

①

**SAZ CAPITAL SECURITIES
(PRIVATE) LIMITED**
Financial Statements
For the year ended June 30, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SAZ CAPITAL SECURITIES (PRIVATE) LIMITED** "the company" as at **June 30, 2015** and the related profit and loss account, statement of other comprehensive statement, 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 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 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 other 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 loss 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:
KARACHI

UHY Hassan Naeem & Co.
Chartered Accountants
Imran Iqbal

(3)

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

	Note	2015 (Rupees)	2014 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
<u>Share capital and reserves</u>			
Issued, subscribed and paid-up	4	92,500,000	92,500,000
Unappropriated profit		57,892,284	113,251,358
		150,392,284	205,751,358
<u>CURRENT LIABILITIES</u>			
Creditors	5	44,678,767	59,292,388
Accrued and Other Liabilities	6	100,000	200,000
Taxation		-	3,605,239
		44,778,767	63,097,627
Contingencies and commitments	7	195,171,051	268,848,985
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property, plant and equipment	8	10,571,250	10,698,543
Intangible assets	9	15,317,670	15,250,000
Investment - available for sale	10	40,073,830	40,073,830
Long term investment	11	9,000,000	18,000,000
Long term deposits	12	1,266,500	1,266,500
		76,229,250	85,288,873
<u>CURRENT ASSETS</u>			
Short term investment - through profit & loss account	13	72,600	30,860,900
Deferred tax	14	14,207,398	-
Tax refundable		3,192,406	-
Trade debts - unsecured considered good	15	37,668,103	67,273,837
Advances, deposits, prepayments & other receivables	16	5,729,153	6,050,666
Cash and bank balances	17	58,072,141	79,374,709
		118,941,801	183,560,112
		195,171,051	268,848,985

The annexed notes from 1 to 26 form an integral part of these financial statements.



 Chief Executive



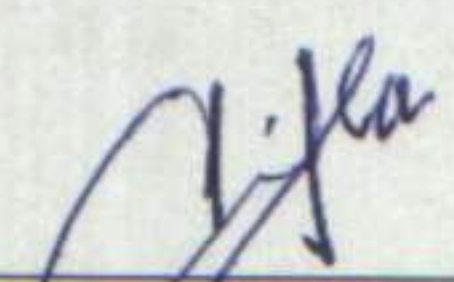
 Director

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 (Rupees)	2014 (Rupees)
Operating revenue	18	9,353,267	9,032,340
Realised capital (loss)/gain on investment		(20,735,702)	5,275,493
Bad debt expense		(49,617,388)	-
Gain/(loss) on revaluation on held for trading investment to fair value		-	5,505,302
Impairment loss on investment	11	(9,000,000)	-
Operating and administrative expenses	19	(11,283,000)	(12,087,535)
Other income	20	12,154,186	13,062,403
NET (LOSS) / PROFIT BEFORE TAXATION		<u>(69,128,638)</u>	<u>20,788,003</u>
Taxation - net	21	13,769,564	(5,121,323)
NET (LOSS) / PROFIT AFTER TAXATION		<u><u>(55,359,074)</u></u>	<u><u>15,666,680</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

my



Chief Executive



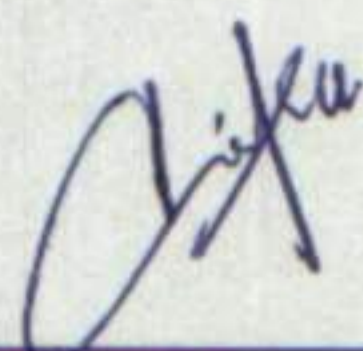
Director

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
(Loss) / Profit for the period	(55,359,074)	15,666,680
Other Comprehensive Income	-	-
Total Comprehensive (Loss) / Profit	(55,359,074)	15,666,680

The annexed notes from 1 to 26 form an integral part of these financial statements.

