NAEL CAPITAL (PVT.) LTD.
FINANCIAL STATEMENT
FOR THE YEAR ENDED
JUNE 30, 2015

UHY Hassan Naeem & Co.
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NAEL CAPITAL (PRIVATE) LIMITED** "the company" as at **June 30, 2015** 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 year 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 polices 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 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, 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 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).

The financial statements of the company for the year ended June 30, 2014 were audited by another firm of chartered accountants, whose report thereon expressed an unqualified opinion.

DATE 05 OCT 2015
KARACHI:

UHY Hassan Naeem & Co.

Chartered Accountants
Imran Iqbal

NAEL CAPITAL (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 (Rupees)	2014 (Rupees)
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up	4	50,000,000	50,000,000
Share premium		51,000,000	51,000,000
Unappropriated profit		4,682,328	1,285,506
		105,682,328	102,285,506
NON-CURRENT LIABILITIES			
Advance against issue of shares		22,565,000	22,565,000
Libilities against assets subject to finance lease	5	6,629,989	-
Deferred taxation	6	50,289	172,838
		29,245,278	22,737,838
CURRENT LIABILITIES			
Trade and other payable	7	11,169,195	8,065,202
Current maturity of liabilities against assets subject to finance lease	5	1,301,011	-
		12,470,206	8,065,202
Contingencies and commitments	8	-	-
		147,397,812	133,088,545
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	9,472,175	1,857,757
Intangible assets	10	16,953,340	22,052,340
Investment - available for sale	11	80,147,660	80,147,660
Long term deposits	12	2,220,800	302,000
		108,793,975	104,359,757
CURRENT ASSETS			
Trade debts - unsecured considered good		5,951,780	2,701,932
Short term investment - through profit & loss account	13	-	2,519,830
Advances, deposits, prepayments & other receivables	14	14,404,579	15,742,760
Cash and bank balances	15	18,247,478	7,764,266
		38,603,837	28,728,788
		147,397,812	133,088,545

The annexed notes from 1 to 23 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, 2015

	Note	2015 (Rupees)	2014 (Rupees)
Operating revenue	16	24,577,251	19,242,557
Operating and administrative expenses	17	(18,841,157)	(15,582,768)
Impairment - TREC	10.3	(5,000,000)	-
Other income	18	3,117,423	2,733,246
NET PROFIT BEFORE TAXATION		3,853,517	6,393,036
Taxation	19	(456,695)	(1,732,088)
NET PROFIT AFTER TAXATION		3,396,822	4,660,948
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		3,396,822	4,660,948

The annexed notes from 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

NAEL CAPITAL (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 (Rupees)	2014 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,853,517	6,393,036
Adjustment for non-cash items:			
Depreciation		655,372	301,225
Amortization		99,000	100,000
Dividend income		(1,202,361)	(741,366)
Capital Gain		(502,896)	(689,247)
Impairment - TREC		5,000,000	-
Capital (gain)/loss - unrealised		-	(277,703)
Loss on disposal		16,710	-
Bad debts		4,909	-
Operating profit before working capital changes		4,070,734	(1,307,091)
Changes in working capital			
Decrease / (increase) in trade debts		(3,249,848)	1,164,072
Decrease / (Increase) in advances, deposits and prepayments		3,065,352	(7,533,173)
(Decrease) / increase in trade and other payable		3,103,993	5,123,554
		2,919,497	(1,245,547)
Taxes paid		(2,308,760)	(1,650,030)
Net cash (used in) operating activities		8,534,988	2,190,367
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,276,863)	(238,260)
Sale/(Purchase) of short term investments		3,022,726	666,120
Net cash generated from / (used in) investing activities		745,863	427,860
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend received		1,202,361	741,366
Net cash generated from financing activities		1,202,361	741,366
Net decrease in cash and cash equivalent		10,483,213	3,359,593
Cash and cash equivalent at beginning of the year		7,764,265	4,404,672
Cash and cash equivalent at end of the year		18,247,478	7,764,265

The annexed notes from 1 to 23 form an integral part of these financial statements.

