

Pearl Securities Limited
Financial Statements
for the year ended 30 June 2013

Junaidy Shoaib Asad

Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of Pearl Securities Limited ("the Company") as at 30th 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 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 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 misstatements. An audit includes examining, on a test basis, evidence supporting 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;

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 June 30, 2013 and of the profit, cash flows and changes in equity for the year then ended; and



Junaidy Shoaib Asad

Chartered Accountants

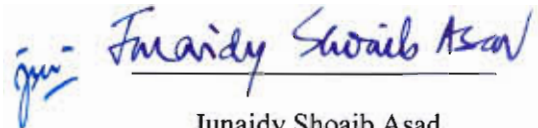
d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements of the Company for the year ended June 30, 2012 were audited by another firm of chartered accountants who had expressed an unqualified opinion in its audit report dated September 29, 2012.

Date:

06 September, 2013

Karachi



Junaidy Shoaib Asad
Chartered Accountants
Farrukh V. Junaidy

PEARL SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2013

	Notes	2013	2012
		----- Rupees -----	
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital		500,000,000	500,000,000
50,000,000 (30 June 2012: 50,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital	4	144,136,000	144,136,000
Unappropriated profit		115,962,456	105,851,612
		260,098,456	249,987,612
NON - CURRENT LIABILITIES			
Long term loan	5	-	105,335,004
CURRENT LIABILITIES			
Trade creditors, accrued expenses and other liabilities	6	749,228,260	1,254,978,057
Accrued mark-up		59,930,161	72,380,430
Short term borrowings	7	2,925,130,770	3,318,605,870
Taxation - net		9,715,986	-
		3,744,005,177	4,645,964,357
Contingencies and commitments	8		
		4,004,103,633	5,001,286,973
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	9	26,499,944	21,451,802
Intangibles	10	621,795	21,281,135
Trading right entitlement certificate	11	20,500,000	-
Long term deposits	12	5,405,000	4,955,000
		53,026,739	47,687,937
CURRENT ASSETS			
Short term investment	13	880,800,026	-
Receivable from customers	14	3,032,924,879	4,926,556,248
Advances, deposits, prepayments and other receivables	15	29,418,854	15,064,542
Taxation - net		-	4,952,129
Cash and bank balances	16	7,933,135	7,026,117
		3,951,076,894	4,953,599,036
		4,004,103,633	5,001,286,973

The annexed notes from 1 to 28 form an integral part of these financial statements.

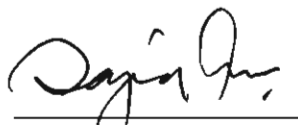

CHIEF EXECUTIVE


DIRECTOR

PEARL SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	<i>Notes</i>	2013	2012
		----- Rupees -----	
Operating revenue	17	698,213,448	606,952,687
Administrative and operating expenses	18	(131,883,960)	(79,090,790)
Operating profit		<u>566,329,488</u>	<u>527,861,897</u>
Finance cost	19	(520,412,671)	(486,076,547)
		<u>45,916,817</u>	<u>41,785,350</u>
Other income	20	39,380,813	13,020,378
Profit before taxation		<u>85,297,630</u>	<u>54,805,728</u>
Taxation			
- Current	21	(39,169,555)	(20,245,777)
- Deferred		-	(5,275,011)
		<u>(39,169,555)</u>	<u>(25,520,788)</u>
Profit after taxation		<u><u>46,128,075</u></u>	<u><u>29,284,940</u></u>
Earnings per share - basic and diluted	23	<u><u>3.20</u></u>	<u><u>2.03</u></u>

The annexed notes from 1 to 28 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

PEARL SECURITIES LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	----- Rupees -----	
Profit after taxation	46,128,075	29,284,940
Unrealised loss on available for sale investment	(10,793,431)	-
Total comprehensive income	<u>35,334,644</u>	<u>29,284,940</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.




 CHIEF EXECUTIVE


 DIRECTOR

PEARL SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED ON JUNE 30, 2013

Notes

2013
2012

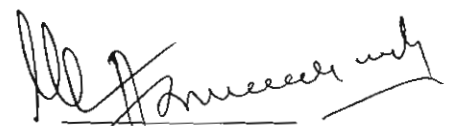
----- Rupees -----

CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	85,297,630	54,805,728
Adjustments for :		
Depreciation	2,534,433	2,744,564
Amortization	159,341	227,630
Bad debts written off	15,614,333	-
Gain on disposal of asset	(1,257,700)	-
Finance cost	520,412,671	486,076,547
	537,463,078	489,048,741
<i>(Increase) / decrease in current assets:</i>		
Receivable from customers	1,878,017,036	(875,845,047)
Advances, deposits, prepayments and other receivables	(14,354,312)	(9,728,198)
<i>Increase / (decrease) in current liabilities:</i>		
Trade creditors, accrued and other liabilities	(505,749,798)	291,744,006
Short term borrowing	(393,475,100)	647,059,283
	964,437,826	53,230,044
Financial charges paid	(532,862,940)	(473,177,327)
Taxes paid	(24,501,440)	(32,078,173)
Net cash generated from operating activities	1,029,834,154	91,829,013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(8,029,875)	(430,491)
Proceeds from disposal of fixed asset	1,705,000	-
Short term investment	(891,593,457)	-
Long term deposits	(450,000)	-
Net cash generated from investing activities	(898,368,332)	(430,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(25,223,800)	(10,810,200)
Repayment of long term loan	(105,335,004)	(83,765,754)
Net cash used in financing activities	(130,558,804)	(94,575,954)
Net increase/(decrease) in cash and cash equivalents	907,018	(3,177,432)
Cash and cash equivalents at the beginning of the year	7,026,117	10,203,549
Cash and cash equivalents at the end of the year	7,933,135	7,026,117