by



Chief Executive

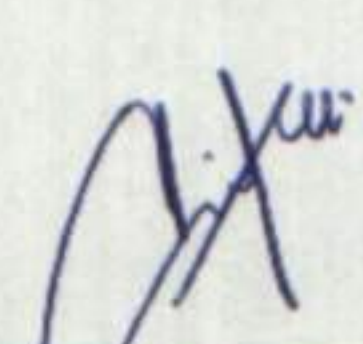


Director

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

	2015 (Rupees)	2014 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(69,128,638)	20,788,003
<u>Adjustment for non-cash items:</u>		
Depreciation	127,293	151,686
Realised capital (loss) on investment	20,735,702	-
Bad debt expense	49,617,388	-
Amortization	(33,330)	-
	<u>70,447,053</u>	<u>151,686</u>
Operating profit before working capital changes	1,318,416	20,939,689
<u>Changes in working capital</u>		
Decrease / (increase) in trade debts	(20,011,654)	(2,543,335)
Decrease / (Increase) in advances, deposits and prepayments	321,513	2,380,780
(Decrease) / increase in trade and other payable	(14,613,621)	8,875,571
(Decrease) / increase in accrued and other liabilities	(100,000)	-
	<u>(34,403,762)</u>	<u>8,713,016</u>
Net cash (used in) / generated from operations	<u>(33,085,346)</u>	29,652,705
Income Tax Paid	(7,235,479)	(5,151,323)
Net cash (used in) / generated from operating activities	<u>(40,320,826)</u>	<u>24,501,382</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net proceeds from short term investment	10,052,598	(19,207,449)
Acquisition of intangible asset	(101,000)	-
Net cash generated from / (used in) investing activities	<u>9,951,598</u>	<u>(19,207,449)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash (outflow)/inflow from financing activities	-	-
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalent	<u>(30,369,228)</u>	5,323,931
Cash and cash equivalent at beginning of the year	79,374,709	74,050,778
Cash and cash equivalent at end of the year	<u>49,005,481</u>	<u>79,374,709</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

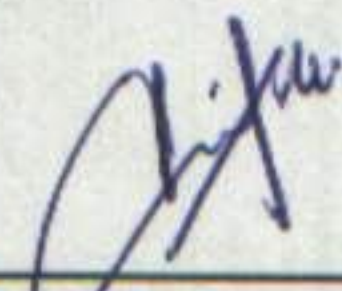

Chief Executive


Director

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

	Issued, subscribed and paid-up capital	Accumulated Profit	Total
	-----Rupees-----		
Balance as at July 01, 2013	92,500,000	97,584,680	165,010,850
Profit for the year ended June 30, 2014	-	15,666,678	15,666,678
Balance as at June 30, 2014	92,500,000	113,251,358	205,751,358
Loss for the year ended June 30, 2015	-	(55,359,074)	(55,359,074)
Balance as at June 30, 2015	92,500,000	57,892,284	150,392,284

The annexed notes from 1 to 26 form an integral part of these financial statements.



Chief Executive



Director

(8)

SAZ CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan as Private limited company on 20th June 2001 under the Companies Ordinance, 1984. The company is a corporate TRE Certificate holder of Karachi Stock Exchange Limited. The principal activities include trading and brokerage for equities, underwriting of public issues. The registered office of the company is located at Room 607-608, 6th floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi.

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 or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost convention' except for investments classified as 'held for trading' and 'available for sale' which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupees, unless otherwise stated.

2.4 Use of estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 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 the estimate is 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.

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 interpretations 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

uy

accounting periods beginning on or after 01 July 2015:

- 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. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determine which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal only with separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The management is currently considering the effect of the new standard.

- IFRS 11 'Joint Arrangements'– (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' – (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities in one place. The adoption of this standard is not likely to have material impact on the Company's financial statements.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The management is currently assessing the effect of new standard.

- Amendment to IAS 27 'Separate Financial Statement'– (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] – (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less

uy

costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual Improvements 2012-2014 cycles – (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

 - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

 - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

 - IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense 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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

uy

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 carried 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 carried forward 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.