Chief Executive

Director

NAEL CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up	Share Premium	Accumulated (Loss)/Profit	Total
	-----Rupees-----			
Balance as at July 01, 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**
Net profit for the year	-	-	3,396,822	3,396,822
Balance as at June 30, 2015	**50,000,000**	**51,000,000**	**4,682,327**	**105,682,327**

The annexed notes from 1 to 23 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, 2015

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 (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 of, or directives issued under the Companies Ordinance, 1984 shall prevail.

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 Standards that became effective but not relevant to the company or do not have material effect

The following standards, interpretations and improvements became effective for the current financial year but are either not relevant or do not have any material effect on the unconsolidated financial statements of the company.

IAS 19	– Employee benefits (Amendments) – Defined Benefits Plans: Employee Contributions
IAS 32	– Financial Instruments –Presentation–(Amendment) Offsetting Financial Assets an Financial Liabilities
IAS 36	– Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	– Financial Instruments: Recognition and Measurement – (Amendment) – Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	– Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2	Share-based Payment – Definitions of vesting conditions
IFRS 3	Business combinations – Accounting for contingent consideration in a business combinatior
IFRS 3	Business combinations – Scope exception for joint ventures
IFRS 8	Operating segments – Aggregation of operating segments
IFRS 8	Operating segments – Reconciliation of the total of the reportable segments' assets to the en assets
IFRS 13	Fair value measurement – Scope of paragraph 52 (portfolio exception)
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – propo restatement of accumulated depreciation / amortization
IAS 24	Related party disclosures – Key management personnel
IAS 40	Investment property – Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above improvements to accounting standards and interpretations did not have any material effect on the financial statements.

Standards and interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

	Description Effective for periods	Effective for periods beginning on or after
IFRS 10	Consolidated Financial Statements	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 1	Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

Standards issued by IASB but not yet notified by SECP

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts and Customers	January 01, 2018

The Company expects that the adoption of the above standards and interpretations will not have material effect on the Company's financial statements in the period of initial application except for IFRS 9 – Financial Instruments: Classification and Measurement, IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements. IFRS 12 – Disclosure of Interests in Other Entities and IFRS 13 – Fair Value Measurement, which may affect certain disclosures.

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.

3.2 Property and equipment

(a) Owned assets

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 straight line method over the asset's useful life at the rate stated in note 9.

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 2015 did not require any adjustment as its impact is considered insignificant.

(b) Assets subject to finance lease

Assets subject to finance lease are initially stated at lower of present value of minimum lease payments

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under the lease agreement and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated on the same basis as for owned assets.

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 10. 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 declined 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 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.

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

2015	2014		2015	2014
Number of Shares			*(Rupees)*	*(Rupees)*
30,000,000	30,000,000	ordinary shares of Rs. 10 each	**300,000,000**	300,000,000

ISSUED SUBSCRIBED AND PAID-UP

2015	2014		2015	2014
5,000,000	5,000,000	ordinary shares of Rs. 10 each fully paid in cash	**50,000,000**	50,000,000

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	As at July 01, 2014	Repaid	Current Portion	As at June 30, 2015
		(in Rupees)			
Bank Islami Pakistan	**5.1**	**-**	**-**	**1,301,011**	**6,629,989**

	Note	As at July 01, 2013	Repaid	Current Portion	As at June 30, 2014
		(in Rupees)			
Bank Islami Pakistan	5.1	-	-	-	-

5.1 The company entered into a finance lease agreement with Bank Islami Pakistan in respect of motor vehicle of Rs. 7.9 million. The rate of return used as discounting factor is 9.5% per annum. The lease rentals are payable in 16 quarterly installments.

	2015		2014	
	Minimum Lease payments	Present Value	Minimum Lease payments	Present Value
	(in Rupees)			
Within one year	1,819,776	1,301,011	-	-
After one year but not more than five years	7,378,128	6,629,989	-	-
Later than five years	-	-	-	-
Total minimum lease payments	9,197,904	7,931,000	-	-
Less: Amount representing finance charges	(1,266,904)	-	-	-
Present value of minimum lease payments	7,931,000	7,931,000	-	-
Less: Current portion	1,301,011	1,301,011	-	-
	6,629,989	6,629,989	-	-

