

GUL DHAMI SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

June 30, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GUL DHAMI SECURITIES (PRIVATE) LIMITED** as at June 30, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of 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, 2012 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

LAHORE: October 05, 2012



Fazal Mahmood
FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood

GUL DHAMI SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2012

	NOTE	2012 Rupees	2011 Rupees
CAPITAL AND LIABILITIES			
Authorized capital			
10,000,000 Ordinary Shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid up capital:		78,150,000	78,150,000
Unrealised (loss) on remeasurement of available for sale investments to fair value	3	156,026	(153,728)
Accumulated loss	4	(4,152,956)	(4,024,647)
		74,153,069	73,971,625
CURRENT LIABILITIES			
Trade and Other Payables	5	15,112,448	12,383,055
		<u>89,265,518</u>	<u>86,354,680</u>
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	6	2,503,852	2,158,713
Rooms, Booth and Membership Card	7	57,000,000	57,000,000
Long term deposits		830,000	1,130,000
CURRENT ASSETS			
Investments in marketable securities	8	2,368,925	1,764,532
Trade Debtors - Unsecured, Considered Good		8,146,009	10,491,346
Advances, deposits, prepayments and other receivable	9	4,869,862	363,487
Cash and bank balances	10	13,546,870	13,446,602
		28,931,666	26,065,967
		<u>89,265,518</u>	<u>86,354,680</u>

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

CHIEF EXECUTIVE

Sud. D. Shami

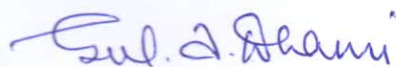
DIRECTOR

A. Qureshi

GUL DHAMI SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Notes	<u>2012</u> Rupees	<u>2011</u> Rupees
Brokerage Revenue		1,898,388	1,497,339
Capital (Loss)		(168,139)	(31,802)
Dividend Income		212,400	105,662
Income from other sources		2,155,942	826,152
Gain on sale of fixed assets		-	236,243
		<u>4,098,591</u>	<u>2,633,593</u>
Less:			
Administrative & Operating Expenses	11	4,203,010	3,976,559
Financial Expenses	12	4,906	15,854
Total charges		<u>4,207,917</u>	<u>3,992,413</u>
(LOSS) BEFORE TAXATION		(109,326)	(1,358,820)
Taxation		(18,984)	(4,096)
(LOSS) AFTER TAXATION		<u>(128,309)</u>	<u>(1,362,916)</u>
Previous Year Balance Brought Forward		(4,024,647)	(2,661,731)
Balance Carried to Balance Sheet		<u>(4,152,956)</u>	<u>(4,024,647)</u>
Basic (Loss) Per Share	13	<u>(0.02)</u>	<u>(0.17)</u>

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




CHIEF EXECUTIVE



DIRECTOR

GUL DHAMI SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Notes	<u>2012</u> Rupees	<u>2011</u> Rupees
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before taxation		(109,326)	(1,358,820)
Adjustment for:			
Depreciation		526,536	497,078
Loss on sale of Investments		168,139	31,802
Gain on sale of fixed assets		-	(236,243)
Cash flow from operating activities before working capital changes		585,350	(1,066,183)
Adjustments for working capital changes (Increase)/decrease in current assets:			
Trade debts		2,345,337	8,229,830
Advances Deposits & Other Receivables		(4,384,402)	238,067
		(2,039,065)	8,467,897
(Decrease) / Increase in current liabilities:			
Trade Creditor		2,673,025	1,971,177
Accrued Liabilities		56,368	129,262
		2,729,393	2,100,439
Tax Paid		(140,957)	(69,759)
Net Cash inflow / (outflow) from Operating Activities		1,134,721	9,432,394
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Fixed capital expenditure		(871,675)	(1,381,100)
Long Term Deposits		300,000	(100,000)
Sale Proceeds of Fixed Assets		-	558,000
Sale Proceeds of Investments		963,126	4,100,113
Purchase of Investments		(1,425,904)	(1,271,571)
Net Cash inflow / (outflow) from Investing Activities		(1,034,453)	1,905,442
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net Cash inflow from Financing Activities		-	-
NET INFLOW / (OUTFLOW) OF CASH		100,268	11,337,836
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		13,446,602	2,108,766
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10	13,546,870	13,446,602


CHIEF EXECUTIVE


DIRECTOR

GUL DHAMI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	CAPITAL		Accumulated loss	TOTAL
	Share Capital	Unrealised (loss) on available for sale investment		
(IN RUPEES)				
Balance as at June 30, 2010	78,150,000	(35,620)	(2,661,731)	75,452,649
After tax loss for the year 2011			(1,362,916)	(1,362,916)
Un-realized gain on available for sale investments		(165,042)		(165,042)
Realized on Disposal of Investments		46,934		46,934
Balance as at June 30, 2011	78,150,000	(153,728)	(4,024,647)	73,971,625
After tax loss for the year 2012			(128,309)	(128,309)
Un-realized gain on available for sale investments		277,450		277,450
Realized on Disposal of Investments		32,304		32,304
Balance as at June 30, 2012	78,150,000	156,026	(4,152,956)	74,153,069

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



CHIEF EXECUTIVE



DIRECTOR

GUL DHAMI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

Note

1 STATUS AND NATURE OF BUSINESS

The company has been incorporated as a private limited company in Pakistan on June 25, 2007. The principal business activities include business of brokerage, buying and selling of stocks, shares, modaraba certificates etc. The company vide take over agreement dated June 25, 2009 have taken over the business of Gul Abdullah Dhani.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of these accounts are summarized below:

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 Standard (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance 1984. In case requirement differ, the provision or directives of the Companies Ordinance, 1984, shall prevail.

