



FAZAL MAHMOOD & COMPANY
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GUL DHAMI SECURITIES (PRIVATE) LIMITED** as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said 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, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

LAHORE: 01 October 2013



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

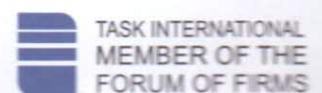
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GUL DHAMI SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT 30 JUNE 2013

	NOTE	2013 Rupees	2012 Rupees		NOTE	2013 Rupees	2012 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	4	78,150,000	78,150,000				
Reserves		(2,810,716)	(3,996,931)				
		75,339,284	74,153,069				
CURRENT LIABILITIES							
Trade and other payables	6	12,491,155	15,112,448				
Contingencies and commitments	7	-	-				
		<u>87,830,440</u>	<u>89,265,518</u>				
ASSETS							
NON CURRENT ASSETS							
Tangible							
Property and equipment	8	2,063,098	2,503,852				
Long term deposits		1,230,000	830,000				
Long term investments	9	8,439,750	-				
		11,732,848	3,333,852				
Intangible							
License to use rooms	10	17,000,000	17,000,000				
Membership card	11	-	40,000,000				
Trading right entitlement certificate	12	31,560,250	-				
		48,560,250	57,000,000				
CURRENT ASSETS							
Investments in marketable securities	13	3,538,800	2,368,925				
Trade debts - unsecured considered good		5,450,263	8,146,009				
Advances, deposits, prepayments and other receivables	14	4,903,978	4,869,862				
Cash and bank balances	15	13,644,301	13,546,870				
		27,537,342	28,931,665				
		<u>87,830,440</u>	<u>89,265,518</u>				

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

Saul. A. Akbari
 CHIEF EXECUTIVE

A. Akbari
 DIRECTOR

GUL DHAMI SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	<u>2013</u> Rupees	<u>2012</u> Rupees
Brokerage revenue		2,346,505	1,898,388
Capital (loss)		(643)	(168,139)
Dividend Income		378,144	212,400
Income from other sources		<u>1,543,682</u>	<u>2,155,942</u>
		<u>4,267,688</u>	<u>4,098,591</u>
Administrative and operating expenses	16	4,238,992	4,203,010
Finance cost	17	3,165	4,906
		<u>4,242,157</u>	<u>4,207,917</u>
Profit / (loss) before taxation		25,531	(109,326)
Taxation		<u>(11,733)</u>	<u>(18,984)</u>
Profit / (loss) after taxation		<u>13,798</u>	<u>(128,309)</u>
Basic and diluted earning / (loss) per share	18	<u>0.002</u>	<u>(0.02)</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 30 JUNE 2013

	Notes	<u>2013</u> Rupees	<u>2012</u> Rupees
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit / (loss) before taxation		25,531	(109,326)
Adjustment for:			
Depreciation		498,453	526,536
Loss on sale of Investments		643	168,139
Cash flow from operating activities before working capital changes		524,626	585,350
Adjustments for working capital changes			
(Increase)/decrease in current assets:			
Trade debts		2,695,746	2,345,337
Advances Deposits & Other Receivables		44,776	(4,384,402)
		2,740,522	(2,039,065)
(Decrease) / Increase in current liabilities:			
Trade and other payables		(3,125,923)	2,673,025
Accrued Liabilities		504,630	56,368
		(2,621,293)	2,729,393
Taxes Paid		(94,823)	(140,957)
Net Cash inflow / (outflow) from Operating Activities		549,032	1,134,721
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Fixed capital expenditure		(53,500)	(871,675)
Long Term Deposits		(400,000)	300,000
Sale Proceeds of Investments		1,899	963,126
Purchase of Investments		-	(1,425,904)
Net Cash inflow / (outflow) from Investing Activities		(451,601)	(1,034,453)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net Cash inflow from Financing Activities		-	-
NET INFLOW / (OUTFLOW) OF CASH		97,431	100,268
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		13,546,870	13,446,602
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	13,644,301	13,546,870


CHIEF EXECUTIVE



DIRECTOR

GUL DHAMI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Reserves		Sub - Total	Total	
	Revenue	Other			
	Share capital	Accumulated (loss)	Unrealized loss on investments		
Balance as at 01 July 2011	78,150,000	(4,024,647)	(153,728)	(4,178,375)	73,971,625
Profit after taxation		(128,309)	-	(128,309)	(128,309)
Other comprehensive income		-	309,754	309,754	309,754
Balance as at 30 June 2012	78,150,000	(4,152,956)	156,026	(3,996,931)	74,153,069
Profit after taxation		13,798	-	13,798	13,798
Other comprehensive income		-	1,172,417	1,172,417	1,172,417
Balance as at 30 June 2013	78,150,000	(4,139,158)	1,328,443	(2,810,716)	75,339,284