6. DEFERRED TAX

Deferred tax liability arising due to

	2015	2014
Accelerated tax depreciation	91,841	172,838
Deferred tax due to leases	(41,552)	-
	50,289	172,838

7. TRADE AND OTHER PAYABLE

	2015	2014
Clients' credit balance	9,558,238	6,900,365
Federal Excise Duty payable	326,553	248,361
Providend fund payable	981,617	634,632
Other liabilities	255,723	281,843
Interest payable on finance lease	47,064	-
	11,169,195	8,065,202

8. CONTINGENCIES AND COMMITMENTS

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

9. PROPERTY PLANT AND EQUIPMENT

Particulars	Cost			Rate	Depreciation			W.D.V.
	As at July 01, 2014	Additions / (Deletions)	As at Jun 30, 2015	%	As at July 01, 2014	For the Period	As at Jun 30, 2015	As at June 30, 2015
Owned								
Generator	1,048,330		1,048,330	10%	491,025	139,326	630,351	417,979
Office Equipments	1,381,112	23,450	1,404,562	10%	629,026	187,724	816,750	587,812
Furniture & Fixtures	188,092	22,600	210,692	10%	81,778	25,908	107,686	103,006
Computers	2,512,295	135,450	2,647,745	30%	2,129,171	204,795	2,333,966	313,779
Vehicle	72,000	174,000	221,000	20%	13,072	18,769	23,551	197,449
		(25,000)						
Leased								
Vehicle	-	7,931,000	7,931,000	20%	-	78,850	78,850	7,852,150
June 30, 2015 (Rupees)	5,201,829	8,261,500	13,463,329		3,344,072	655,372	3,991,154	9,472,175

Particulars	Cost			Rate	Depreciation			W.D.V.
	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	As at June 30, 2014
Owned								
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

9.1 During the year, in light of the consumption and useful life of assets, the company changed the depreciation method from reducing balance method to straight line method. The effect of these changes on actual and expected depreciation expense, included in 'administration expense', was as follows:

	2015	2016	2017
Increase / (Decrease) in depreciaton expenditure	288,954	326,108	472,686

	Note	2015 (Rupees)	2014 (Rupees)

10. INTANGBLE ASSETS

Booth at KSE		1,100,000	1,100,000
Software Vision XS	10.4	1,000	100,000
Trading Right Entitlement Certificate (TREC)	10.1	15,852,340	20,852,340
		16,953,340	22,052,340

10.1 Trading Right Entitlement Certificate (TREC)	10.2	20,852,340	20,852,340
Impairment - TREC	10.3	(5,000,000)	-
		15,852,340	20,852,340

10.2 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.

10.3 Trading Right Entitlement Certificate was revalued as at june 30,2015 as the carrying value of TREC is more than its fair market value therefore, an impairment loss amounted to Rs. 5,000,000 has been recognized due to which carrying value has been reduced to Rs. 15,852,340.

10.4 Software Vision X

Opening		100,000	200,000
Amortisation during the year - @ 33%		99,000	100,000
Closing		1,000	100,000

11. INVESTMENT - Available for Sale

Investment in shares of Karachi Stock Exchange	11.1	80,147,660	80,147,660

11.1 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:

1. 40% of the total shares alotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;

2. 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.

12. LONG TERM DEPOSITS

National Clearing Company of Pakistan Limited		200,000	200,000
CDC deposit		100,000	100,000
Security Deposit - car lease		1,918,800	-
Others		2,000	2,000
		2,220,800	302,000

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	2015 (Rupees)	2014 (Rupees)

13. SHORT TERM INVESTMENT - through profit and loss account

Investment in qouted securities	-	2,519,830

14. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES

Karachi Stock Exchange - deposit	10,850,000	14,299,620
Tax refundable	3,105,297	1,378,126
Prepaid insurance	192,306	-
Other receivables	256,976	65,014
	14,404,579	15,742,760

15. CASH AND BANK BALANCES

At bank - current accounts	18,233,998	7,759,576
Cash in hand	13,480	4,690
	18,247,478	7,764,266