3.2 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and accumulated 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 Company 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 the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using straight line method over the asset's useful life at the rates stated Note no. 8. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property 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 appropriate. Further, when the written down value of the asset falls below Rs. 10,000 the same is charged directly to the profit and loss account.

3.3 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein , after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.4 Impairment

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has 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 other comprehensive income to profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

uy

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. All impairment losses are recognized in the profit and loss account.

The carrying amount of the Company's non-financial assets and investments 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 the profit and loss account.

3.5 Investments

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

All purchases and sales of securities that require delivery within the time frame established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.

The management determines appropriate classification of investment in accordance with the requirements of approved accounting standards as applicable in Pakistan.

3.5.1 At fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss - held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the Karachi Stock Exchange or on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

3.5.2 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At each balance sheet date, these investments are re-measured at fair value and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired at which time these are transferred to the profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Karachi Stock Exchange. The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

3.6 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Trade debts and other receivable considered irrecoverable are written off.

3.7 Trade and other payables

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

my

3.8 Short term borrowings

Mark-up bearing borrowings are recognized initially at fair value, less any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

3.9 Revenue recognition

- Brokerage income is recognized as and when such services are rendered.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

3.10 Provisions

Provision is 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.

3.11 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. 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 the obligation specified in the contract is discharged or cancelled or expires. 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.

Financial assets and financial liabilities are offset 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.

3.12 Cash

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.

my

4. SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

2015	2014		2015	2014
Number of Shares			(Rupees)	(Rupees)
<u>15,000,000</u>	<u>15,000,000</u>	ordinary shares of Rs. 10 each	<u>150,000,000</u>	<u>150,000,000</u>

ISSUED SUBSCRIBED AND PAID-UP

2015	2014		2015	2014
		ordinary shares of Rs. 10 each fully paid in cash	(Rupees)	(Rupees)
<u>9,250,000</u>	<u>9,250,000</u>		<u>92,500,000</u>	<u>92,500,000</u>

5. CREDITORS

Creditors		44,678,767	59,292,388
		<u>44,678,767</u>	<u>59,292,388</u>

6. ACCRUED AND OTHER LIABILITIES

Accrued expenses		100,000	200,000
		<u>100,000</u>	<u>200,000</u>

7. CONTINGENCIES AND COMMITMENTS

		-	-
--	--	---	---

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

8. PROPERTY PLANT AND EQUIPMENT

Particulars	Cost			Rate	Depreciation			W.D.V. As at June 30, 2015
	As at July 01, 2014	Additions / (Deletions)	As at June 30, 2015		As at July 01, 2014	For the year	As at June 30, 2015	
Office Building	14,104,673	-	14,104,673		4,229,238	-	4,229,238	9,875,435
Furniture & Fixtures	600,000	-	600,000	15%	485,400	17,190	502,590	97,410
Office Equipments	33,000	-	33,000	15%	24,354	1,297	25,651	7,349
Computers	1,494,332	-	1,494,332	30%	1,468,823	7,653	1,476,476	17,856
Motor Vehicle	3,324,000	-	3,324,000	15%	2,649,647	101,153	2,750,800	573,200
June 30, 2015 (Rupees)	19,556,005	-	19,556,005		8,857,462	127,293	8,984,755	10,571,250

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	
Office Building	14,104,673	-	14,104,673		4,229,238	-	4,229,238	9,875,435
Furniture & Fixtures	600,000	-	600,000	15%	465,176	20,224	485,400	114,600
Office Equipments	33,000	-	33,000	15%	22,828	1,526	24,354	8,646
Computers	1,494,332	-	1,494,332	30%	1,457,891	10,932	1,468,823	25,509
Motor Vehicle	3,324,000	-	3,324,000	15%	2,530,643	119,004	2,649,647	674,353
June 30, 2014 (Rupees)	19,556,005	-	19,556,005		8,705,776	151,686	8,857,462	10,698,543

ey

2015 (Rupees) 2014 (Rupees)

9. INTANGIBLE ASSETS

Trading Right Entitlement Certificate KSE	10.1	15,000,000	15,000,000
Membership cards Rights - PMEX	9.1	250,000	250,000
Software	9.2	67,670	-
		<u>15,317,670</u>	<u>15,250,000</u>

9.1 This represents the cost of membership license of Pakistan Mercantile Exchange Limited having indefinite useful life.