Following Standards and amendments of approved accounting standards are effective for accounting period beginning on or after July 01, 2011. These Standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increase in disclosures in certain cases:

IFRS 7 Financial Instruments (Amendment)
IAS 1 Presentation of Financial Statements (Amendment)
IAS 24 (Revised) Relative party disclosure
IAS 12 (Amendment) Income Taxes;

2.2 Accounting convention

These accounts have been prepared under the historical cost convention except in case of investments held for trading / available for sale, which are stated at fair values.

The preparation of financial statements in conformity with International Accounting Standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets and liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Significant areas requiring the use of management estimates in the financial statements relate to provision for doubtful balances, provisions for income taxes, useful life and residual values of property plant and equipment. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in next year.

2.3 Fixed assets

All fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on reducing balance method at rates given in note No. 6. Depreciation on additions and deletions is charged on the basis of number of months the asset remain in use. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Gain / (Losses) on disposal of assets are taken to profit and loss account.

2.4 Rooms, Booth and Membership Card

These are stated at acquisition cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

2.5 Revenue Recognition

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

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income is recognized at the time when the right to receive dividend is established i.e. book closure of share transfer book of the company declaring dividend.

2.6 Trade Debts

Known bad debts are written off and provision is made against debts considered doubtful.

2.7 Investments

INVESTMENTS AVAILABALE FOR SALE

Available for sale investments are stated at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available for sale investments are recognized directly in equity until the investments are sold or disposed off, or until investments are determined to be impaired, at that time accumulative gain or loss previously reported in the equity is included in current years' profit and loss account.

All investments classified as available for sale are initially recognised at cost inclusive of transaction costs and subsequently quoted investments are marked to market using the last quoted rate at the close of the financial year. Fair value of unquoted investments is estimated based on appropriate

2.8 Taxation - Current

Charge for current taxation is based on taxable income at current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, in accordance with Income Tax Ordinance, 2001.

2.9 Dividend

Dividend is recognized as a liability in the period in which it is approved.

2.10 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 in hand, cash with banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

2.11 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the company loses control of its contractual rights that comprise the financial assets. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently.

2.12 Off Setting of Financial Assets and Financial Liabilities

A financial asset and a financial liability is set off and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

	2012 Rupees	2011 Rupees
3 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
35,000 Ordinary share of Rs. 10/- each fully paid in cash	350,000	350,000
7,780,000 Ordinary share of Rs. 10/- each issued for consideration other than cash	77,800,000	77,800,000
	<u>78,150,000</u>	<u>78,150,000</u>
4 UNREALISED PROFIT/(LOSS) ON AVAILABLE FOR SALE INVESTMENT		
Opening balance	(153,728)	(35,620)
Un-realized (loss) / gain on change in fair value of available for sale investments	277,450	(165,042)
Loss realized on disposal of available for sale investment	32,304	46,934
	<u>156,026</u>	<u>(153,728)</u>
5 CREDITORS, ACCRUALS AND OTHER LIABILITIES		
Creditors	14,790,919	12,117,895
Accruals and other payables	321,529	265,160
	<u>15,112,448</u>	<u>12,383,055</u>
6 OPERATING FIXED ASSETS		
At written down value	<u>2,503,852</u>	<u>2,158,713</u>
7 ROOMS, BOOTH AND MEMBERSHIP CARD		
Memberships		
Lahore Stock Exchange (Guarantee) Limited	40,000,000	40,000,000
Room		
Room at Lahore Stock Exchange (Guarantee) Limited	17,000,000	17,000,000
	<u>57,000,000</u>	<u>57,000,000</u>
8 MARKETABLE SECURITIES		
Available for sale Investments		
Shares of listed companies at book value as at June 30,	2,091,475	1,929,574
Unrealized (Loss) / Gain on remeasurement to market value	277,450	(165,042)
Shares of listed companies at fair value as at June 30,	<u>2,368,925</u>	<u>1,764,532</u>