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The annexed notes from 1 to 28 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

PEARL SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON JUNE 30, 2013

	Issued, subscribed & paid-up capital	Unappropriated profit	Total Equity
	Rupees		
Balance as at July 1, 2011	144,136,000	87,376,872	231,512,872
Total comprehensive income for the year:			
Profit for the year after taxation	-	29,284,940	29,284,940
Final Dividend for the year ended June 30, 2011 at the rate of Rs. 0.75 per share		(10,810,200)	-
Balance as at June 30, 2012	144,136,000	105,851,612	260,797,812
Total comprehensive income for the year:			
Profit for the year after taxation	-	46,128,075	46,128,075
Unrealised loss on available for sale investment	-	(10,793,431)	(10,793,431)
Final Dividend for the year ended June 30, 2012 at the rate of Rs. 1.75 per share	-	(25,223,800)	(25,223,800)
Balance as at June 30, 2013	144,136,000	115,962,456	270,908,656

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PEARL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

Pearl Securities Limited ("the Company") was incorporated as a private limited company on May 8, 2000 under the Companies Ordinance, 1984 and was subsequently converted into a public limited company on April 27, 2009. The registered office of the Company is situated at 204, 2nd floor, Business and Finance Centre, I.I. Chundrigar Road, Karachi.

The Company is a corporate member of Karachi Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the Company include equity brokerage services, commodities brokerage services, inter-bank brokerage services and consultancy services.

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 such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention except for short term investments which are stated at fair value.

2.3. Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the company. All financial information presented in Pakistan Rupees has been rounded off to the nearest Rupee.

2.4. Use of estimates and judgements

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 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 the 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.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the subsequent years are disclosed in the following areas in these financial statements.

	Note
a) Useful life of property and equipment	10
b) Impairment of doubtful debts	15
c) Provision for taxation	22

2.5. Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to approved accounting standards that became effective during the year

The following amendment to approved accounting standards has been published and is mandatory for the Company's accounting periods beginning on or after July 1, 2012:

IAS 1, 'Financial statement presentation' (effective from periods beginning on or after July 01, 2012). The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

b) Other standards and amendments to published standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to published standards are effective for the accounting periods beginning on or after July 1, 2013 (although available for early adoption) and have not been early adopted by the Company:

- IAS 1 (Amendment) 'Financial statement presentation' (effective from

periods beginning on or after January 1, 2013). The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: (i) as required by IAS 8 'Accounting policies, changes in accounting estimates and errors'; or (ii) voluntarily. It is unlikely that the amendment will have any effect on the Company's financial statements.

- IAS 16 (Amendment) 'Property, plant and equipment' (effective from periods beginning on or after January 1, 2013). The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The Company's current policies and disclosures are in line with this amendment.
- The revised International Accounting Standard (IAS) 19, Employee Benefits, is effective from the financial year commencing 01 January 2013. The revised standard requires that actuarial gains/loss should be recognised in other comprehensive income (OCI). The option of corridor method has been removed. The amendments also require additional disclosures and retrospective application with certain exceptions. It is unlikely that the amendment will have any effect on the Company's financial statements.
- IAS 32 (Amendment) 'Financial instruments: Presentation' (effective from periods beginning on or after January 1, 2013). This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial statements.
- IAS 32 (Amendment) 'Financial instruments: Presentation' (effective from periods beginning on or after January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial statements.
- IAS 34 (Amendment) 'Interim financial reporting' (effective from periods beginning on or after January 1, 2013). The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.
- IAS 36 (Amendment) 'Impairment of Assets' Recoverable Amount Disclosures for Non-Financial Assets (effective for periods beginning on or after January 01, 2014). These narrow-scope amendments to IAS 36 'Impairment of Assets' address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial

statements.

- IAS 39 (Amendment) 'Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting' (effective for periods beginning on or after January 01, 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial statements.
- IFRS 7, 'Financial instruments: Disclosures' (effective for periods beginning on or after January 1, 2013). These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial statements.
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' (effective for annual periods beginning on or after January 1, 2013) - This interpretation applies to all types of natural resources that are extracted using a surface mine activity process, and addresses the issues pertaining to the recognition of production stripping cost as an asset, initial measurement of stripping activity at cost and subsequent measurement of stripping activity asset at depreciated or amortized cost based on a systematic basis over the expected useful life of the identified component of ore body. The IFRIC will not have any impact on the financial statements of the Company.
- IFRIC 21 - Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for periods beginning on or after January 01, 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Other than the aforesaid standards and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been

adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Property and equipment

Owned assets

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged on all assets applying reducing balance method at the rates specified in note 10 to the financial statements. Depreciation on additions during the year is charged from the month in which asset is available for use whereas no depreciation is charged for the month in which asset is disposed off.

Gains or losses on disposal of assets is recognized in profit and loss account.

Maintenance and normal repairs are charged to income as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

The residual value, depreciation method, useful life of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate at each balance sheet date.

3.2. Intangible assets and amortization

Amortization is charged from the month of addition to the month proceeding the month of retirement / disposal.

3.3. Rooms and membership cards

These intangible assets are stated at revalued amount. Provisions are made for decline in value, other than temporary, if any in the value of these assets.

3.4. Borrowing costs

Borrowing costs are interest or other costs incurred by the company in connection with the

borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

3.5. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are recognised initially at cost including associated transaction costs except that are incurred on financial assets and liabilities at fair value through profit or loss, which is the fair value of the consideration given for it.

The financial assets and financial liabilities are measured subsequently as described below:

3.6. Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- held to maturity;
- available-for-sale financial assets; and
- at fair value through profit or loss including held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity and the company has a positive intent and ability to hold these investments till maturity. After Initial recognition, these are carried at amortized cost.