9.2 Software

Opening		-	-
Additions		101,000	-
Amortisation during the year @ 33%		(33,330)	-
Closing		<u>67,670</u>	<u>-</u>

10. INVESTMENT - Available for Sale

Shares of Karachi Stock Exchange Ltd	10.1	<u>40,073,830</u>	<u>40,073,830</u>
--------------------------------------	------	-------------------	-------------------

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 INVESTMENTS

Investment in Platinum Capital Management (Pvt) Ltd	11.1	18,000,000	18,000,000
Impairment loss		<u>(9,000,000)</u>	<u>-</u>
		<u>9,000,000</u>	<u>18,000,000</u>

11.1 The company has an investment of Rs. 18 million (2014: 18 million) in shares of Platinum Capital Management (Private) Limited (PCMPL). PCMPL is incorporated in Pakistan as private limited company with a paid-up capital of Rs. 150 million as at 30 June 2015. The company owns 180,000 shares of Rs. 100 each (2014: 180,000 shares) representing 12% ownership. Break-up value per share of this investment is Rs. 44.28. This break-up value per share is based on audited financial statements of PCMPL for the period ended 30 June 2015. As the breakup value of investee company is significantly below its par value therefore the management has recorded impairment of Rs. 9,000,000.

Handwritten mark

	2015 (Rupees)	2014 (Rupees)
12. LONG TERM DEPOSITS		
Deposits - KSE	110,000	110,000
Deposits - PMEX (Membership)	750,000	750,000
Central Depository Company Of Pakistan	100,000	100,000
National Clearing Company Of Pakistan	200,000	200,000
Mobilink deposits	6,500	6,500
Pakistan Mercantile Exchange Limited	100,000	100,000
	<u>1,266,500</u>	<u>1,266,500</u>
13. SHORT TERM INVESTMENT - through profit and loss account	<u>72,600</u>	<u>30,860,900</u>
At fair value through P&L		
Cost of Shares Investment	72,600	27,425,281
Changes due to fair Market Value		
Opening	-	(2,069,683)
During the Year	-	5,505,302
	-	3,435,619
	<u>72,600</u>	<u>30,860,900</u>
14. DEFERRED TAX		
<i>Deferred tax asset comprises of deductible temporary differences in respect of the following:</i>		
<i>Deductible temporary differences</i>		
- Unabsorbed tax losses	14,113,865	-
- Turnover tax paid in 2015	93,533	-
	<u>14,207,398</u>	<u>-</u>
15. TRADE DEBTS - (unsecured considered good)	<u>37,668,103</u>	<u>67,273,837</u>
16. ADVANCES, DEPOSITS, PREPAYMENTS OTHER RECEIVABLES		
Deposits-Karachi Stock Exchange Ltd	5,000,000	2,500,000
Other Receivables	729,153	-
Advance tax	-	3,550,666
	<u>5,729,153</u>	<u>6,050,666</u>
17. CASH AND BANK BALANCES		
Cash at bank - In current accounts	10,000	19,317,684
- In pls & deposit accounts	58,062,141	60,057,025
	<u>58,072,141</u>	<u>79,374,709</u>
18. OPERATING REVENUE		
Brokerage commission	9,197,826	8,646,675
Commission on IPO	37,710	310,423
Return on cash margin on future contract	117,731	75,242
	<u>9,353,267</u>	<u>9,032,340</u>