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



Gul D. Dhani
 CHIEF EXECUTIVE



 DIRECTOR

GUL DHAMI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	-----Rupees-----	
Profit / (loss) for the year	13,798	(128,309)
Other comprehensive income		
<i>Items to be reclassified to profit and loss in subsequent periods</i>		
Net gain / (loss) on revaluation of available for sale investments	1,171,125	277,450
Realized on disposal	1,292	32,304
	1,172,417	309,754
Total comprehensive income for the year	1,186,215	181,444

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 30 JUNE 2013

Note

1. STATUS AND NATURE OF BUSINESS

The company is incorporated as a private limited company in Pakistan. The company is a Trading Right Entitlement Certificate Holder of the Lahore Stock Exchange Limited. The registered office of the company is situated at room no. 105, first floor, Stock Exchange Building, 19 - Khyaban-e-Aiwan-e-Iqbal Road, Lahore. It is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares, modaraba certificates, etc.

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 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.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except otherwise stated in relevant notes.

2.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Pakistan Rupee (Rs).

2.4 New and amended standards and interpretations become effective

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements.

2.5 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<u>Standard or Interpretation</u>	<u>Effective Date (Annual periods beginning on or after)</u>
IFRS 7 - Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19 - Employee Benefits – (Amendment)	01 January 2013
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

2.6 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan

<u>Standard or Interpretation</u>	<u>Effective Date (Annual periods beginning on or after)</u>
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013

2.7 Use of estimate and judgment

The preparation of financial statements in conformity with International Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts 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. 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. Significant areas requiring the use of management estimates in the financial statements relates to provision for doubtful balances, provision for income taxes, useful life and residual values of property plant and equipment. However, assumptions and judgment made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in next year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment and depreciation

Property and equipment is stated at cost less accumulated depreciation and impairment loss, if any. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Depreciation on addition and deletion is charged on the basis of number of months the asset remains in use of the company. Assets' residual values, useful life's and depreciation rates are reviewed and adjusted, if appropriate, at each balance sheet date. Any impairment loss, or its reversal, is also charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' carrying amount less the residual value over its estimated useful life. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit and loss account.

3.2 Intangible assets - infinite useful life

(a) Membership cards

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.

(b) Trading rights entitlement certificate

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated impairment, if any. Cost on initial recognition in an acquisition transaction is determined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of asset acquisition. When there is an exchange of assets and the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up. 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.

(c) License to use rooms

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.

3.3 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current.

a) Long term investments available for sale

These represent shares in Lahore Stock Exchange Limited, a public unlisted company, therefore they have been stated at cost. Cost is determined as the value of the membership card with which it has been exchanged.

b) Short term investments available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to profit and loss account.

3.4 Trade debts

These are stated net of provision. Full provisions are made against the debts considered doubtful. This includes receivable from members of stock exchange and customers.

3.5 Other receivables

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amount.

3.6 Revenue recognition

Brokerage fee are recognized as and when services are provided. Capital gains or losses on sale of investment are taken to income in the year in which they arise. Dividend income is recognized when the right to receive the dividend is established. Return on securities other than shares is recognized as and when it is due on accrual basis.

3.7 Borrowing cost

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

3.8 Foreign currency translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in profit and loss account for the year.

3.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.10 Taxation

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.11 Provisions

Provisions are recognized when the company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and are reliable estimate of the amount can be made.

3.12 Impairment

(a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. 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.

(b) Non- Financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.13 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognized in the financial statements in the period in which these are approved.

3.14 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.

3.15 Earning per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.16 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. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. 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. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

3.17 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is off set 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.

	2013 Rupees	2012 Rupees
4 <u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>		
35,000 ordinary shares 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	<u>77,800,000</u>	<u>77,800,000</u>
	<u><u>78,150,000</u></u>	<u><u>78,150,000</u></u>
5 <u>UNREALISED PROFIT/(LOSS) ON AVAILABLE FOR SALE INVESTMENT</u>		
Opening balance	156,026	(153,728)
Un-realized gain on revaluation of available for sale investments	1,171,125	277,450
Gain realized on disposal of available for sale investment	<u>1,292</u>	<u>32,304</u>
	<u><u>1,328,443</u></u>	<u><u>156,026</u></u>
6 <u>TRADE AND OTHER PAYABLES</u>		
Creditors	11,664,997	14,790,919
Accruals and other payables	<u>826,159</u>	<u>321,529</u>
	<u><u>12,491,155</u></u>	<u><u>15,112,448</u></u>
7 <u>CONTINGENCIES AND COMMITMENTS</u>		
There are no contingencies and commitments at the the balance sheet date (2012: Rs Nil)		

