	2013 (Rupees)
9. INTANGIBLE ASSETS			
Membership cards - KSE		-	-
Booth at KSE		1,100,000	1,100,000
Trading Right Entitlement Certificate (TREC)	9.1	20,852,340	20,852,340
Software Vision XS	9.2	100,000	200,000
		<u>22,052,340</u>	<u>22,152,340</u>

9.1 This represents TREC acquired on surrender of Stock Exchange membership Card. For details please refer Note 10. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto 31 December 2019, a Stock Exchange shall offer for issuance of 15 TRE Certificate each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate.

9.2 Software Vision X

Opening	200,000	300,000
Amortisation during the year	100,000	100,000
Closing	<u>100,000</u>	<u>200,000</u>

10. INVESTMENT - Available for Sale

Investment in shares of Karachi Stock Exchange	10.1	<u>80,147,660</u>	<u>80,147,660</u>
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10.1 This represents shares of Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of KSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of KSEL is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of KSEL is equally distributed among 200 members of KSEL by issuance of 4,007,383 shares to each member in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under KSEL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and deposited off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale.

The shares of KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of KSEL.

The above shares and TRE Certificate were received against surrender of Stock Exchange Membership Card. As the fair value of both the the asset transferred and assets obtained can not be determined with reasonable accuracy, the above investment has been recorded at the carrying value of Stock Exchange Membership Card in Company's books. The par value of shares received by the Company has been recognised as available for sale investment and the excess value of shares over the carrying value of membership card in KSE is recognised as trading right.

11. LONG TERM DEPOSITS

National Clearing Company of Pakistan Limited	200,000	200,000
CDC deposit	100,000	100,000
Others	2,000	2,000
	<u>302,000</u>	<u>302,000</u>

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	2014 (Rupees)	2013 (Rupees)
12. SHORT TERM INVESTMENT - through profit and loss account		
Mutual fund units - Al Meezan	-	-
Investment in quoted securities	2,519,830	2,219,000
	<u>2,519,830</u>	<u>2,219,000</u>
13. ADVANCES, DEPOSITS, PREPAYMENTS OTHER RECEIVABLES		
Karachi Stock Exchange - deposit	14,299,620	6,800,000
Advance tax - net	-	210,409
Tax refundable	1,378,126	1,209,185
Other receivables	65,014	31,461
	<u>15,742,760</u>	<u>8,251,055</u>
14. CASH AND BANK BALANCES		
At bank - Current accounts	7,759,576	4,402,898
Cash in hand	4,690	1,774
	<u>7,764,266</u>	<u>4,404,672</u>
15. OPERATING REVENUE		
Brokerage income	<u>19,242,557</u>	<u>15,168,845</u>
16. OPERATING AND OTHER EXPENSES		
Salaries and allowances	10,270,333	7,445,105
Communication	669,169	448,142
Printing, stationary and periodicals	117,549	45,523
Utilities	432,639	311,917
Repair and maintenance	404,829	419,072
Rent, rates and taxes	1,224,000	1,085,000
KSE charges	1,195,858	750,262
CDC charges	133,524	70,773
SECP charges	153,450	82,816
Travelling and conveyance	31,670	20,430
Entertainment	201,670	104,495
Amortization	100,000	100,000
Fees and subscription	90,325	87,538
Legal and professional	10,000	103,000
Workers' welfare fund	-	97,920
Auditor's remuneration	150,000	125,000
Depreciation	301,225	335,438
Bank charges	34,335	14,559
Miscellaneous	62,191	25,080
	<u>15,582,768</u>	<u>11,672,070</u>
17. OTHER INCOME		
Dividend income	741,366	60,000
Return On KSE Exposure Deposit on Ready Market	965,790	371,885
Capital gain - realised	689,247	1,242,873
Capital gain / (loss) - unrealised	277,703	(116,234)
Recovery of CDC charges	59,141	40,700
	<u>2,733,246</u>	<u>1,599,224</u>

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18. TAXATION

The Company has filed return for the tax year 2012. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

	2014 (Rupees)	2013 (Rupees)
Provision for taxation		
- Current year	1,691,498	939,140
- Prior year	-	(107,160)
- Deferred	40,590	(354,174)
Net tax charge	18.1 <u>1,732,088</u>	<u>477,807</u>

18.1 TAX RECONCILIATION

Profit before taxation	<u>6,393,036</u>	<u>5,095,999</u>
Tax at 34%	2,173,632	1,783,599
Income taxed at reduced rate	(343,347)	(325,718)
Loss/ Income exempt from tax	(94,419)	40,682
Prior year taxation	-	(107,160)
Adjustment in deferred tax	(3,778)	(913,596)
	<u>1,732,088</u>	<u>477,807</u>

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. Karachi Stock Exchange (KSE) and Securities and Exchange Commission of Pakistan (SECP) has regulated the company and management policies of both KSE and SECP have been adopted by the Company.