16. OPERATING REVENUE

Brokerage income	24,577,251	19,242,557

17. OPERATING AND OTHER EXPENSES

Salaries and allowances	12,469,497	10,270,333
Communication	686,057	669,169
Printing, stationary and periodicals	123,583	117,549
Utilities	478,672	432,639
Repair and maintenance	413,330	404,829
Insurance Expense	25,798	-
Bad debts Expense	4,909	-
Loss on Disposal	16,710	-
Markup on assets subject to finance lease	47,064	-
Rent, rates and taxes	1,244,201	1,224,000
KSE charges	1,597,468	1,195,858
CDC charges	22,312	133,524
SECP charges	194,781	153,450
Travelling and conveyance	19,830	31,670
Entertainment	316,773	201,670
Amortization	99,000	100,000
Fees and subscription	105,500	90,325
Legal and professional	42,000	10,000
Auditor's remuneration	165,000	150,000
Depreciation	655,372	301,225
Bank charges	34,750	34,335
Miscellaneous	78,551	62,191
	18,841,157	15,582,768

18. OTHER INCOME

Dividend income	1,202,361	741,366
Return On KSE Exposure Deposit on Ready Market	951,961	965,790
Capital gain - realised	502,896	689,247
Capital gain - unrealised	-	277,703
Return On Bank Deposits	460,205	-
Recovery of CDC charges	-	59,141
	3,117,423	2,733,246

		2015 (Rupees)	2014 (Rupees)

19. TAXATION

The Company has filed return for the tax year 2014. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

	Note	2015 (Rupees)	2014 (Rupees)
Provision for taxation			
- Current year		996,917	1,691,498
- Prior year		(417,673)	-
- Deferred		(122,549)	40,590
Net tax charge	19.1	456,695	1,732,088

19.1 TAX RECONCILIATION

	2015 (Rupees)	2014 (Rupees)
Profit before taxation	3,853,517	6,393,036
Tax at 33% (2014: 34%)	1,271,661	2,173,632
Income taxed at reduced rate	(392,209)	(343,347)
Loss/ Income exempt from tax	-	(94,419)
Prior year taxation	(417,673)	-
Adjustment in deferred tax	(5,084)	(3,778)
	456,695	1,732,088

20. 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.

20.1 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:

		Carrying amount	
Long term deposits		2,220,800	302,000
Trade debts		5,951,780	2,701,932
Loans and advances		12,799,542	14,381,634
Investments - Available for sale		80,147,660	80,147,660
Short term investment - through profit & loss account		-	2,519,830
Cash and bank balances		18,247,478	7,764,266
	Rupees	119,367,260	107,817,322

20.2 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.

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

	2015			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
Financial Liabilities				
Trade and other payable	11,169,195	11,169,195	11,169,195	-
Financial Assets				
Long term deposit	2,220,800	2,220,800	2,000	300,000
Trade debts	5,951,780	5,951,780	5,951,780	-
Investments - Available for sale	80,147,660	-		80,147,660
Short term investment	-	-	-	-
Advance, deposits, prepayments and other	14,434,832	14,434,832	14,434,832	-
Cash and bank balances	18,247,478	18,247,478	18,247,478	-
	109,833,355	**29,685,695**	**27,466,895**	**80,447,660**

	2014			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial Liabilities				
Trade and other payable	8,065,201	8,065,201	8,065,201	-
Financial Assets				
Long term deposit	302,000	302,000	2,000	300,000
Trade debts	2,701,932	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	15,742,760	15,742,760	15,742,760	-
Cash and bank balances	7,764,266	7,764,266	7,764,266	-
	109,178,448	26,510,958	28,730,788	80,447,660

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

20.3 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 respresents 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.

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.

20.4 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.

21. 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.

22. 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:

	2015	2014
Brokerage income earned from Directors	**736,366**	16,785
Rent paid to related party	**1,200,000**	1,200,000
Remuneration of Chief Executive	**1,800,000**	1,800,000
Remuneration of Directors	**3,120,000**	1,188,000
Advance agaisnt issue of shares from Directors	**22,565,000**	22,565,000

23. GENERAL

23.1 Figures have been rounded off to the nearest Rupee.

23.2 These financial statements have been authorized for issue on 05 OCT 2015 by the Board of Directors of the Company.

Chief Executive **Director**