8 **PROPERTY AND EQUIPMENT**

Net carrying value basis

Year ended 30 June 2013

	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
Opening net book value (NBV)	194,593	147,091	247,533	1,918,833	2,508,050
Additions (at cost)	-	-	53,500	-	53,500
Disposals	-	-	-	-	-
Depreciation	(19,459)	(14,709)	(80,517)	(383,767)	(498,452)
Closing net book value (NBV)	175,134	132,382	220,516	1,535,066	2,063,098

Gross carrying value basis

At 30 June 2013

Cost	296,707	206,148	929,390	2,803,535	4,235,780
Accumulated depreciation	(121,573)	(73,766)	(708,874)	(1,268,469)	(2,172,682)
Net book value (NBV)	175,134	132,382	220,516	1,535,066	2,063,098
Annual Rate of Depreciation %	10%	10%	30%	20%	

Net carrying value basis

Year ended 30 June 2012

Opening net book value (NBV)	216,215	163,434	313,301	1,465,762	2,158,712
Additions	-	-	25,800	845,875	871,675
Disposal	-	-	-	-	-
Depreciation	(21,621)	(16,343)	(95,768)	(392,803)	(526,535)
Closing net book value (NBV)	194,594	147,091	243,333	1,918,834	2,503,852

Gross carrying value basis

At 30 June 2012

Cost	296,707	206,148	875,889	2,803,535	4,182,279
Accumulated depreciation	(102,113)	(59,057)	(632,556)	(884,701)	(1,678,427)
Net book value (NBV)	194,594	147,091	243,333	1,918,834	2,503,852

9 **LONG TERM INVESTMENTS**

Available for sale investment - at cost

Rs 10 Ordinary shares in Lahore Stock Exchange Limited:

	2013	2012
	Rupees	Rupees
843,975 Ordinary shares of Lahore Stock Exchange Limited (refer note 12.1)	8,439,750	-
	8,439,750	-

9.1 This includes 506,385 shares that are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future.

10 **LICENSE TO USE ROOMS**

Lahore Stock Exchange Limited	17,000,000	17,000,000
	17,000,000	17,000,000

11 **MEMBERSHIP CARD**

Lahore Stock Exchange Limited	-	40,000,000
	-	40,000,000

12 **TRADING RIGHT ENTITLEMENT CERTIFICATE**

Lahore Stock Exchange Limited	31,560,250	-
	31,560,250	-

12.1 This represents trading rights in Lahore stock exchange limited which have replaced membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012(the 2012 Act). Before demutualization the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards have now been replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange. As result 843,975 shares of Rs.10/- each have been allotted to the Company out of which 60% of the shares are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% are available to members with no condition on their future sale. The Institute of Chartered Accountants of Pakistan in its technical guide dated 25 February 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however once sold it would not be sellable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

Taking to account the above factors and in the absence of an active market for determining fair value of TREC and shares, the value of the TREC and shares have thus been initially measured at the value of the membership card with which they have been exchanged and subsequently carried at cost. For this purpose, the value of the membership card has first been allocated to shares @ Rs.10/- per share being the par value of shares with the remaining value being allocated to TREC. Resultantly the shares have been recognized at Rs. 8.439 million and TREC at Rs. 31.560 million. Further, in order to comply with the Base Minimum Capital requirements, the company has mortgaged TREC and is in the process of pledging 40% (337,590 shares) of LSE amounting to Rs 4,000,000 & Rs 3,821,181 respectively, being the notional values assigned to these assets by LSE for BMC purpose.