	<u>2012</u> Rupees	<u>2011</u> Rupees
9 <u>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE</u>		
Advances to Employees	99,962	294,666
Advance tax	190,794	68,821
Other receivable	4,579,106	-
	<u>4,869,862</u>	<u>363,487</u>
10 <u>CASH AND BANK BALANCES</u>		
Cash in hand	-	1,576,944
Cash at bank	13,546,870	11,869,658
	<u>13,546,870</u>	<u>13,446,602</u>
11 <u>ADMINISTRATIVE & OPERATING EXPENSES</u>		
Directors Remuneration	1,044,000	878,352
Salaries and other benefits	1,429,900	1,518,000
Professional Charges	96,100	123,500
Laga Charges	-	809
CDC Charges	171,917	172,603
NCCPL Charges	106,164	64,711
Entertainment expenses	43,543	78,778
Miscellaneous	116,542	9,836
Printing and stationery	92,090	30,012
Repair and Maintenance	308,780	294,454
Travelling and Conveyance	3,052	1,050
Telephone, Postage and Electricity Charges	189,386	232,375
Audit fee	75,000	75,000
Depreciation	526,536	497,078
	<u>4,203,010</u>	<u>3,976,559</u>
12 <u>FINANCIAL EXPENSES</u>		
Bank charges	4,906	15,854
	<u>4,906</u>	<u>15,854</u>
13 <u>BASIC LOSS PER SHARE</u>		
There is no dilutive effect on the basic loss per share of the company, which is based on :		
(Loss) after taxation	<u>(128,309)</u>	<u>(1,362,916)</u>
Weighted average number of Ordinary shares	<u>7,815,000</u>	<u>7,815,000</u>
(Loss) per share (Rupees)	<u>(0.02)</u>	<u>(0.17)</u>

14 REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

The aggregate amount charged in the accounts during the year for remuneration including benefits to Executives is as follows:

	June 30, 2012		June 30, 2011	
	Chief Executive	Directors	Chief Executive	Directors
Remuneration	348,000	696,000	301,124	577,228
	<u>348,000</u>	<u>696,000</u>	<u>301,124</u>	<u>577,228</u>
Number of Persons	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

No meeting fee has been paid to any director of the company during the year (2011: Rs. Nil).

Chief Executive is provided with company maintained car for business use.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a variety of financial risk including capital risk, credit risk, liquidity risk and market risk. The objective of financial risk management is to minimize potential adverse effects on the financial performance of the company. The company finances its operation through equity, borrowings and management of working capital with a view to maintain reasonable mix between the various sources of finance to minimize risk.

15.1 CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. The company believes that it is not expose to major concentration of credit risk. To manage exposure to credit risk, company applies credit limits and deal with credit worthy parties.

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

	<u>2012</u> Rupees	<u>2011</u> Rupees
Long Term Deposits	830,000	1,130,000
Investment in Marketable Securities	2,368,925	1,764,532
Trade Debts	8,146,009	10,491,346
Advances, Deposits and Other Receivables	4,869,862	363,487
Cash and Bank Balances	13,546,870	13,446,602
	<u>29,761,665</u>	<u>27,195,967</u>

15.2 LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The company manages its liquidity risk exposure by having diversified funding sources and assets are managed with liquidity in mind. To ensure adequate liquidity, the maturity profile is monitored on continuous basis.

The following are the contractual maturities of the financial liabilities;

	<u>2012</u> Maturity upto One Year Rupees	<u>2011</u> Maturity upto One Year Rupees
Trade & Other Payables	15,112,448	12,383,055
	<u>15,112,448</u>	<u>12,383,055</u>

15.3 MARKET RISK

Market risk means that fair value of 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 risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and price risk. The market risk associated with the company's business activities are discussed as under:

Foreign Exchange Risk Management

The company does not obtain any forward exchange cover, furthermore, the company is not making any transaction in foreign currencies, therefore, the company is not exposed to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that value of financial instrument or future cash flow of a financial instrument will fluctuate due to changes in interest rates. The company does not avail any interest base borrowings, therefore, company is not expose to interest rate risk.

Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is expose to equity price risk since it has investments in quoted equity securities amounting to Rs. 1.764 Million (2010: Rs. 4.743 Million) at the balance sheet date. The company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

15.4 CARRYING VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments are carried at approximate fair values.

16 CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders: and to maintain strong capital base to support the development of its business.

The company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the company may adjust amount of dividend paid to shareholders or issue new shares. The company is not subject to externally imposed capital requirements.

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2012 by the Board of Directors of the Company.

18 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR

NOTE 6. SCHEDULE OF TANGIBLE FIXED ASSETS

PARTICULARS	COST			RATE %	DEPRECIATION			Written Down Value as at 30/06/2012 Rupees
	As on 01/07/2011 Rupees	Additions/ (Deletions) Rupees	Up To 30/06/2012 Rupees		As on 01/07/2011 Rupees	Charged for the year Rupees	Up to 30/06/2012 Rupees	
Furniture and fixture	296,707		296,707	10	80,492	21,622	102,113	194,594
Office equipment	206,148		206,148	10	42,714	16,343	59,057	147,091
Computers	850,089	25,800	875,889	30	536,788	95,768	632,556	243,333
Vehicles	1,957,660	845,875	2,803,535	20	491,898	392,804	884,701	1,918,834
As at JUNE 30, 2012	3,310,604	871,675	4,182,279		1,151,891	526,536	1,678,427	2,503,852
As at JUNE 30, 2011	2,508,504	1,381,100	3,310,604		654,814	497,078	1,151,891	2,158,713

Sul. A. Akrami

A Amm