19.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As per SECP regulations the company can not provide credit for purchase of shares. The majority of company clients pay directly for the purchase of shares and only brokerage revenue is received from clients. Therefore the company believes that it is not exposed to major concentration of credit risk and applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	<u>Carrying amount</u>	
Long term deposits	302,000	302,000
Trade debts	2,701,932	3,866,004
Loans and advances	14,381,634	8,251,055
Investments - Available for sale	80,147,660	80,147,660
Short term investment - through profit & loss account	2,519,830	2,219,000
Cash and bank balances	7,764,266	4,404,672
	Rupees <u>107,817,322</u>	<u>99,190,391</u>

19.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity only.

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The following are the contractual maturities of financial liabilities and financial assets, including estimated interest payments:

2014			
Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial Liabilities			
Trade and other payable	8,015,201	8,015,201	-
Financial Assets			
Long term deposit	302,000	2,000	300,000
Trade debts	2,701,932	2,701,932	-
Investments - Available for sale	80,147,660	-	80,147,660
Short term investment - through profit & loss account	2,519,830	2,519,830	-
Advance, deposits, prepayments and	15,725,760	15,725,760	-
Cash and bank balances	7,764,266	7,764,266	-

2013			
Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial Liabilities			
Trade and other payable	2,941,647	2,941,647	-
Financial Assets			
Long term deposit	302,000	2,000	300,000
Trade debts	38,666,004	38,666,004	-
Investments - Available for sale	80,147,660	-	80,147,660
Short term investment - through profit & loss account	2,219,000	2,219,000	-
Advance, deposits, prepayments	8,251,055	8,251,055	-
Cash and bank balances	4,404,672	4,404,672	-
	133,990,391	53,542,731	-

The financial assets are greater than financial liabilities and there is no maturity gap.

19.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risks comprises of three types of risks: Foreign exchange or currency risks, Interest/Mark-up rate risks and Price risks. The market risks associated with the Company's business activities are discussed as under:

a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices of assets. The company has equity investment of Rs. 82.67 million out of which 80.17 represents shares of KSE that have no active market.

b) Interest rate risk

The company is not exposed to any interest rate risk as the company does not have any interest based assets and liabilities.

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c) Other market risk

Management believes that unless more sophisticated and comprehensive disclosure is given for each type of market risk to which the Company is exposed at the balance sheet date, the above mentioned disclosure absence of availability of a large economic data with high accuracy and the present effects of unprecedented country's political situation on economics, might remain unrepresentative to the financial statements readers for the risk inherent in the financial instruments.

19.4 Fair value of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying value of all financial assets and liabilities on the balance sheet, approximate to their fair value.

20. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

21. RELATED PARTY TRANSACTIONS

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the Company and key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel. Remuneration and benefits to Executives of the Company are in accordance with the terms of employment. Transactions with other related parties are entered at rates negotiated with them.

Details of transactions with related parties are as follows:

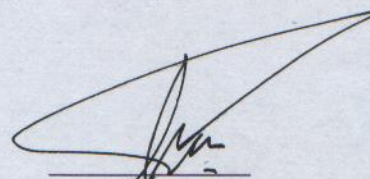
	2014	2013
Brokerage income earned from Directors	16,785	445,857
Rent paid to related party	1,200,000	1,063,000
Remuneration of Chief Executive	1,800,000	1,644,000
Remuneration of Directors	1,188,000	3,933,000
Advance against issue of shares from directors	22,565,000	22,565,000

22. GENERAL

22.1 Figures have been rounded off to the nearest Rupee.

22.2 These financial statements have been authorized for issue on 04 OCT 2014 by the Board of Directors of the Company.


Chief Executive


Director