Available for sale

Investments intended to be held for indefinite period of time, which may be sold on response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to other comprehensive income until the investment is derecognized.

Fair value of the units of mutual funds is determined on the basis of redemption price of the

respective units at the valuation date.

Financial assets at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in prices are also classified as 'at fair value through profit or loss' or 'held for trading'.

Financial assets in this category are measured at fair value with gains or losses recognised in profit and loss account. These investments are marked to market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to the profit and loss account for the year.

3.7. Impairment of financial assets

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, if no impairment loss had been recognised.

3.8. De-recognition

Financial assets are derecognized at the time when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account immediately.

3.9. Off setting

Financial assets and liabilities are off set and the net amount is reported in the balance sheet if the company has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10. Investments

Investments are recognised initially at cost including transaction costs associated with the investments except that are incurred on investments at fair value through profit or loss, which is the fair value of the consideration given for it.

Investment in subsidiary companies

Subsidiaries are those enterprises in which the parent company directly or indirectly controls , beneficially owns or holds more than 50% of the voting securities or otherwise has power to

elect and appoint more than 50% of its directors.

The investments in subsidiary companies are stated at cost and the carrying amount is adjusted for impairment, if any, to the recoverable amounts of such investments.

3.11. Long term deposits

These are stated at cost which represents the fair value of consideration given.

3.12. Receivable from customers

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

3.13. Impairment

The company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.14. Taxation

Current

Provision for current taxation is based on the 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 after taking into account tax credits, rebates and exemptions, if any. 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

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised 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.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.15. Revenue recognition

- Brokerage and commission income is recognised as and when such services are provided.
- Dividend income is recognised at the time when the right to receive dividend is established.
- Interest income is recognised on a time proportion basis that takes into account the effective yield.
- Income on continuous funding system is recognised on an accrual basis.
- Underwriting commission is recognised when the agreement is executed.
- All other incomes are recognised on an accrual basis.

3.16. Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.17. Creditors, accrued and accrued liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.18. Dividend

Dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

3.19. Cash

Cash and cash equivalent are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprises of cash in hand and bank balances.

3.20. Related party transactions

Transactions with related parties are carried out by the company on arm's length basis.

3.21. Investment property

Investment property is measured initially at its cost, including related transaction cost.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the income statement. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

	2013	2012
	----- Rupees -----	
4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
14,413,600 (2012:14,413,600) ordinary shares of Rs.10 each fully paid in cash	<u>144,136,000</u>	<u>144,136,000</u>
5. LONG TERM LOAN		
This represents funds borrowed under repurchase arrangement for meeting working capital requirements. The facility availed for 13 months carried markup at the rate of 12.25% per annum. During the year, management decided to make early repayment of the loan and accordingly loan amount including markup was paid during the year. The loan was secured against lien on treasury bills amounting to Rs. 111 million.		
6. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors for purchase of shares	725,806,447	1,241,715,869
Payable to Karachi Stock Exchange Limited	43,615	22,927
Payable to Government of Khyber Pakhtunkhwa	1,578,203	1,486,201
Sindh sales tax on brokerage services	3,218,986	847,458
Commission payable to traders	10,737,519	4,064,358
Accrued and other liabilities	7,843,490	6,841,244
	<u>749,228,260</u>	<u>1,254,978,057</u>
7. SHORT TERM BORROWINGS		
<i>From Banking Companies - Secured</i>		
Bank Islami Pakistan Limited	7.1	-
Bank Al-Falah Limited	7.2	25,927,990
Summit Bank Limited	7.3	577,040,024
JS Bank Limited	7.4	43,490,677
NIB Bank Limited	7.5	465,818,387
Silk Bank Limited	7.6	1,146,569,447
Sindh Bank Limited	7.7	248,788,198
Askari Bank Limited	7.8	47,496,047

From Investment Companies - Secured

Pak Brunei Investment Company Limited	7.9	-	88,200,000
Pak Libya Holding Company (Private) Limited	7.10	50,000,000	50,000,000
Pak Oman Investment Company Limited	7.11	220,000,000	434,600,862
Saudi Pak Industrial & Agricultural Investment Company Limited	7.12	100,000,000	-
		<u>2,925,130,770</u>	<u>3,318,605,870</u>

7.1 This represents murabaha finance facility obtained for purchase / trading of regularly traded shariah compliant shares of listed companies carrying markup at the rate of 15.32% per annum. The facility matured on 27th July 2012.

7.2 This represents running finance facility of Rs. 100 million (2012: Rs. 500 million) for meeting working capital requirements carrying markup at the rate of 3 months KIBOR plus 150 bps (2012: 3 months KIBOR plus 150 bps) per annum subject to quarterly revisions. The facility is secured by pledge of readily marketable shares of quoted companies with minimum 40% margin and personal guarantee of one director and two shareholders of the Company. The facility is expiring on 30th June 2014.

7.3 This includes running finance facility against receivables of the Company amounting to Rs. 300 million (2012: Rs. 300 million) and Rs. 155 million (2012: Rs. Nil) and running finance facility against readily marketable shares of quoted companies amounting to Rs. 350 million (2012: Rs. 350 million). These facilities carry markup at the rate of 3 months KIBOR plus 2% (2012: 4%), 1% (2012: Nil) and 200 bps (2012: 200 bps) per annum and are expiring on 30th September 2013, 21st July 2013 and 30th March 2013

Above facilities are secured against:

- lien of Rs. 652 million over receivables of in favor of the Bank, and;
- readily marketable securities in the form of shares of quoted companies, both with 30% margin and personal guarantee of one director of the Company.

This also includes short term finance facility under repurchase arrangement with a limit of Rs. 300 million (2012: Rs. 300 million), secured by pledge of PIBs with Nil margin under lien with State Bank of Pakistan. As at balance sheet date the company had availed Rs. 55 million at the rate of 12% (2012: 12.5%) per annum.

In addition to the above facilities the company has also availed Intra Day Finance facility with a limit of Rs. 150 million for the purpose of settlement of intra-day demands payable to NCCPL and release of shares pledged with Bank. This facility is repayable and adjustable on the same day on which the facility is availed and valid till 31st December 2013. Intra-day facility fee at the rate of 5% (exclusive of FED) on the consolidated amount utilized by customer for all debit transactions / value of shares released is charged and payable on weekly basis.

7.4 This represents running finance facility with a limit of Rs. 250 million (2012: Rs. 250 million) to finance daily clearing obligations of KSE and settlement of clients' trade carrying markup at the rate of 3 months KIBOR plus 200 bps (2012: 3 months KIBOR plus 200 bps) per annum and secured by pledge of readily marketable shares of quoted companies with minimum 35% margin and the personal guarantee of one director of the company. The facility expires on 31st August 2013.

7.5 This represents running finance facility with a limit of Rs. 200 million (2012: Rs. 200 million) for meeting working capital requirements carrying markup at the rate of 3 months KIBOR plus 225 bps (2012: 3 months KIBOR plus 225 bps) per annum subject to quarterly revisions and is secured by pledge of listed shares of companies at 30% to 50% margin and personal guarantee of one director of the Company. The facility expires on 31st March 2014.

This also includes short term finance facility under repurchase arrangement on 10 year PIBs of Rs. 289.4 million maturing on different dates within one month after the balance sheet date carrying markup at the rate of 9.5%.

7.6 This represents running finance facility with a limit of Rs. 1,050 million (2012: Rs. 970 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 2.5% (2012: 3 months KIBOR plus 2.5%) per annum subject to quarterly revisions and is secured with first pari passu charge of Rs 1,140 million on receivables of the Company and collateral worth Rs 166 million with property. The facility expires on 31st December 2013.

7.7 This represents running finance facility with a limit of Rs. 250 million (2012: Rs. 500 million) for meeting the working capital requirements carrying markup at the rate of 14% (2012: 3 months KIBOR plus 275 bps) per annum and is secured by pledge of listed shares of companies valuing Rs. 200 million along with first pari passu charge of Rs. 500 million against receivables of the Company. The facility expires on 30th June 2014.

- 7.8 This represents running finance facility with a limit of Rs. 200 million (2012: Rs. Nil) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 2% per annum payable on quarterly basis and is secured by pledge of shares with 30% to 40% margin. The facility expires on 31st March 2014.
- 7.9 This represents temporary finance facility obtained for trading of regularly traded shares of listed companies carrying markup at the rate of 15.60% per annum. The facility matured on 20th December 2012.
- 7.10 This represents short term finance facility of Rs. 50 million (2012: Rs. 50 million) repayable in bullet payment upon maturity carrying markup at the rate of 3 months KIBOR plus 3% (2012: 15.43%) per annum, maturing on 28th November 2013 and is secured by shares of the listed companies along with 40% margin to be maintained during the term of the facility.
- 7.11 This represents short term finance facility under repurchase arrangement on 5 year PIBs amounting to Rs. 220 million (2012: Rs. 434.6 million) and maturing on different dates within one month after the balance sheet date. The facility carries markup ranging from 9.65% to 9.7% (2012: 12.25% to 14.05%) per annum.
- 7.12 This represents short term finance facility of Rs. 100 million (2012: Rs. Nil) repayable in bullet payment upon maturity carrying markup at the rate of 3 months KIBOR plus 2.75% (2012: Nil) per annum, maturing on 19th December 2013 and is secured by shares of the listed companies along with 30% margin and personal guarantee of one director.

8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2013 (June 30, 2012: Nil).

9. PROPERTY AND EQUIPMENT

	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
Rupees						
2013	COST					
Cost as on July 1, 2012	6,113,625	7,279,686	4,002,067	9,281,781	7,231,113	33,908,272
Additions	5,683,000	45,000	95,537	648,838	1,557,500	8,029,875
Disposals	-	-	-	-	(618,906)	(618,906)
Balance as at June 30, 2013	<u>11,796,625</u>	<u>7,324,686</u>	<u>4,097,604</u>	<u>9,930,619</u>	<u>8,169,707</u>	<u>41,319,241</u>
2013	DEPRECIATIONS					
Balance as at July 1, 2012	-	2,494,144	1,456,879	5,867,914	2,637,533	12,456,470
Depreciation charge	-	478,929	262,395	743,884	1,049,224	2,534,433
Deletions	-	-	-	-	(171,606)	(171,606)
Balance as at June 30, 2013	<u>-</u>	<u>2,973,074</u>	<u>1,719,274</u>	<u>6,611,798</u>	<u>3,515,151</u>	<u>14,819,297</u>
Written down value	<u>11,796,625</u>	<u>4,351,612</u>	<u>2,378,330</u>	<u>3,318,821</u>	<u>4,654,556</u>	<u>26,499,944</u>
2012	COST					
Cost as on July 1, 2011	6,113,625	7,279,686	3,871,442	8,981,915	7,231,113	33,477,781
Additions	-	-	186,305	244,186	-	430,491
Disposals	-	-	-	-	-	-
Cost as on June 30, 2012	<u>6,113,625</u>	<u>7,279,686</u>	<u>4,057,747</u>	<u>9,226,101</u>	<u>7,231,113</u>	<u>33,908,272</u>
2012	DEPRECIATIONS					
Balance as on July 1, 2011	-	1,962,417	1,179,554	5,080,797	1,489,138	9,711,906
Depreciation charge	-	531,727	277,325	787,117	1,148,395	2,746,564
Deletions	-	-	-	-	-	-
Balance as on June 30, 2012	<u>-</u>	<u>2,494,144</u>	<u>1,456,879</u>	<u>5,867,914</u>	<u>2,637,533</u>	<u>12,456,470</u>
Written down value	<u>6,113,625</u>	<u>4,785,542</u>	<u>2,600,868</u>	<u>3,358,187</u>	<u>4,593,580</u>	<u>21,451,802</u>
Depreciation rate per annum (%)		10	10	20	20	

2013

2012

----- Rupees -----

10. Intangible Assets

Karachi Stock Exchange Limited - membership card	11.1	-	20,500,000
Pakistan Mercantile Exchange Limited - membership card	10.1	250,000	250,000
Software	10.1	371,795	531,135
		<u>621,795</u>	<u>21,281,135</u>

10.1

StockXS	Pakistan Mercantile Exchange Limited	Trade Xs	SMS trading system	website by Acelogies	Money market Software	Total
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----- Rupees -----

2013	COST					
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Cost as on July 1, 2012	400,000	250,000	1,100,000	185,000	290,000	175,000	2,400,000
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at June 30, 2013	<u>400,000</u>	<u>250,000</u>	<u>1,100,000</u>	<u>185,000</u>	<u>290,000</u>	<u>175,000</u>	<u>2,400,000</u>

2013	DEPRECIATIONS					
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Balance as at July 1, 2012	332,772	-	835,890	140,582	220,371	89,250	1,618,865
Depreciation charge	20,168	-	79,233	13,326	20,889	25,725	159,341
Deletions	-	-	-	-	-	-	-
Balance as at June 30, 2013	<u>352,940</u>	<u>-</u>	<u>915,124</u>	<u>153,907</u>	<u>241,260</u>	<u>114,975</u>	<u>1,778,204</u>
Written down value	<u>47,060</u>	<u>250,000</u>	<u>184,876</u>	<u>31,093</u>	<u>48,740</u>	<u>60,025</u>	<u>621,795</u>

2012	COST					
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Cost as on July 1, 2011	400,000	250,000	1,100,000	185,000	290,000	175,000	2,400,000
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Cost as on June 30, 2012	<u>400,000</u>	<u>250,000</u>	<u>1,100,000</u>	<u>185,000</u>	<u>290,000</u>	<u>175,000</u>	<u>2,400,000</u>

2012	DEPRECIATIONS					
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Balance as on July 1, 2011	303,960	-	722,700	121,545	190,530	52,500	1,391,235
Depreciation charge	28,812	-	113,190	19,037	29,841	36,750	227,630
Deletions	-	-	-	-	-	-	-
Balance as on June 30, 2012	<u>332,772</u>	<u>-</u>	<u>835,890</u>	<u>140,582</u>	<u>220,371</u>	<u>89,250</u>	<u>1,618,865</u>
Written down value	<u>67,228</u>	<u>250,000</u>	<u>264,110</u>	<u>44,418</u>	<u>69,629</u>	<u>85,750</u>	<u>781,135</u>
Depreciation rate per annum (%)	<u>30</u>	<u>-</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	

11. TRADING RIGHT ENTITLEMENT CERTIFICATE

11.1	<u>20,500,000</u>	-
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- 11.1 Subsequent to demutualisation of Karachi Stock Exchange (KSE) and conversion of KSE into Karachi Stock Exchange Limited (KSEL), the membership rights of the Company in KSE have been relinquished and the Company is allotted 4,007,383 ordinary shares of Rs. 10 each in KSEL on August 15, 2012.

Shares equivalent to 60% (2,404,430 shares) of the above allotment are deposited in a sub-account opened in the name of the Company by KSEL in Central Depository Company of Pakistan Limited which will remain blocked in accordance with the provisions of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. Shares equivalent to 40% (1,602,953 shares) of the above allotment are pledged with Karachi Stock Exchange Limited to fulfill Basic Minimum Capital requirement under the regulations of the Exchange.

	2013	2012
	----- Rupees -----	
12. LONG TERM DEPOSITS		
Karachi Stock Exchange Limited	600,000	600,000
National Clearing Company of Pakistan Limited	300,000	300,000
Pakistan Mercantile Exchange Limited	3,750,000	3,250,000
(formerly National Commodities Exchange Limited)		
Central Depository Company of Pakistan Limited	100,000	100,000
Others	655,000	705,000
	<u>5,405,000</u>	<u>4,955,000</u>

13. SHORT TERM INVESTMENT

Financial assets classified as available-for-sale

Shares of listed companies - at cost	13.1	732,950,029	-
Less: Unrealized loss on revaluation of available-for-sale investments	13.1	10,793,431	-
		<u>722,156,598</u>	<u>-</u>

Financial assets classified as fair value through profit and loss - Held-for-trading

Shares of listed companies - at cost	13.2	172,869,882	-
Less: Unrealized loss on revaluation of held-for-trading investments	13.2	14,226,454	-
		<u>158,643,428</u>	<u>-</u>
		<u>880,800,026</u>	<u>-</u>

	2013		2012	
	Average Cost	Market Value	Average Cost	Market Value
	----- Rupees -----		----- Rupees -----	
13.1 Shares of listed companies				
Biafo Industries Limited	600,704	1,850,450	-	-
17,000 (2012: NIL) ordinary shares of Rs 10 each fully paid				
Century Insurance Comany Limited	10,342,947	8,454,000	-	-
600,000 (2012: NIL) ordinary shares of Rs 10 each fully paid				
Engro Corporation Limited	306,402,538	354,407,100	-	-
2,908,075 (2012: NIL) ordinary shares of Rs 10 each fully paid				
First Capital Sec. Corp Limited	23,533,329	8,212,809	-	-
2,058,348 (2012: NIL) ordinary shares of Rs 10 each fully paid				
First Dawood Mututual Fund Limited	635,308	1,916,600	-	-
273,800 (2012: NIL) ordinary shares of Rs 10 each fully paid				
Golden Arrow Selected Funds Limited	37,500,000	61,875,000	-	-
7,500,000 (2012: NIL) ordinary shares of Rs 10 each fully paid				
Huffaz Seamless Pipe Industries Limited	23,184	39,832	-	-
1,787 (2012: NIL) ordinary shares of Rs 10 each fully paid				

	2013		2012	
	Average Cost	Market Value	Average Cost	Market Value
	----- Rupees -----		----- Rupees -----	
KASB Securities Limited 166,100 (2012: NIL) ordinary shares of Rs 10 each fully paid	2,617,411	1,016,532	-	-
Mari Petroleum Company Limited 70,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	10,339,859	9,628,185	-	-
Masood Textile Mills Limited 391,286 (2012: NIL) ordinary shares of Rs 10 each fully paid	9,145,112	9,981,706	-	-
NIB Bank Limited 36,244,234 (2012: NIL) ordinary shares of Rs 10 each fully paid	111,858,935	84,086,622	-	-
National Refinery Limited 10,400 (2012: NIL) ordinary shares of Rs 10 each fully paid	3,298,724	2,502,032	-	-
Premier Insurance Limited 391,036 (2012: NIL) ordinary shares of Rs 10 each fully paid	3,883,900	3,128,288	-	-
Pakistan Refinery Limited 237,940 (2012: NIL) ordinary shares of Rs 10 each fully paid	23,590,024	19,370,695	-	-
Summit Bank Limited 13,969,519 (2012: NIL) ordinary shares of Rs 10 each fully paid	61,547,418	32,409,284	-	-
Summit Bank Limited Class A & B 2,793,903 (2012: NIL) ordinary shares of Rs 10 each fully paid	-	55,878	-	-
Samin Textiles Limited 164,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	1,974,000	1,301,195	-	-
Sui Northern Gas Limited 4,714,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	104,178,898	94,572,870	-	-
Sui Southern Gas Company Limited 1,401,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	21,477,738	27,347,520	-	-
	732,950,029	722,156,598	-	-

13.2 Shares of listed companies

Adamjee Insurance Company Limited 37,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	3,099,436	2,814,960	-	-
AKZO Nobel Pakistan Limited 46,100 (2012: NIL) ordinary shares of Rs 10 each fully paid	4,500,960	2,771,993	-	-

	2013		2012	
	Average Cost	Market Value	Average Cost	Market Value
	Rupees		Rupees	
Attock Refinery Limited 9,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	1,710,429	1,552,950	-	-
Bank of Punjab Limited 640,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	9,063,415	8,153,600	-	-
Byeo Petroleum Limited 70,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	798,233	730,800	-	-
DG Khan Cement 1,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	108,711	125,535	-	-
Engro Corporation Limited 71,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	10,195,005	8,713,705	-	-
Engro Foods Limited 20,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	2,823,753	2,815,400	-	-
Fauji Cement Company Limited 44,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	582,593	584,760	-	-
Fauji Fertilizer Bin Qasim Limited 138,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	5,571,275	5,180,520	-	-
Fauji Fertilizer Company Limited 163,100 (2012: NIL) ordinary shares of Rs 10 each fully paid	19,022,584	17,521,833	-	-
First Capital Mutual Fund 72,922 (2012: NIL) ordinary shares of Rs 10 each fully paid	317,211	541,810	-	-
Jahangir Siddiqui Company Limited 700,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	9,356,968	8,092,000	-	-
Kohinoor Spinning 15,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	153,123	163,050	-	-
Maple Leaf Cement Limited 300,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	7,074,270	6,579,000	-	-
MCB Bank Limited 35,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	10,591,482	8,490,650	-	-
Millat Tractors Limited 38,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	21,910,876	20,212,115	-	-

	2013		2012	
	Average Cost	Market Value	Average Cost	Market Value
	----- Rupees -----		----- Rupees -----	
Murree Brewery Co. Limited 55,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	15,400,583	15,125,000	-	-
National Bank of Pakistan 19,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	809,485	801,840	-	-
Nishat Chunian Power 50,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	1,618,565	1,653,500	-	-
Nishat Mills Limited 84,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	8,461,135	7,960,745	-	-
Oil & Gas Development Company Limited 34,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	7,882,638	7,777,500	-	-
Pak Elekton Limited 372,500 (2012: NIL) ordinary shares of Rs 10 each fully paid	7,026,716	6,008,425	-	-
Pakistan Petroleum Limited 25,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	5,418,520	5,289,500	-	-
Pakistan State Oil Company Limited 43,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	13,853,447	13,776,340	-	-
Quice Food 5,600 (2012: NIL) ordinary shares of Rs 10 each fully paid	35,560	48,384	-	-
Service Industries Limited 700 (2012: NIL) ordinary shares of Rs 10 each fully paid	183,132	182,693	-	-
Sui Northern Gas Co Ltd 100,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	2,034,080	2,006,000	-	-
TRG Pakistan Limited 178,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	1,962,618	1,813,820	-	-
World Call Telecommunication Limited 385,000 (2012: NIL) ordinary shares of Rs 10 each fully paid	1,303,079	1,155,000	-	-
	172,869,882	158,643,428	-	-

		2013	2012
		----- Rupees -----	
14.	RECEIVABLE FROM CUSTOMERS		
	Considered good	3,032,924,879	4,926,556,248
	Considered doubtful	7,883,725	-
		<u>3,040,808,604</u>	<u>4,926,556,248</u>
	Less: Provision for doubtful debts	(7,883,725)	-
		<u>3,032,924,879</u>	<u>4,926,556,248</u>
15.	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances - considered good	501,668	823,380
	Trade deposit 15.1	27,893,990	13,898,600
	Prepaid insurance	350,872	268,757
	Others	672,324	73,805
		<u>29,418,854</u>	<u>15,064,542</u>
15.1	This represents deposit with Karachi Stock Exchange Limited against ready and future exposures.		
16.	CASH AND BANK BALANCES		
	Cash in hand	150,629	89,037
	At banks:		
	- Current accounts	7,573,637	1,592,569
	- Profit and loss sharing accounts 16.1	208,869	5,344,511
		<u>7,933,135</u>	<u>7,026,117</u>
16.1	The interest rate on saving accounts ranges from 5% to 8% per annum (2012: from 5% to 10%).		
17.	OPERATING REVENUE		
	Commission and brokerage earned - equity market operations	139,044,851	83,660,759
	Income from inter-bank brokerage	17,049,766	22,204,796
	Settlement charges	542,474,172	491,837,686
	Capital (loss) / gain	(6,027,719)	9,249,446
	Dividend Income	5,672,378	-
		<u>698,213,448</u>	<u>606,952,687</u>

	Note	2013	2012
		(Rupees)	
18. ADMINISTRATIVE AND OPERATING EXPENSE			
Salaries, benefits and other allowances		25,160,245	20,043,741
Director's remuneration		2,400,000	1,950,000
Insurance		480,522	435,977
Utilities		1,541,256	1,264,631
Printing and stationery		635,102	548,286
Entertainment		937,887	766,052
Communication		3,819,987	2,818,390
Vehicle running		3,003,990	2,624,612
Repairs and maintenance		2,082,265	2,343,130
Traveling and conveyance		1,338,495	953,152
Legal and professional charges		1,371,192	663,192
Fee and subscriptions		3,588,343	2,025,200
Auditor's remuneration	18.1	350,000	247,000
Rent, rates and taxes		2,703,920	2,642,979
Depreciation	9	2,534,433	2,744,564
Amortization	10.1	159,341	227,630
Transaction and settlement cost		12,110,432	8,073,232
Commission to traders		34,508,321	26,135,338
Bank charges		126,543	216,858
Unrealised loss on held-for-trading investment	13	14,226,454	-
Bad debts expense		15,614,333	-
Business promotion		1,950,923	1,191,592
Miscellaneous		1,239,976	1,175,234
		<u>131,883,960</u>	<u>79,090,790</u>
18.1 Auditors' remuneration			
Statutory Audit fee		350,000	125,000
Fee for other Services		-	122,000
		<u>350,000</u>	<u>247,000</u>
19. FINANCE COST			
Markup on running finance		266,910,113	219,512,377
Mark-up on short term finance under repurchase arrangements		235,196,223	247,547,815
Mark-up on borrowing of securities		18,306,335	19,016,355
		<u>520,412,671</u>	<u>486,076,547</u>
20. OTHER INCOME			
<i>Income from financial assets:</i>			
Profit from profit and loss sharing account		32,491	1,669,903
Return on short term investment		31,023,535	4,308,384
Return on cash margins with KSE		2,369,806	1,122,298
		<u>33,425,832</u>	<u>7,100,585</u>
<i>Income from non-financial assets</i>			
Gain on disposal of fixed assets		1,257,700	-
IPO commission		196,311	-
Other Income		4,500,970	5,919,793
		<u>5,954,981</u>	<u>5,919,793</u>
		<u>39,380,813</u>	<u>13,020,378</u>

21. TAXATION

The Company has filed return of total income for the tax year 2012 (financial year ended June 30, 2012) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

	2013	2012
	Rupees	
Relationship between tax expense and accounting profit:		
Profit before tax	85,297,630	54,805,728
Tax at the applicable tax rate of 37% (2012: 37%)	31,560,123	20,245,777
Tax effect of income tax at lower rate	(571,334)	-
Tax effect of items that are not included in determining taxable profit	8,180,766	-
Prior year impact	-	5,275,011
	39,169,555	25,520,788

22. SHARES OF CLIENTS APPEARING IN CDC HOUSE ACCOUNT

	Shares Appearing in CDC House	Shares of the Company	Shares of the Client held by the Company
	No. of Shares		
Bank Alfalah limited	6,175,000	-	6,175,000
NIB Bank limited	50,244,234	36,244,234	14,000,000
First Capital Securities Corporation Limited	10,000,000	-	10,000,000
Silk Bank Limited	102,000,000	-	102,000,000
Summit Bank Limited	38,269,519	13,969,519	24,300,000
Summit Bank Limited - LOR	7,653,903	2,793,903	4,860,000
AKD Capital Limited	200,000	-	200,000
Javedan Corporation Limited	1,000,000	-	1,000,000
	215,542,656	53,007,656	162,535,000

23. EARNING PER SHARE - BASIC AND DILUTED

	Rupees	
Net profit after tax	46,128,075	29,284,940
	Number of shares	
Weighted average number of ordinary shares	14,413,600	14,413,600
	Rupees	
Earning per share in rupee - basic and diluted	3.20	2.03

24. REMUNERATION OF THE CHIEF EXECUTIVE / DIRECTORS

	2013	2012
	Rupees	
Remuneration	2,400,000	1,950,000
	Number	
No. of person(s)	1	1

The Chief Executive Officer of the Company is provided with a company maintained car, in accordance with the Company's policy.

25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

25.1. 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 into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances 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 accordingly to their 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 policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. 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. All transactions are settled / paid for upon delivery.

The maximum exposure to credit risk at the reporting date is as follows:

		Carrying amount	
		2013	2012
		Rupees	
Trade debts	14	3,032,924,879	4,926,556,248
Deposits, prepayments and other receivables	15	29,418,854	15,064,542
Cash and bank balances	16	7,933,135	7,026,117
	<i>Rupees</i>	<u>3,070,276,868</u>	<u>4,948,646,907</u>

All balances are denominated in local currency.

Bank balances

The analysis below summarizes the credit quality of the Company's bank balances (including profit receivable) as at 30 June 2013 and 30 June 2012:

	Rating as per JCR		Rating as per Pacra		2013	2012
	Long term	Short term	Long term	Short term	Rupees	
NIB Bank Limited	-	-	AA-	A1+	333,767	136,938
MCB bank Limited	-	-	AAA	A1+	128,976	481,724
Bank Alfalah Limited	-	-	AA	A1+	844,202	469,821
Bank Islami Limited	-	-	A	A1	84,099	5,032,585
Askari Bank Limited	-	-	AA	A1+	31,074	231,417
The Bank of Punjab	-	-	AA-	A1+	25,890	22,283
Summit Bank Limited	A-	A-3	-	-	6,056,657	50,000
National Bank of Pakistan	AAA	A-1+	-	-	18,596	16,271
The Bank Of Khyber	A	A-1	A	A1	140,429	321,753
Bank Al-Habib Limited	-	-	AA+	A1+	92,630	124,289
JS Bank Ltd	-	-	A+	A1	26,187	50,000
					<u>7,782,507</u>	<u>6,937,081</u>

25.2. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

	2013			
	Carrying amount	Contractual cash flows	Up to one year	
	Rupees			
<i>Financial liabilities</i>				
Trade creditors, accrued and other liabilities	749,228,260	749,228,260	749,228,260	-
Accrued mark-up	59,930,161	59,930,161	59,930,161	-
Short term borrowing	2,925,130,770	2,925,130,770	2,925,130,770	-
	3,734,289,191	3,734,289,191	3,734,289,191	
	2012			
	Carrying amount	Contractual cash flows	Up to one year	
	Rupees			
<i>Financial liabilities</i>				
Long term loans	105,335,004	105,335,004	-	105,335,004
Trade creditors, accrued and other liabilities	1,254,978,057	1,254,978,057	1,254,978,057	-
Accrued mark-up	72,380,430	72,380,430	72,380,430	-
Short term borrowing	3,318,605,870	3,318,605,870	3,318,605,870	-
	4,751,299,361	4,751,299,361	4,645,964,357	

25.3. Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Carrying amount	
	2013	2012
	Rupees	
Fixed rate investment		
- Bank balances in profit and loss sharing accounts	208,869	5,344,511

Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss

Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.

Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at the year end was as follows:

2013			
Effective rate of mark-up / return (%)	Exposed to interest rate risk	Not exposed to interest rate risk	Total
-----Rupees-----			
Financial assets			
Long term investment	-	20,500,000	20,500,000
Long term deposits	-	5,405,000	5,405,000
Receivable from customers	-	3,032,924,879	3,032,924,879
Short term investment	-	880,800,026	880,800,026
Advances, Deposits, prepayments and other receivables	-	29,418,854	29,418,854
Bank balances	Note 18.1	208,869	7,933,135
		208,869	3,976,773,025
			3,976,981,894
Financial liabilities			
Long term loans	Note 6.1	-	-
Trade creditors, accrued and other liabilities		-	-
		749,228,260	749,228,260
Accrued mark-up		-	-
		59,930,161	59,930,161
Short term borrowing	Note 8.1 to 8.12	2,925,130,770	-
		2,925,130,770	2,925,130,770
		809,158,421	3,734,289,191
Cumulative gap		(2,924,921,901)	242,692,703
2012			
Effective rate of mark-up / return (%)	Exposed to interest rate risk	Not exposed to interest rate risk	Total
-----Rupees-----			
Financial assets			
Long term deposits	-	4,955,000	4,955,000
Trade debts	-	4,926,556,248	4,926,556,248
Deposits, prepayments and other receivables	-	15,064,542	15,064,542
Cash and bank balances	Note 18.1	5,344,511	7,026,117
		5,344,511	4,953,601,907
		4,948,257,396	
Financial liabilities			
Long term loans	Note 6.1	105,335,004	-
Trade creditors, accrued and other liabilities		-	1,254,978,057
		-	1,254,978,057
Accrued mark-up		-	72,380,430
		-	72,380,430
Short term borrowing	Note 8.1 to 8.12	3,318,605,870	-
		3,423,940,874	3,318,605,870
		1,327,358,487	4,751,299,361
Cumulative gap		(3,418,596,363)	202,302,546

25.4. Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers. and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company's activities

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

25.5. 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 an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

26. 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. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders.

There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

27. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

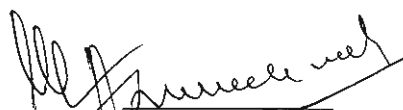
The Board of Directors in its meeting held on 06 September 2013 has proposed a cash dividend of Rs. 2 per share (2012: Rs. 1.75 per share) amounting to Rs. 28.827 million (2012: Rs. 25.224 million) for approval by members of the Company in forthcoming Annual General Meeting. The financial statements for the year ended 30 June 2013 do not include the effect of the proposed cash dividend, which will be accounted for in the financial statements for the year ending 30 June 2014.

28. GENERAL

28.1 These financial statements have been authorized for issue by the Board of Directors of the Company on

06 SEP 2013


CHIEF EXECUTIVE


DIRECTOR