uy

		2015 (Rupees)	2014 (Rupees)
19. ADMINISTRATIVE EXPENSES			
Salaries and allowances		5,145,388	5,220,991
Directors' remuneration	19.1	2,190,000	2,190,000
KSE rent, electricity and service charges		1,693,880	1,992,376
CDC charges		720,041	880,361
Printing and stationery		19,650	115,150
Fees and subscription		206,850	123,550
Legal and professional		389,735	456,000
Communication Expenses		282,212	389,382
Auditor's remuneration	19.2	137,800	60,000
Fuel, Water & Power		85,184	6,767
Entertainment and sales promotion		43,600	40,449
Insurance, Rent, Rates & Taxes		50,750	135,386
Repair & maintenance		62,000	325,437
Depreciation	8	127,293	151,686
Amortization	9.2	33,330	-
Others		95,286	-
		11,283,000	12,087,535
19.1 DIRECTORS' REMUNERATION			
Chief Executive			
Managerial remuneration		480,000	480,000
House Rent		192,000	192,000
Utilities		48,000	48,000
Total		720,000	720,000
No. of Persons		one	one
Directors			
Managerial remuneration		980,000	980,000
House Rent		392,000	392,000
Utilities		98,000	98,000
Total		1,470,000	1,470,000
No. of Persons		Two	Two
19.2 AUDITORS REMUNERATION			
System audit fee		37,800	-
Statutory audit fee		100,000	60,000
		137,800	60,000
20. OTHER INCOME			
Dividend income		3,443,015	1,138,866
Profit on bank deposit		8,711,171	11,923,537
		12,154,186	13,062,403
21. TAXATION			
Current		437,834	3,605,239
Deferred		(14,207,398)	-
Prior year		-	1,516,084
		(13,769,564)	5,121,323
TAX RECONCILIATION			
(Loss) / Profit before taxation		(69,128,638)	20,788,003
Tax at 33% (2014 @ 34%)		(22,790,453)	7,067,921
Income taxed at different tax rate		9,020,889	(3,462,682)
Prior year taxation		-	1,516,084
		(13,769,564)	5,121,323

my

22. 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.

22.1 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. Currently there are no creditors of the company.

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

	Carrying amount	
	2015	2014
Long term Investments - available for sale	40,073,830	40,073,830
Long term Investments - at cost	9,000,000	18,000,000
Long term deposits	1,266,500	1,266,500
Short term investment - through profit & loss account	72,600	30,860,900
Trade debts - unsecured considered good	37,668,103	67,273,837
Advances, deposits, prepayments & other receivables	5,729,153	6,050,666
Cash and bank balances	58,072,141	79,374,709
	<u>151,882,327</u>	<u>242,900,442</u>

22.2 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

Creditors	44,678,767	44,678,767	44,678,767	-
Accrued and Other Liabilities	100,000	100,000	100,000	-

2014			
Carrying amount	Contractual cash flows	Up to one year	More than one year

Financial Liabilities

Creditors	59,292,388	59,292,388	59,292,388	-
Accrued and other liabilities	200,000	200,000	200,000	-

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

uy

22.3 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 have equity investment in shares of KSE and Platinum Capital (Private) Limited that have no active market.

b) Interest rate risk

The company is not exposed to interest rate risk as the liability is subject to fixed interest rate.

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.

22.4 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.

23. 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.

24. 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
Remuneration of Chief Executive	720,000	720,000
Remuneration of Directors	1,470,000	1,470,000

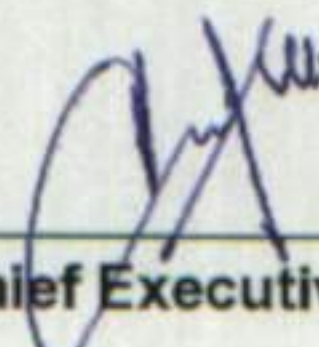
25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on _____ by the Board of Directors of the company.

26. GENERAL

Figures have been rounded off to the nearest Rupee and corresponding figures have been re-arranged, where necessary, for the purpose of comparison.

↪



Chief Executive



Director