	<u>2013</u>	<u>2012</u>
	Rupees	Rupees
13 <u>INVESTMENTS IN MARKETABLE SECURITIES</u>		
<u>Available for sale Investments</u>		
Shares of listed companies at book value as at June 30	2,367,675	2,091,475
Unrealized (Loss) / Gain on remeasurement to market value	1,171,125	277,450
Shares of listed companies at fair value as at June 30	<u>3,538,800</u>	<u>2,368,925</u>
14 <u>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</u>		
Advances to Employees	50,987	99,962
Advance tax	273,885	190,794
Other receivable	4,579,106	4,579,106
	<u>4,903,978</u>	<u>4,869,862</u>
15 <u>CASH AND BANK BALANCES</u>		
Cash in hand	-	-
Cash at bank	13,644,301	13,546,870
	<u>13,644,301</u>	<u>13,546,870</u>
16 <u>ADMINISTRATIVE & OPERATING EXPENSES</u>		
Directors Remuneration	1,044,000	1,044,000
Salaries and other benefits	1,489,610	1,429,900
Professional & Legal Charges	138,900	96,100
CDC Charges	193,220	171,917
NCCPL Charges	90,615	106,164
Entertainment expenses	57,996	43,543
Miscellaneous	56,309	116,542
Printing and stationery	9,345	92,090
Repair and Maintenance	250,580	308,780
Travelling and Conveyance	4,850	3,052
Telephone, Postage and Electricity Charges	330,114	189,386
Audit fee	75,000	75,000
Depreciation	498,453	526,536
	<u>4,238,992</u>	<u>4,203,010</u>

	<u>2013</u> Rupees	<u>2012</u> Rupees
17 FINANCE COST		
Bank charges	3,165	4,906
	<u>3,165</u>	<u>4,906</u>
18 BASIC EARNING / (LOSS) PER SHARE		
There is no dilutive effect on the basic loss per share of the company, which is based on :		
Profit / (loss) after taxation	13,798	(128,309)
	<u>13,798</u>	<u>(128,309)</u>
Weighted average number of ordinary shares	7,815,000	7,815,000
	<u>7,815,000</u>	<u>7,815,000</u>
Earning / (Loss) per share (Rupees)	0.002	(0.02)
	<u>0.002</u>	<u>(0.02)</u>

19 REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

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

	30 June 2013		30 June 2012	
	Chief Executive	Directors	Chief Executive	Directors
Remuneration	348,000	696,000	348,000	696,000
	<u>348,000</u>	<u>696,000</u>	<u>348,000</u>	<u>696,000</u>
Number of Persons	1	2	1	2
	<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 (2012: Rs. Nil).

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

20 FINANCIAL RISK MANAGEMENT

20.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Board monitors frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

20.2 Financial assets and liabilities by category and their respective maturities

	30 June 2013		30 June 2012	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
<u>Financial Assets</u>				
Long term deposits	-	1,230,000	-	830,000
Long term investments	-	8,439,750	-	-
Investments in marketable securities	3,538,800	-	2,368,925	-
Trade debts - unsecured and considered good	5,450,263	-	8,146,009	-
Advances, deposits, prepayments and other receiva	4,630,093	-	4,679,068	-
Cash at bank	13,644,301	-	13,546,870	-
	<u>27,263,457</u>	<u>9,669,750</u>	<u>28,740,871</u>	<u>830,000</u>
<u>Financial liabilities</u>				
Trade and other payables	12,491,155	-	15,112,448	-
	<u>12,491,155</u>	<u>-</u>	<u>15,112,448</u>	<u>-</u>

20.3 Fair Values

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.

20.4 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

20.4.1 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worth counterparties thereby mitigating any significant concentrations of credit risk.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, short term investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Chief Executive / Sole Director. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

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

	<u>2013</u>	<u>2012</u>
	<u>Rupees</u>	<u>Rupees</u>
Long term deposits	1,230,000	830,000
Long term investments	8,439,750	-
Investments in marketable securities	3,538,800	2,368,925
Trade debts - unsecured and considered good	5,450,263	8,146,009
Advances, deposits, prepayments and other receivables	4,630,093	4,679,068
Cash at bank	<u>13,644,301</u>	<u>13,546,870</u>
	<u>36,933,207</u>	<u>29,570,871</u>

No provision has been made against trade debts as these are considered good.

20.4.2 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. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of the financial liabilities:

Trade and other payables

	2013	2012
	Maturity up	Maturity up
	One Year	One Year
	Rupees	Rupees
	<u>12,491,155</u>	<u>15,112,448</u>
	<u>12,491,155</u>	<u>15,112,448</u>

It is not expected that the cash flow included in the maturity analysis could occur significantly earlier or at significantly different amounts.

20.4.3 MARKET RISK

Market risk means that fair value of future cash flows of a financial instrument with 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

Currency Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The company is not significantly exposed to interest rate risks the company does not have interest bearing borrowing facilities.

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. 3.538 Million (2012: Rs. 2.368) 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.

21 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 the shareholder 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.

22 NUMBER OF EMPLOYEES

Number of employees at year end

5

5

Average number of employees during the year

6

5

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 01 October 2013 by the Board of Directors of the company.

24 CORRESPONDING FIGURES

Corresponding figures have been re-arranged wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

25 FIGURES

- Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR