Pearl Securities Limited

Financial Statements

For the year ended June 30, 2014

Junaidy Shoaib Asad
Chartered Accountants

An independent member of
Morison International

Auditors' Report to the Members

We have audited the annexed balance sheet of Pearl Securities Limited ("the Company") as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, statement of cash flows 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 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, statement of cash flows 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, 2014 and of the profit, 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.

Junaidy Shoaib Asad

Date: 27 SEP 2014
Karachi

Junaidy Shoaib Asad
Chartered Accountants
Farrukh V. Junaidy

PEARL SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013	June 30, 2012
		(Rupees)		
			(Restated)	
EQUITY AND LIABILITIES				
SHARE CAPITAL & RESERVES				
Authorized capital				
50,000,000 (2013: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500.000,000	500,000,000
Issued, subscribed and paid-up capital	4	144,136,000	144,136,000	144,136,000
Unappropriated profit		102,238,662	113,595,691	102,829,140
		246,374,662	257,731,691	246,965,140
NON-CURRENT LIABILITIES				
Term finance facility - secured	5	330,000,000	-	105,335,004
Deferred tax liabilities	6	2,847,064	2,366,765	3,022,472
CURRENT LIABILITIES				
Trade creditors, accrued and other liabilities	7	641,234,734	749,228,260	1,254,978,057
Accrued markup		73,036,341	59,930,161	72,380,430
Short term borrowings	8	2,203,446,374	2,925,130,770	3,318.605,870
Taxation - net		-	9,715,986	-
		2,917,717,449	3,744,005,177	4,645,964,357
		3,496,939,175	4,004,103,633	5,001,286,973
Contingencies and commitments	9			
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	10	34,510,425	26,499,944	21,451,802
Intangible assets	11	6,011,138	21,121,795	21,281,135
Long term investments	12	14,965,000	-	-
Long term deposits	13	5,655,000	5,405,000	4,955,000
		61,141,563	53,026,739	47,687,937
CURRENT ASSETS				
Short term investments	14	593,863,545	880,800,026	-
Receivable against Margin Financing Transactions		7,693,386	-	-
Trade debts	15	2,730,276,229	3,032,924,879	4,926,556,248
Advances, deposits, prepayments and other receivables	16	59,859,353	29,418,854	15,064.542
Taxation - net		10,633,301	-	4,952,129
Cash and bank balances	17	33,471,798	7,933,135	7,026,117
		3,435,797,612	3,951,076,894	4,953,599.036
		3,496,939,175	4,004,103,633	5,001,286,973

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PEARL SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
		---------------- (Rupees)	--------------
			(Restated)
Operating revenue	18	304,500,581	704,241,167
Capital gain / (loss) on short term investments		303,107,542	(6,027,719)
Administrative and operating expenses	19	(149,149,915)	(131,883,960)
Operating profit		458,458,208	566,329,488
Finance cost	20	(402,068,193)	(520,412,671)
		56,390,015	45,916,817
Other income	21	24,337,938	39,380,813
Profit before taxation		80,727,953	85,297,630
Taxation			
- Current		(39,403,516)	(39,169,555)
- Prior		(390,605)	-
- Deferred		(480,299)	655,707
	22	(40,274,420)	(38,513,848)
Profit after taxation		40,453,533	46,783,782
Earnings per share - basic and diluted	23	2.81	3.25

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PEARL SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	(Rupees)	(Restated)
Profit after taxation for the year	**40,453,533**	46,783,782
Other comprehensive income for the year		
Unrealised loss on available-for-sale investments	**(22,983,362)**	(10,793,431)
Total comprehensive income for the year	17,470,171	35,990,351

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PEARL SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
		---------------- (Rupees) ----------------	
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		80,727,953	85,297,630
Adjustments for:			
- Depreciation		3,483,393	2,534,433
- Amortization		145,657	159,341
- Unrealized gain on held-for-trading investments		11,678,961	14,226,454
- Bad debts (reversed) / written off		(1,833,075)	15,614,333
- Gain on disposal of fixed assets		(3,507,507)	(1,257,700)
- Finance cost		402,068,193	520,412,671
Cash generated from operating activities before working capital changes		412,035,622	551,689,532
Decrease / (increase) in current assets			
Trade debts		304,481,725	1,878,017,036
Advances, deposits, prepayments and other receivables		(30,440,499)	(14,354,312)
Increase / (decrease) in current liabilities			
Trade creditors, accrued and other liabilities		(107,993,525)	(505,749,798)
Short term borrowings		(721,684,396)	(393,475,100)
		(555,636,695)	964,437,826
Financial charges paid		(388,962,012)	(532,862,940)
Taxes paid		(60,143,408)	(24,501,440)
Net cash (used in) / generated from operating activities		(511,978,541)	1,044,060,608
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(12,890,670)	(8,029,875)
Proceeds from disposal of property and equipment		4,904,308	1,705,000
Net proceeds on sale of short term investments		244,580,765	(905,819,911)
Long term deposits		(250,000)	(450,000)
Net cash generated from / (used in) investing activities		236,344,403	(912,594,786)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(28,827,200)	(25,223,800)
Proceeds from long term loan		330,000,000	(105,335,004)
Net cash generated from / (used in) financing activities		301,172,800	(130,558,804)
Net increase in cash and cash equivalents		25,538,663	907,018
Cash and cash equivalents at the beginning of the year		7,933,135	7,026,117
Cash and cash equivalents at the end of the year	24	33,471,798	7,933,135

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PEARL SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed & paid-up capital	Revenue Reserve		Total Equity
		Unappropriated profit	Unrealised loss on available-for-sale investments	
	-- (Rupees) --			
Balance as at July 1, 2012 (audited) as previously reported	144,136,000	105,851 612	-	249 987,612
Effect of rectification of error	-	(3,022 472)	-	(3,022,472)
Balance as at July 1, 2012 - restated	144,136,000	102 829 140	-	246 965 140
Total comprehensive income for the year ended June 30, 2013				
Profit after taxation for the year - restated	-	46,783,782	-	46,783 782
Other comprehensive income				
Unrealised loss on available-for-sale investments	-	-	(10,793 431)	(10 793 431)
Transactions with owners				
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 - restated	144 136,000	124 389,122	(10 793,431)	257 731 691
Total comprehensive income for the year ended June 30, 2014				-
Profit after taxation for the year	-	40,453,533	-	40 453 533
Other comprehensive income				
Unrealised loss on available-for-sale investments	-	-	(22,983,362)	(22,983,362)
Transactions with owners				
Final Dividend for the year ended June 30, 2013 at the rate of Rs. 2 per share	-	(28,827 200)	-	(28 827 200)
Balance as at June 30, 2014	144,136,000	136,015,455	(33,776,793)	246,374,662

The annexed notes 1 to 32 form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

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 Company is a corporate member of Karachi Stock Exchange Limited (KSE).

The Company is a Trading Right Entitlement Certificate (TREC) holder of KSE and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities, commodities and other financial instruments, securities research, financial consultancy and underwriting. The registered office of the Company is situated at 204, 2nd floor, Business and Finance Sentre, I.I. Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

Th[illegible]ial [illegible]atements have been prepared in accordance with approved accounting standards as applicable in Pakistan. A[illegible]nting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accoun[illegible]s Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the [illegible] Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall [illegible]l.

2.2 [illegible] me[illegible]ment

[illegible] statements have been prepared under historical cost convention except financial assets and financial liabilities which [illegible]d at their fair values.

2.3 [illegible] presentation currency

[illegible]ial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded [illegible] th[illegible]arest rupee.

2.4 [illegible]al accounting estimates and judgments

[illegible]ation of financial statements in conformity with approved accounting standards requires management to make judgments, [illegible]d assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. [illegible]ites and associated assumptions are based on historical experience, the Regulations and various other factors that are [illegible] to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values [illegible] and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

[illegible]mates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the [illegible] in which the estimates are revised and in any future periods affected. Assumptions and judgments made by management in [illegible]pplication of accounting policies that have significant effect on the financial statements are not expected to result in material [illegible]stment to the carrying amounts of assets and liabilities in the next year.

[illegible] the process of applying the Company's accounting policies, management has made the following estimates and judgment which [illegible] significant to the financial statements:

	Note
a) Useful life of property and equipment	3.1
b) Carrying amount of intangible assets	3.2
c) Impairment of financial assets	3.6
d) Provision against trade debts	3.9
e) Provision for current and deferred taxation	3.10
f) Creditor, accrued and other liabilities	3.14

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2.5 New and amended standards and interpretations

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2014:

(a) IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 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.

(b) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement

(c) Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 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.

(d) Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39. to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

(e) Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

(f) Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure' The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination

2.5.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

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

(a) Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-2012 cycle of annual improvements project that affect seven standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment', IAS 24, 'Related party disclosures' and IAS 38, 'Intangible assets'. The Company does not expect to have material impact on its financial statements due to application of these amendments.

(b) Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2011-2013 cycle of annual improvements project that affect four standards: IFRS 1, 'First time adoption of International Financial Reporting Standards', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. These amendments do not have any impact on Company' financial statements.

(c) IAS 32 (Amendment), 'Financial instruments: presentation', is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the reporting date. The Company shall apply this amendment from July 1, 2014 and does not expect to have a material impact on its financial statements.

(d) IAS 36 (Amendment), 'Impairment of assets', is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply this amendment from July 1, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 10. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

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

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to the buyers.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis at the rates specified in note 10.

3.2 Intangible assets

These represent TREC of Karachi Stock Exchange Limited and membership cards of Pakistan Mercantile Exchange Limited. These intangible assets have indefinite useful life and are stated at revalued amount.

The carrying amount of intangible assets are reviewed at each balance sheet date to assess whether they are in excess of their recoverable. Provisions are made for decline in values, other than temporary, of these assets where the carrying values exceed estimated recoverable amounts.

Amortization is charged from the month of addition to the month proceeding the month of retirement / disposal, by applying reducing balance method at the rates specified in note 11.

During the year, the management of the Company has reconsidered and accordingly, revised its basis of allocation of membership card of KSE into TREC and shares of KSE issued to the Company as a result of promulgation of the Stock Exchange (Corporation, Demutualization and Integration) Act, 2012, as more fully explained in note 12.1 to these financial statements. The management believes that the revised estimates more accurately reflect the carrying value of intangible assets and long term investments. This change has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) – 8 'Accounting Policies, Changes in Accounting Estimates and Errors' whereby the effects of this change is recognized prospectively by including the same in the year of change, that is, during the current year and future years.

The effect of this change in estimate on the current year is to increase the carrying amount of long term investments by Rs. 14 965 million and reduce intangible assets by the same amount.

3.3 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, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, 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.

3.4 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instruments. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortized cost as the case may be.

3.5 Off-setting for financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 **Impairment**

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 of the asset. 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.

Non-financial assets

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 sucb assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed tbe 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.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. 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.

3.7 **Investments**

Investments are initially recognized at fair valur, being the cost of the consideration given including transaction cost associated with the investments, except in case of held for trade investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held-for-trade'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are elassified as 'financial assets at fair value through profit or loss - held for trade'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss aecount

Held-to-maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available-for-sale

Investments intended to be held for an indifinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Sebsequent to initial measurement, available for sale' investments are remeasured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed off or impaired, the related fair value adustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of term finance certificates, units of open end mutual funds and government securities are determined on the basis of rates notified by Mutual Funds Association of Pakistan for term finance certificates, relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

3.8 Long term deposits

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

3.9 Trade debts

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

3.10 Taxation

Current

The Company's business income is assessable under Section 233A 'Colleetion of tax by a stock exchange registered in Pakistan' of the Income Tax Ordinance, 2001 and in accordance with Letter No. 4(1) ITP / 2004 - SE of the Revenue Division, Central Board of Revenue dated July 03, 2004. However, provision for other taxable income (excluding dividend & property rental income) is based at current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet 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 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. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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.

During the year, the management has recognised net deferred tax liability on its taxable temporary differences as per the requirements of International Accounting Standards (IAS) 12: 'Income Taxes'. Non-recognition of deferred tax liability in prior years qualifies as an error in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', whereby the effects are recognized retrospectively by restating the opening balances of liabilities and equity for the earliest prior period presented including the determination of same in the year of change.

The effect of restatement in the corresponding balances of financial statements is summarised below:

June 30, 2013	**Amounts previously reported**	**Restatement**	**Restated amounts**
	(Rupees)		
Deferred tax liability	-	2,366,765	2,366,765
Tax expense	39,169,555	(655,707)	38,513,848
Retained earning	115,962,456	(2,366,765)	113,595,691

June 30, 2012	Amounts previously reported	Restatement	Restated amounts
	(Rupees)		
Deferred tax liability	-	3,022,472	3,022,472
Retained earning	105,851,612	(3,022,472)	102,829,140

3.11 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.

- Gains / (loss) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held-for-trading' are included in profit and loss account in the period in which they arise.

- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'available-for-sale' are taken directly to other comprehensive income.

- Gains / (losses) arising on revaluation of derivates to fair value are taken to profit and loss account into other income / other expense.

- All other incomes are recognised on an accrual basis.

3.12 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

3.13 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. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Creditors, accrued and other 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.

3.15 Dividend

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.16 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks.

3.17 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

	Note	June 30, 2014	June 30, 2013
		---------- (Rupees) ----------	

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

2014	2013			
----- (No. of shares) -----				
14,413,600	14,413,600	Issued for cash	144,136,000	144,136,000

	Note	June 30, 2014	June 30, 2013
5. TERM FINANCE FACILITY - SECURED	5.1	330,000,000	-

5.1 This represents term finance facility from a banking company amounting to Rs. 330 million repayable in September 2015 in an outright payment. The said facility carries mark-up rate of 3-months Karachi Inter Bank Offered Rate (KIBOR) plus 250 bps per annum, which at the year end amounted to 12.67% per annum (2013: Nil), payable on quarterly basis. The facility is secured by lien on the property of the Company.

6. DEFERRED TAX LIABILITIES

	June 30, 2014		
	Opening	Charge / (reversal)	Closing
	----- (Rupees) -----		
On taxable temporary difference:			
Accelerated depreciation allowance	5,126,069	401,462	5,527,531
On deductible temporary difference:			
Provision for doubtful debts	(2,759,304)	78,837	(2,680,467)
	2,366,765	480,299	2,847,064

	June 30, 2013 (Restated)		
	Opening	Charge / (reversal)	Closing
	----- (Rupees) -----		
On taxable temporary difference:			
Accelerated depreciation allowance	3,022,472	2,103,597	5,126,069
On deductible temporary difference:			
Provision for doubtful debts	-	(2,759,304)	(2,759,304)
	3,022,472	(655,707)	2,366,765

	Note	June 30, 2014	June 30, 2013
		---------- (Rupees) ----------	
7. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors for purchase of shares		621,651,343	725,806,447
Payable to Karachi Stock Exchange Limited		45,623	43,615
Payable to Government of Khyber Pakhtunkhwa		284,360	1,578,203
Sindh sales tax on brokerage services		1,557,435	3,218,986
Commission payable to traders		11,755,805	10,737,519
Accrued and other liabilities		5,940,168	7,843,490
		641,234,734	749,228,260
8. SHORT TERM BORROWINGS			
From banking companies - secured			
Bank Al-Falah Limited	8.1	38,649,846	25,927,990
Summit Bank Limited	8.2	762,958,425	577,040,024
JS Bank Limited		-	43,490,677
NIB Bank Limited	8.3	122,244,945	465,818,387
Silk Bank Limited	8.4	690,437,462	1,146,569,447
Sindh Bank Limited	8.5	239,209,245	248,788,198
Askari Bank Limited	8.6	44,946,451	47,496,047
From investment companies - secured			
Pak Libya Holding Company (Private) Limited		-	50,000,000
Pak Oman Investment Company Limited		-	220,000,000
Saudi Pak Industrial & Agricultural Investment Company Limited	8.7	100,000,000	100,000,000
Other borrowings - secured			
Repurchase agreement borrowings	8.8	205,000,000	-
		2,203,446,374	2,925,130,770

8.1 This represents running finance facility of Rs. 100 million (2013: Rs 100 million) for meeting working capital requirements carrying markup at the rate of 3 months KIBOR plus 150 bps per annum subject to quarterly revisions, which at the year end amounted to 11 67% per annum (2013 10 58% per annum) 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 expires in June 2015.

8.2 This includes running finance facility against receivables of the Company amounting to Rs. 455 million (2013. Rs. 455 million) and running finance facility against readily marketable shares of quoted companies amounting to Rs. 350 million (2013. Rs. 350 million). Both facilities carry markup at the rate of 3 months KIBOR plus 200 bps per annum, which at the year end amounted to 12 17% per annum (2013 11 08% per annum) These facilities expire in September 2014 and March 2015 respectively.

This also includes short term finance facility under repurchase arrangement with a limit of Rs 300 million (2013. Rs 300 million), secured by readily marketable securities of quoted companies with minimum 30% margin As at balance sheet date, the Company had availed Rs 55 million at the rate of 12% per annum (2013: 12 5% per annum) against pledge of readily marketable shares of quoted companies with 30% margin.

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 December 2014. Intra-day facility fee at the rate of 5% (exclusive of Sindh Sales Tax) on the consolidated amount utilized by customer for all debit transactions / value of shares released is charged and payable on weekly basis

8.3 This represents running finance facility with a limit of Rs. 200 million (2013: Rs. 200 million) for meeting working capital requirements carrying markup at the rate of 3 months KIBOR plus 225 bps per annum subject to quarterly revisions, which at the year end amuonted to 12.42% per annum (2013: 11.33% per annum). The facility 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 in March 2015

8.4 This represents running finance facility with a limit of Rs. 695 million (2013: Rs 1,050 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 250 bps per annum subject to quarterly revisions, which at the year end amounted to 12 67% per annum (11 58% per annum). The facility is secured with first pari passu charge of Rs 993 million on receivables of the Company The facility expires in December 2014.

8.5 This represents running finance facility with a limit of Rs 250 million (2013. Rs. 250 million) for meeting the working capital requirements carrying markup at the rate of 14% per annum (2013: 14% per annum). The facility is secured by pledge of listed shares of companies with 40% margin. The facility expires in June 2015.

8.6 This represents running finance facility with a limit of Rs. 200 million (2013 Rs. 200 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 200 bps per annum payable on quarterly basis, which at the year end amounted to 12 17% per annum (11 08% per annum). The facility is secured by pledge of shares with 30% to 40% margin The facility expires in March 2015.

8.7 This represents short term finance facility with a limit of Rs. 500 million (2013. Rs 100 million) repayable in bullet payment upon maturity, carrying markup at the rate of 3 months KIBOR plus 300 bps per annum, subject to quarterly revision, which at the year end amounted to 13.17% per annum (12.08% per annum). The facility matures in June 2015 and is secured by shares of the listed companies along with 35% (2013 30%) margin and personal guarantee of one director of the Company.

8.8 These carry markup rate of 12% per annum (2013: Nil) and are secured against securities of market values of Rs 293 08 million (2013 Nil) These are repayable latest by July 2014.

	June 30, 2014	June 30, 2013
9. CONTINGENCIES AND COMMITMENTS	(Rupees)	
In respect of commodities		
- Purchased through Pakistan Mercantile Exchange Limited	7,733,076	-
- Sold through Pakistan Mercantile Exchange Limited	7,834,593	-

10. PROPERTY AND EQUIPMENTS

	June 30, 2014					
	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	(Rupees)					
COST						
As at July 1, 2013	11,796,625	7,324,686	4,097,604	9,930,619	8,169,707	41,319,241
Additions	-	836,690	457,555	2,603,425	8,993,000	12,890,670
Disposals	-	(164,575)	(68,682)	(344,750)	(2,050,144)	(2,628,151)
As at June 30, 2014	11,796,625	7,996,801	4,486,477	12,189,294	15,112,563	51,581,760
ACCUMULATED DEPRECIATION						
As at July 1, 2013	-	2,973,074	1,719,274	6,611,798	3,515,151	14,819,297
For the year	-	444,018	255,294	854,469	1,929,613	3,483,393
On disposals	-	(80,476)	(39,895)	(270,571)	(840,413)	(1,231,355)
As at June 30, 2014	-	3,336,617	1,934,673	7,195,696	4,604,351	17,071,335
Written down value	11,796,625	4,660,184	2,551,804	4,993,598	10,508,212	34,510,425

	June 30, 2013					
	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	(Rupees)					
COST						
As at 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)
As at June 30, 2013	11,796,625	7,324,686	4,097,604	9,930,619	8,169,707	41,319,241
ACCUMULATED DEPRECIATION						
As at July 1, 2012	-	2,494,144	1,456,879	5,867,914	2,637,533	12,456,470
For the year	-	478,929	262,395	743,884	1,049,224	2,534,433
On disposals	-	-	-	-	(171,606)	(171,606)
As at June 30, 2013	-	2,973,074	1,719,274	6,611,798	3,515,151	14,819,297
Written down value	11,796,625	4,351,612	2,378,330	3,318,821	4,654,556	26,499,944
Depreciation rate per annum (%)	-	10	10	20	20	

	Note	June 30, 2014	June 30, 2013
		(Rupees)	

11. INTANGIBLE ASSETS

	Note	June 30, 2014	June 30, 2013
Trading Right Entitlement Certificate (TREC)	11.1	5,535,000	20,500,000
Pakistan Mercantile Exchange Limited - membership card		250,000	250,000
Software	11.2	226,138	371,795
		6,011,138	21,121,795

11.1 Under the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, the Company has received a TREC in lieu of its membership card of KSE TREC is measured on the basis explained in note 12.1

11.2 Amortization of software

	2014	2013
As at July 1	371,795	531,136
Charge for the year	145,657	159,341
As at June 30	226,138	371,795

11.2.1 Amortization has been charged during the year using reducing balance method at the rate of 30% per annom (2013: 30% per annom)

12. LONG TERM INVESTMENTS

Available-for-sale investment

	Note	2014	2013
Shares in Karachi Stock Exchange	12.1	14,965,000	-

12.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act), the ownership in a stock exchange has been segregated from right to trade on the exchange Accordingly, the Company has received equity shares of KSE and a TREC in lieu of its membership card of KSE, which was carried at Rs. 20.50 million in the books of the Company.

The above arrangement has resulted in allocation of 4,007,383 shares of Rs 10/- each with a total face value of Rs 40 million and TREC to the Company by KSE. Out of total shares issued by the KSE, the Company has actually received 40% equity shares, i.e., 1,602,953 shares. The remaining 60% shares (i.e. 2,404,430 shares) have been transferred to CDC sub-account in the Company's name under the KSE's participant ID with the CDC, which will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore, no gain or loss should be recognised and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/book value of the KSE Membership Card between the two distinct assets on a reasonable basis

The above mentioned face value (Rs. 40 million) of the shares issued by the KSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Act. In other words, shares worth Rs. 40 million received by the Company represent its share in the fair value of the net assets of the KSE Under the current circumstances where active market for the shares is not available, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares

Further, the KSE has introduced a minimum capital regime for the brokers, and for this purpose has valued TREC at Rs. 15 million as per the decision of the Board of Directors of the KSE. This fact indicates an acceptable level of value of TREC, which is also used by the Stock Exchange for risk management and to safeguard the investors' interest. In the absence of an active market for TREC, this assigned value of Rs 15 million has been considered as the closest estimate of the fair value of the TREC

Therefore, based on the above estimate of fair values of KSE shares (Rs. 40 million) and TREC (Rs. 15 million), the Company has allocated the carrying value of KSE membership card (Rs 20 50 million) in the ratio of 0 73 to shares and 0 27 to TREC Consequently, the investment have been recognised at Rs. 14.97 million and TREC at Rs 5.54 million.

		Note	June 30, 2014	June 30, 2013
			------------ (Rupees) ------------	
13.	**LONG TERM DEPOSITS**			
	Karachi Stock Exchange Limited	*13 1*	600,000	600,000
	National Clearing Company of Pakistan Limited		300,000	300,000
	Pakistan Mercantile Exchange Limited	*13 2*	3,750,000	3,750,000
	Central Depository Company of Pakistan Limited		100,000	100,000
	Others		905,000	655,000
			5,655,000	5,405,000

13.1 This represents deposit placed with KSE for taking exposure in regular and future market.

13.2 This represents deposit placed with PMEX for taking exposure in commodity market

14. SHORT TERM INVESTMENT

	Note	June 30, 2014	June 30, 2013
Financial assets classified as available-for-sale			
Shares of listed companies - at cost	*14.1*	358,352,073	732,950,029
Less: Unrealized loss on revaluation of available-for-sale investments	*14.1*	(33,776,793)	(10,793,431)
		324,575,280	722,156,598
Financial assets classified as fair value through profit and loss - held-for-trading			
Shares of listed companies - at cost	*14.2*	280,967,226	172,869,882
Less: Unrealized loss on revaluation of held-for-trading investments	*14.2*	(11,678,961)	(14,226,454)
		269,288,265	158,643,428
		593,863,545	880,800,026

		June 30, 2014		June 30, 2013	
		Average Cost	Market Value	Average Cost	Market Value
		------------ (Rupees) ------------			
14.1	**Financial assets classified as available-for-sale**				
	Archroma Pakistan Limited 47,500 (2013: Nil) ordinary shares of Rs. 10 each fully paid	18,483,211	15,630,350	-	-
	Biafo Industries Limited 17,000 (2013: 17,000) ordinary shares of Rs. 10 each fully paid	600,704	2,244,000	600,704	1,850,450
	Century Insurance Company Limited Nil (2013: 600,000) ordinary shares of Rs. 10 each fully paid	-	-	10,342,947	8,454,000
	Engro Corporation Limited Nil (2013: 2,908,075) ordinary shares of Rs. 10 each fully paid	-	-	306,402,538	354,407,100
	First Capital Sec. Corp Limited 2,058,348 (2013: 2,058,348) ordinary shares of Rs. 10 each fully paid	23,533,329	5,084,120	23,533,329	8,212,809

	June 30, 2014		June 30, 2013	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
First Dawood Mutual Fund Limited 273,800 (2013: 273,800) units of Rs. 10 each fully paid	635,308	-	635,308	1,916,600
Golden Arrow Selected Funds Limited 4,325,000 (2013: 7,500,000) units of Rs. 10 each fully paid	21,625,000	41,520,000	37,500,000	61,875,000
Huffaz Seamless Pipe Industries Limited Nil (2013: 1,787) ordinary shares of Rs. 10 each fully paid	-	-	23,184	39,832
KASB Securities Limited 166,100 (2013: 166,100) ordinary shares of Rs. 10 each fully paid	2,617,411	999,922	2,617,411	1,016,532
Mari Petroleum Company Limited Nil (2013: 70,500) ordinary shares of Rs. 10 each fully paid	-	-	10,339,859	9,628,185
Masood Textile Mills Limited Nil (2013: 391,286) ordinary shares of Rs. 10 each fully paid	-	-	9,145,112	9,981,706
NIB Bank Limited 31,300,000 (2013: 36,244,234) ordinary shares of Rs. 10 each fully paid	96,599,770	69,799,000	111,858,935	84,086,622
National Refinery Limited Nil (2013: 10,400) ordinary shares of Rs. 10 each fully paid	-	-	3,298,724	2,502,032
Premier Insurance Limited 200,000 (2013: 391,036) ordinary shares of Rs. 10 each fully paid	1,986,467	2,200,000	3,883,900	3,128,288
Pakistan Refinery Limited Nil (2013:237,940) ordinary shares of Rs. 10 each fully paid	-	-	23,590,024	19,370,695
Summit Bank Limited 13,969,519 (2013: 13,969,519) ordinary shares of Rs. 10 each fully paid	61,547,418	46,797,888	61,547,418	32,409,284
Summit Bank Limited - LOR Nil (2013: 2,793,903) ordinary shares of Rs. 10 each fully paid	-	-	-	55,878
Samin Textiles Limited Nil (2013: 164,500) ordinary shares of Rs. 10 each fully paid	-	-	1,974,000	1,301,195
Sui Northern Pipelines Gas Limited Nil (2013: 4,714,500) ordinary shares of Rs. 10 each fully paid	-	-	104,178,898	94,572,870
Sui Southern Gas Company Limited Nil (2013: 1,401,000) ordinary shares of Rs. 10 each fully paid	-	-	21,477,738	27,347,520
TRG Pakistan Limited 10,253,500 (2013: Nil) ordinary shares of Rs. 10 each fully paid	130,723,455	140,300,000	-	-
	358,352,073	324,575,280	732,950,029	722,156,598

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

	June 30, 2014		June 30, 2013	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
Adamjee Insurance Company Limited Nil (2013: 37,000) ordinary shares of Rs. 10 each fully paid	-	-	3,099,436	2,814,960
AKZO Nobel Pakistan Limited Nil (2013: 46,100) ordinary shares of Rs. 10 each fully paid	-	-	4,500,960	2,771,993
Attock Refinery Limited 125,000 (2013: 9,000) ordinary shares of Rs. 10 each fully paid	27,860,444	26,536,250	1,710,429	1,552 950
Bank of Punjab Limited Nil (2013: 640,000) ordinary shares of Rs. 10 each fully paid	-	-	9,063,415	8,153,600
Byco Petroleum Limited Nil (2013: 70,000) ordinary shares of Rs. 10 each fully paid	-	-	798,233	730,800
DG Khan Cement Limited 500 (2013: 1,500) ordinary shares of Rs. 10 each fully paid	46,020	43,980	108,711	125,535
Dawood Hercules Limited 5,000 (2013: Nil) ordinary shares of Rs. 10 each fully paid	364,531	348,950	-	-
Engro Corporation Limited 20,000 (2013: 71,500) ordinary shares of Rs. 10 each fully paid	3,885,996	3,570,200	10,195,005	8,713,705
Engro Foods Limited Nil (2013: 20,000) ordinary shares of Rs. 10 each fully paid	-	-	2,823,753	2,815,400
Engro Fertilizer Limited 172,500 (2013: Nil) ordinary shares of Rs. 10 each fully paid	11,775,016	9,858,375	-	-
EFU General Insurance Limited 12,000 (2013: Nil) ordinary shares of Rs. 10 each fully paid	1,533,252	1,471,680	-	-
Fauji Cement Company Limited Nil (2013: 44,000) ordinary shares of Rs. 10 each fully paid	-	-	582,593	584,760
Fauji Fertilizer Bin Qasim Limited Nil (2013: 138,000) ordinary shares of Rs. 10 each fully paid	-	-	5,571,275	5,180,520
Fauji Fertilizer Company Limited Nil (2013: 163,100) ordinary shares of Rs. 10 each fully paid	-	-	19,022,584	17,521,833
First Capital Mutual Fund Nil (2013: 72,922) ordinary shares of Rs. 10 each fully paid	-	-	317,211	541,810

	June 30, 2014		June 30, 2013	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
Jahangir Siddiqui Company Limited Nil (2013: 700,000) ordinary shares of Rs. 10 each fully paid	-	-	9,356,968	8,092,000
Kohinoor Spinning Mills Limited Nil (2013: 15,000) ordinary shares of Rs. 10 each fully paid	-	-	153,123	163,050
Kot Addu Power Company Limited 500 (2013: Nil) ordinary shares of Rs. 10 each fully paid	31,420	29,520	-	-
Maple Leaf Cement Limited Nil (2013: 300,000) ordinary shares of Rs. 10 each fully paid	-	-	7,074,270	6,579,000
MCB Bank Limited Nil (2013: 35,000) ordinary shares of Rs. 10 each fully paid	-	-	10,591,482	8,490,650
Millat Tractors Limited 2,200 (2013: 38,500) ordinary shares of Rs. 10 each fully paid	1,049,980	1,098,086	21,910,876	20,212 115
Murree Brewery Company Limited Nil (2013: 55,000) ordinary shares of Rs. 10 each fully paid	-	-	15,400,583	15,125,000
National Bank of Pakistan Nil (2013: 19,500) ordinary shares of Rs. 10 each fully paid	-	-	809,485	801,840
Nishat Chunian Power Limited Nil (2013: 50,000) ordinary shares of Rs. 10 each fully paid	-	-	1,618,565	1,653 500
Nishat Mills Limited 175,800 (2013: 84,500) ordinary shares of Rs. 10 each fully paid	22,544,567	19,675,536	8,461,135	7,960,745
Oil & Gas Development Company Limited 400 (2013: 34,000) ordinary shares of Rs. 10 each fully paid	104,128	104,512	7,882,638	7,777,500
Pak Elektron Limited Nil (2013: 372,500) ordinary shares of Rs. 10 each fully paid	-	-	7,026,716	6,008,425
Pakistan Petroleum Limited Nil (2013: 25,000) ordinary shares of Rs. 10 each fully paid	-	-	5 418,520	5,289,500
Pakistan State Oil Company Limited Nil (2013: 43,000) ordinary shares of Rs. 10 each fully paid	-	-	13,853,447	13,776,340
Quice Food Limited 5,600 (2013: 5,600) ordinary shares of Rs. 10 each fully paid	49,124	44,856	35,560	48,384
Service Industries Limited Nil (2013: 700) ordinary shares of Rs. 10 each fully paid	-	-	183,132	182,693

	June 30, 2014		June 30, 2013	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
Sui Northern Gas Pipelines Ltd Nil (2013: 100,000) ordinary shares of Rs. 10 each fully paid	-	-	2,034,080	2,006,000
Sapphire Fibres Limited 8,000 (2013: Nil) ordinary shares of Rs. 10 each fully paid	3,174,149	2,320,000	-	-
Shell Pakistan Limited 45,000 (2013: Nil) ordinary shares of Rs. 10 each fully paid	15,483,626	12,432,600	-	-
Samba Bank Limited 142,000 (2013: Nil) ordinary shares of Rs. 10 each fully paid	1,162,928	945,720	-	-
TRG Pakistan Limited 13,356,500 (2013: 178,000) ordinary shares of Rs. 10 each fully paid	191,902,045	190,808,000	1,962,618	1,813,820
World Call Telecommunication Limited Nil (2013: 385,000) ordinary shares of Rs. 10 each fully paid	-	-	1,303,079	1,155,000
	280,967,226	269,288,265	172,869,882	158,643,428

		Note	June 30, 2014	June 30, 2013
			(Rupees)	
15.	**TRADE DEBTS**			
	Considered good		2,730,276,229	3,032,924,879
	Considered doubtful		6,050,650	7,883,725
			2,736,326,879	3,040,808,604
	Less: (Reversal) of / provision against doubtful debts	*15.1*	(6,050,650)	(7,883,725)
			2,730,276,229	3,032,924,879
15.1	**(Reversal) of / provision against doubtful debts**			
	As at July 1		7,883,725	-
	(Reversal) / charge for the year		(1,833,075)	7,883,725
	As at June 30		6,050,650	7,883,725
16.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances - considered good		1,690,636	501,668
	Trade deposit	*16.1*	53,985,887	27,893,990
	Prepaid insurance		261,214	350,872
	Others		3,921,616	672,324
			59,859,353	29,418,854

16.1 This includes deposits with KSE gainst ready and future exposures and with PMEX for taking exposure in commodity market

		Note	June 30, 2014	June 30, 2013
17.	**CASH AND BANK BALANCES**			
	Cash in hand		175,149	150,629
	At banks:			
	- Current accounts		2,845,486	7,573,637
	- Saving accounts	*17.1*	30,451,163	208,869
			33,471,798	7,933,135

17.1 The interest rates on saving accounts range from 5% to 10% per annum (2013: from 5% to 10%)

	Note	June 30, 2014	June 30, 2013
		-------- (Rupees) --------	

18. OPERATING REVENUE

Brokerage commission		144,590,243	139,044,851
Inter-bank brokerage commission		31,364,206	17,049,766
Settlement charges		73,456,600	542,474,172
Dividend Income		41,589,532	5,672,378
Underwriting Commission		13,500,000	-
		304,500,581	704,241,167

19. ADMINISTRATIVE AND OPERATING EXPENSE

Salaries, benefits and other allowances		33,377,147	25,160,245
Directors' remuneration		2,815,000	2,400,000
Insurance		583,073	480,522
Utilities		2,048,852	1,541,256
Printing and stationery		987,987	635,102
Entertainment		1,350,464	937,887
Communication		4,477,264	3,819,987
Vehicle running		3,077,989	3,003,990
Repairs and maintenance		2,343,029	2,082,265
Traveling and conveyance		1,934,859	1,338,495
Legal and professional charges		1,846,882	1,371,192
Fee and subscriptions		3,122,080	3,588,343
Auditors' remuneration	19.1	441,550	350,000
Rent, rates and taxes		2,840,625	2,703,920
Depreciation	10	3,483,393	2,534,433
Amortization	11	145,657	159,341
Transaction and settlement cost		17,313,102	12,110,432
Commission to traders		51,604,556	34,508,321
Bank charges		190,486	126,543
Unrealized loss on held-for-trading investments		11,678,961	14,226,454
Reversal of provision against bad debts / write-off expense		(1,833,075)	15,614,333
Business promotion		2,645,759	1,950,923
Miscellaneous		2,674,275	1,239,976
		149,149,915	131,883,960

19.1 Auditors' remuneration

Statutory audit fee		385,000	350,000
Out-of-pocket expenses		56,550	-
		441,550	350,000

20. FINANCE COST

Markup on short term borrowings		375,314,039	502,106,336
Markup on long term borrowings		10,546,981	-
Mark-up on borrowing of securities		16,207,173	18,306,335
		402,068,193	520,412,671

21. OTHER INCOME

Income from financial assets			
Return on short term investment		7,654,684	31,023,535
Return on cash margins with KSE & PMEX		5,973,148	2,369,806
Profit from profit and loss sharing account		208,258	32,491
		13,836,090	33,425,832
Income from non-financial assets			
Gain on disposal of fixed assets		3,507,507	1,257,700
Expenses recovered from customers		6,967,499	4,500,970
IPO commission		26,842	196,311
		10,501,848	5,954,981
		24,337,938	39,380,813

22. TAXATION

The Company has filed income tax return for the tax year 2013 (financial year ended June 30, 2013) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

During the year, the Company has received an amended order for the tax year 2012 (financial year ended June 30, 2012) under which, certain disallowance has been made by the tax authorities, which has resulted in a recognition of prior year tax charge

The current tax represents minimum tax under Section 113 of the Income Tax Ordinance, 2001, therefore reconciliation between accounting profit and taxable loss has not been given in these financial statements

23. EARNING PER SHARE - BASIC AND DILUTED

			(Restated)
Profit after taxation for the year	*Rupees*	40,453,533	46,783,782
Weighted average number of ordinary shares	*Number of shares*	14,413,600	14,413,600
Earning per share - basic and diluted	*Rupees*	2.81	3.25

24. CASH AND CASH EQUIVALENTS

Cash and bank balances	*17*	33,471,798	7,933,135

25. REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the Chief Executive and Directors of the Company are given below:

	June 30, 2014		June 30, 2013	
	Chief Executive	Director	Chief Executive	Director
	---------- (Rupees) ----------			
Managerial remuneration	2,815,000	-	2,400,000	
	---------- Number ----------			
No. of person(s)	1	4	1	4

25.1 The Chief Executive Officer is provided with the Company maintained car, in accordance with the Company's policy

25.2 The total number of employees as at year end were 68 (2013: 67), whereas, average number of employees during the year were 68 (2013: 67).

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the 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

26.1 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	
		June 30, 2014	June 30, 2013
	Note	---------------- (Rupees) --------------	
Long term deposits	*13*	5,655,000	5,405,000
Receivable against Margin Financing Transactions		7,693,386	-
Trade debts	*15*	2,730,276,229	3,032,924,879
Advances, deposits and other receivables	*16*	59,598,139	29,067,982
Cash and bank balances	*17*	33,296,649	7,782,506
		2,836,519,403	3,075,180,367

All balances are denominated in local currency.

Bank balances

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from A1+ to A assigned by reputable credit rating agencies

Investment in units of Mutual Funds

The Company has investments in units of mutual fund having rating of 5-Star at reporting date

26.2 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 committments 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

	June 30, 2014					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to two years	Two to five years
	Rupees					
Financial liabilities						
Term finance facility	330,000,000	330,000,000	-	-	330,000,000	-
Trade creditors, accrued and other liabilities	644,888,783	644,888,783	644,888,783	-	-	-
Accrued mark-up	73,036,341	73,036,341	73,036,341	-	-	-
Short term borrowings	2,203,446,374	2,203,446,374	1,658,395,887	545,050,487	-	-
	3,251,371,498	3,251,371,498	2,376,321,011	545,050,487	330,000,000	-

	June 30, 2013					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to two years	Two to five years
	Rupees					
Financial Liabilities						
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 borrowings	2,925,130,770	2,925,130,770	1,723,609,471	1,201,521,299	-	-
	3,734,289,191	3,734,289,191	2,532,767,891	1,201,521,299	-	-

26.3 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

26.3.1 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	
	June 30, 2014	June 30, 2013
	(Rupees)	
Variable rate instruments		
- Bank balances in profit and loss sharing accounts	30,451,163	208,869

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.

26.3.2 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.

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

26.3.3 **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees

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

	Rate		Carrying values	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
			---------- (Rupees) ----------	
Financial assets				
Receivable against Margin Financing Transactions	15% to 20%	-	7,693,386	-
Bank balances	5% to 10%	5% to 10%	30,451,163	208,869
			38,144,549	208,869
Financial liabilities				
Term finance facility	12% to 13%	-	330,000,000	-
Short term borrowing	9% to 14%	9% to 14%	2,203,446,374	2,925,130,770
			2,533,446,374	2,925,130,770
Cumulative gap			(2,495,301,825)	(2,924,921,901)

26.4 **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

26.5 **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.

27. **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 the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

28. SHARES OF CLIENTS APPEARING IN CDC HOUSE ACCOUNT

	June 30, 2014		
	Shares appearing in CDC House A/c	Shares of the Company	Shares of the clients held by the Company
	---------- No. of shares ----------		
AKD Capital Limited	200,000	-	200,000
Bank AlFalah Limited	7,649,000	-	7,649,000
First Capital Securities Corporation Limited	12,058,348	2,058,348	10,000,000
NIB Bank Limited	45,300,000	31,300,000	14,000,000
Silk Bank Limited	102,000,000	-	102,000,000
Summit Bank Limited	38,269,519	13,969,519	24,300,000
Summit Bank Limited - Preference Shares	50,404	-	50,404
	205,527,271	47,327,867	158,199,404

	June 30, 2013		
	Shares appearing in CDC House A/c	Shares of the Company	Shares of the clients 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

29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management Transactions with related parties are on arm's length Remuneration and benefits to executives of the Company are in accordance with the terms of the employment Remuneration of chief executive, directors and executives are as follows:

Key management personnel

Remuneration to key management personnel is disclosed in note 25 to these financial statements.

30. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker.

There were no changes in the reportable segments during the year

All non-current assets of the Company as at June 30, 2014 and June 30, 2013 are located in Pakistan.

31. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 27, 2014 has proposed a final cash dividend in respect of the year ended June 30, 2014 at Rs. 2.00 (2013: Rs. 2.00) per share for approval by the members of the Company in the forthcoming Annual General Meeting The financial statements for the year ended June 30, 2014 do not include the effect of this final dividend, which will be accounted for in the financial statements for the year ending June 30, 2015.

32. GENERAL

These financial statements have been authorized for issue by the Board of Directors of the Company on 27 SEP 2014

CHIEF EXECUTIVE

DIRECTOR