

**Pearl Securities Limited**  
**Financial Statements**  
**For the year ended 30 June 2015**

### **Auditors' Report to the Members**

We have audited the annexed balance sheet of Pearl Securities Limited ("the Company") as at 30 June 2015 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 30 June 2015 and of the profit, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat has been deducted at source under the Zakat and Ushr Ordinance, 1980.

*Junaidy Shoaib Asad*

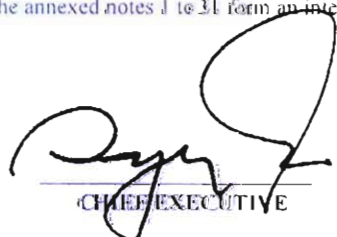
Junaidy Shoaib Asad  
Chartered Accountants  
Farukh V. Junaidy

Date: 18 SEP 2015  
Karachi

**PEARL SECURITIES LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2015**

	Note	2015	2014
		(Rupees)	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized capital			
50,000,000 (2014: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	4	144,136,000	144,136,000
Unappropriated profit		622,592,826	102,238,662
		766,728,826	246,374,662
<b>NON-CURRENT LIABILITIES</b>			
Term finance facility - secured	5	425,000,000	330,000,000
Deferred tax		-	2,847,064
<b>CURRENT LIABILITIES</b>			
Trade creditors, accrued and other liabilities	6	229,279,446	641,234,734
Accrued mark-up		42,964,321	73,036,341
Short term borrowings	7	2,802,649,523	2,203,446,374
		3,074,893,290	2,917,717,449
		4,266,622,116	3,496,939,175
Contingencies and commitments	8		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	36,882,232	34,510,425
Intangible assets	10	6,576,933	6,011,138
Deferred tax	11	122,721	-
Long term investments	12	14,965,000	14,965,000
Long term deposits	13	5,659,809	5,655,000
		64,206,695	61,141,563
<b>CURRENT ASSETS</b>			
Short term investments	14	3,066,863,635	593,863,546
Receivable against Margin Financing Transactions		286,089,865	7,693,386
Trade debts	15	640,895,534	2,730,276,229
Advances, deposits, prepayments and other receivables	16	75,409,132	59,850,353
Taxation - net		23,237,967	10,633,301
Cash and bank balances	17	109,919,288	33,471,798
		4,202,415,421	3,435,797,613
		4,266,622,116	3,496,939,175

The annexed notes 1 to 31 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**


  
**DIRECTOR**

**PEARL SECURITIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Note</i>	2015 ----- (Rupees) -----	2014
Operating revenue	18	473,197,214	304,500,581
Capital gain on short term investments		26,658,085	303,107,542
Administrative and operating expenses	19	(148,538,846)	(149,149,915)
Operating profit		<u>351,316,453</u>	<u>458,458,208</u>
Finance cost	20	(292,430,678)	(402,068,193)
		<u>58,885,775</u>	<u>56,390,015</u>
Other income	21	40,852,941	24,337,938
Profit before taxation		<u>99,738,716</u>	<u>80,727,953</u>
Taxation			
- Current		(36,739,028)	(39,403,516)
- Prior		-	(390,605)
- Deferred		2,969,785	(480,299)
	22	<u>(33,769,243)</u>	<u>(40,274,420)</u>
Profit after taxation		<u>65,969,473</u>	<u>40,453,533</u>
Earnings per share - basic and diluted	23	<u>4.58</u>	<u>2.81</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

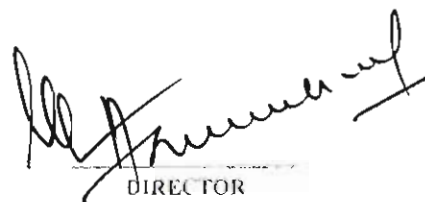
  
 DIRECTOR

PEARL SECURITIES LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	(Rupees)	
Profit after taxation for the year	65,969,473	40,453,533
Other comprehensive income for the year		
Unrealised gain / (loss) on available-for-sale investments	483,211,891	(22,983,362)
<b>Total comprehensive income for the year</b>	<b>549,181,364</b>	<b>17,470,171</b>
The annexed notes 1 to 31 form an integral part of these financial statements.		

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CHIEF EXECUTIVE

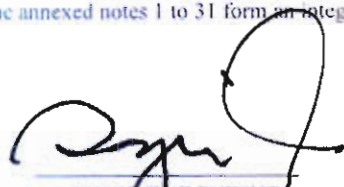
  
DIRECTOR



**PEARL SECURITIES LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015	2014
		----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		99,738,716	80,727,953
Adjustments for:			
- Depreciation	9	4,137,225	3,483,393
- Amortization	10	469,110	145,657
- Unrealized gain on held-for-trading investments	14	7,657,247	11,678,961
- Bad debts (reversed) / written off		-	(1,833,075)
- Gain on disposal of fixed assets		(221,209)	(3,507,507)
- Finance cost		292,430,678	402,068,193
Cash generated from operating activities before working capital changes		304,473,051	412,035,622
Decrease / (increase) in current assets			
Trade debts		2,089,380,695	304,481,725
Advances, deposits, prepayments and other receivables		(15,549,779)	(30,440,499)
Increase / (decrease) in current liabilities			
Trade creditors, accrued and other liabilities		(411,955,288)	(107,993,525)
Short term borrowings		599,203,149	(721,684,396)
		2,261,078,777	(555,636,695)
Financial charges paid		(322,502,698)	(388,962,012)
Taxes paid		(59,854,274)	(60,143,408)
Net cash generated from / (used in) operating activities		2,282,933,572	(511,978,540)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(7,830,625)	(12,890,670)
Proceeds from disposal of property and equipment		1,542,800	4,904,308
Investments made during the year		(2,266,366,248)	244,580,765
Long term deposits		(4,809)	(250,000)
Net cash (used in) / generated from investing activities		(2,272,658,882)	236,344,403
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(28,827,200)	(28,827,200)
Proceeds from long term loan		95,000,000	330,000,000
Net cash generated from financing activities		66,172,800	301,172,800
Net increase in cash and cash equivalents		76,447,490	25,538,663
Cash and cash equivalents at the beginning of the year		33,471,798	7,933,135
Cash and cash equivalents at the end of the year	24	109,919,288	33,471,798

The annexed notes 1 to 31 form an integral part of these financial statements

  
**CHIEF EXECUTIVE**

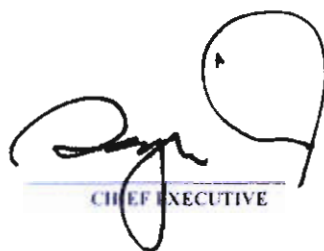


  
**DIRECTOR**

**PEARL SECURITIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Issued, subscribed & paid-up capital	Unappropriated profit	Unrealised loss on available-for- sale investments	Total Equity
	(Rupees)			
Balance as at 30 June 2013	144,136,000	124,389,122	(10,793,431)	257,731,691
<i>Transactions with owners</i>				
Final Dividend for the year ended 30 June 2013 at the rate of Rs. 2 per share	-	(28,827,200)	-	(28,827,200)
<b>Total comprehensive income for the year ended 30 June 2014</b>				
Profit after taxation for the year	-	40,453,533	-	40,453,533
<i>Other comprehensive income</i>				
Unrealised loss on available-for-sale investments	-	-	(22,983,362)	(22,983,362)
<b>Balance as at 30 June 2014</b>	<u>144,136,000</u>	<u>136,015,455</u>	<u>(33,776,793)</u>	<u>246,374,662</u>
<i>Transactions with owners</i>				
Final Dividend for the year ended 30 June 2014 at the rate of Rs. 2 per share	-	(28,827,200)	-	(28,827,200)
<b>Total comprehensive income for the year ended 30 June 2015</b>				
Profit after taxation for the year	-	65,969,473	-	65,969,473
<i>Other comprehensive income</i>				
Unrealised loss on available-for-sale investments	-	-	483,211,891	483,211,891
<b>Balance as at 30 June 2015</b>	<u>144,136,000</u>	<u>173,157,728</u>	<u>449,435,098</u>	<u>766,728,826</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE



  
 DIRECTOR

**PEARL SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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 ("KSEL").

The Company is a Trading Right Entitlement Certificate ("TREC") holder of KSEL 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 Office No. 204, 2nd floor, Business and Finance Centre I. I. Chundrigar Road, Karachi.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise 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 requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of measurement**

These financial statements have been prepared under historical cost convention except financial assets and financial liabilities, which have been stated at their fair values.

**2.3 Functional and presentation currency**

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

**2.4 Use of critical accounting estimates and judgments**

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

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

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are 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) Trade creditor, accrued and other liabilities	3.14

**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 01 July 2015:

- (a) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 01 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.



- (b) IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 01 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.
- (c) IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 01 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 01 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements. The amendments are not likely to have an impact on Company's financial statements.
- (d) IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.
- (e) IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.
- (f) Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 01 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (effective for annual periods beginning on or after 01 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.

#### 2.5.2 Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 01 January 2016). The new cycle of improvements contain amendments to the following standards:

- (a) IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- (b) IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- (c) IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

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

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 9. 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 significant 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.

#### 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 amounts. 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 10.

#### 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

### 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 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.

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 value, 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 classified 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 account.

#### *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 indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Subsequent 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 adjustments 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 'Collection 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.

### **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 derivatives 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 Trade creditors, accrued and other liabilities**

Liabilities for trade creditors 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.



#### 4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

2015	2014	
----- (No. of shares) -----		
14,413,600	14,413,600	Issued for cash
		144,136,000
		144,136,000

#### 5. TERM FINANCE FACILITY - SECURED

Silk Bank Limited	5.1	225,000,000	330,000,000
Government of Khyber Pakhtunkhwa GPI Fund and Pension Fund	5.2	200,000,000	-
		425,000,000	330,000,000

5.1 This represents term finance facility from a banking company amounting to Rs. 225 million (2014: 330 million) repayable in September 2016 in an outright payment. The said facility carries mark-up rate of 3-months Karachi Inter Bank Offered Rate (KIBOR) plus 2.5% per annum, which at the year end amounted to 9.51% per annum (2014: 12.67%), payable on quarterly basis. The facility is secured by lien on receivables of the Company.

5.2 This represents amount due to Government of Khyber Pakhtunkhwa GPI Fund and Pension Fund of Rs. 120 million (2014: nil) and Rs. 80 million (2014: nil) respectively to meet working capital requirements.

#### 6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors for purchase of shares	99,308,809	621,651,343
Payable to Karachi Stock Exchange Limited	107,083,873	45,623
Payable to Government of Khyber Pakhtunkhwa	505,822	284,360
Sindh sales tax on brokerage services	2,715,777	1,557,435
Commission payable to traders	13,902,274	11,755,805
Accrued and other liabilities	5,762,891	5,940,168
	229,279,446	641,234,734

#### 7. SHORT TERM BORROWINGS

##### From banking companies - secured

Bank Al-Falah Limited	7.1	23,543,607	38,649,846
Summit Bank Limited	7.2	656,264,487	762,958,425
NIB Bank Limited	7.3	281,770,647	122,244,945
Silk Bank Limited	7.4	311,427,618	690,437,462
Sindh Bank Limited	7.5	222,019,126	239,209,245
Askari Bank Limited	7.6	157,624,038	44,946,451

##### From investment companies - secured

Saudi Pak Industrial & Agricultural Investment Company Limited	7.7	100,000,000	100,000,000
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##### Other borrowings - secured

Repurchase agreement borrowings	7.8	1,050,000,000	205,000,000
		2,802,649,523	2,203,446,374

7.1 This represents running finance facility of Rs. 100 million (2014: 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 9.49% per annum (2014: 11.67% 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 will expire in June 2016.

7.2 This includes two running finance facilities against readily marketable shares of quoted companies amounting to Rs. 350 and Rs. 270 million (2014: Rs. 350 million). These facilities carrying markup at the rate of 3 months KIBOR plus 200 bps per annum and 3 months KIBOR plus 350 bps per annum respectively, which at the year end amounted to 9.99% and 9.99% per annum (2014: 12.17% per annum). These facilities expires in and March 2016 July 2015 respectively.

This also includes short term finance facility under repurchase arrangement with a limit of Rs. 300 million (2014: 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. Nil (2014: Rs. 55 million) at the rate of 12.5% per annum during 2014 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 2015. 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.

- 7.3 This represents running finance facility with a limit of Rs. 300 million (2014: 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 amounted to 10.24% per annum (2014: 12.42% 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 will expire in March 2016.

This also includes short term finance facility under re-purchase arrangement on 10 years PIBs of Rs.300 million (2014: Nil ) maturing on 10th July 2015 carrying markup at the rate of 8.15 %.

- 7.4 This represents running finance facility with a limit of Rs. 315 million (2014: Rs.695 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 10.49% per annum (2014: 12.67% per annum). The facility is secured with first pari passu charge of Rs. 525 million on receivables of the Company. The facility expires in December 2015.
- 7.5 This represents running finance facility with a limit of Rs. 250 million (2014: Rs. 250 million) for meeting the working capital requirements carrying markup at the rate of 12% per annum (2014: 14% per annum). The facility is secured by pledge of listed shares of companies with 40% margin. The facility expires in June 2016.
- 7.6 This represents running finance facility with a limit of Rs. 200 million (2014: 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 (12.17% per annum). The facility is secured by pledge of shares with 30% to 40% margin. The facility expires in March 2016.
- 7.7 This represents running finance facility with a limit of Rs. 100 million (2014: Rs. 100 million) for meeting the working capital requirements carrying markup at the rate of 3 months KIBOR plus 300 bps per annum payable on quarterly basis, which at the year end amounted to 10.01% per annum (12.17% per annum). The facility expires in September 2016.
- 7.8 This represents short term finance facility under re-purchase arrangement with investment company on 3 & 10 years PIBs of Rs 750 million (2014: Nil ) maturing on different dates within one month after the balance sheet date carrying markup at the rate of 7.7%. This amount also includes Rs. 300 million (2014: 205 million) short term finance facility under re-purchase arrangement with a banking company on 10 years PIBs of Rs. 300 million, maturing on 10 July 2015, carrying mark-up at the rate of 8.15%.

## 8. CONTINGENCIES AND COMMITMENTS

There is no contingencies and commitment as at 30 June 2015 (2014: Contingencies in respect of purchase and sale through PMEX amounting to Rs. 7.7 million and 7.8 million respectively)

## 9. PROPERTY AND EQUIPMENTS

	30 June 2015					
	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	(Rupees)					
<b>COST</b>						
As at 1 July 2014	11,796,625	7,996,801	4,486,477	12,189,294	15,112,563	51,581,760
Additions	3,600,000	125,000	447,545	937,080	2,721,000	7,830,625
Disposals	-	-	(50,000)	-	(1,707,500)	(1,757,500)
As at 30 June 2015	15,396,625	8,121,801	4,884,022	13,126,374	16,126,063	57,654,885
<b>ACCUMULATED DEPRECIATION</b>						
As at 1 July 2014	-	3,336,617	1,934,673	7,195,696	4,604,351	17,071,337
For the year	-	474,728	283,978	1,115,522	2,262,997	4,137,225
On disposals	-	-	(32,750)	-	(403,159)	(435,909)
As at 30 June 2015	-	3,811,345	2,185,901	8,311,218	6,464,189	20,772,653
Written down value	15,396,625	4,310,456	2,698,121	4,815,156	9,661,874	36,882,232
	30 June 2014					
	Office Premises	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
	(Rupees)					
<b>COST</b>						
As at 1 July 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 30 June 2014	11,796,625	7,996,801	4,486,477	12,189,294	15,112,563	51,581,760
<b>ACCUMULATED DEPRECIATION</b>						
As at 1 July 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 30 June 2014	-	3,336,617	1,934,673	7,195,696	4,604,351	17,071,337
Written down value	11,796,625	4,660,184	2,551,804	4,993,598	10,508,212	34,510,425
<b>Depreciation rate per annum (%)</b>	-	10	10	20	20	

		30 June 2015	30 June 2014	
	Note	----- (Rupees) -----		
<b>10. INTANGIBLE ASSETS</b>				
Trading Right Entitlement Certificate (TREC)	10.1	5,535,000	5,535,000	
Pakistan Mercantile Exchange Limited - membership card		250,000	250,000	
Software	10.2	791,933	226,138	
		<u>6,576,933</u>	<u>6,011,138</u>	
<b>10.1</b>	Under the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, the Company received a TREC in lieu of its membership card of KSEL. Notional value of the said TREC has been maintained by KSEL at Rs. 15 million (2014: Rs. 15 million). However, the Company has not accounted for the impact of such value.			
<b>10.2 Amortization of software</b>				
As at July 1		226,138	371,795	
Additions during the year		1,034,905	-	
Total		<u>1,261,043</u>	<u>371,795</u>	
Charge for the year		(469,110)	145,657	
As at June 30		<u>791,933</u>	<u>226,138</u>	
<b>11. DEFERRED TAX LIABILITIES</b>				
		30 June 2015		
		Opening	Charge / (reversal)	Closing
		----- (Rupees) -----		
<b>On taxable temporary difference:</b>				
Accelerated depreciation allowance		5,527,531	3,653,537	(1,873,994)
<b>On deductible temporary difference:</b>				
Provision for doubtful debts		(2,680,467)	(683,753)	1,996,715
		<u>2,847,064</u>	<u>2,969,785</u>	<u>122,721</u>
		30 June 2014		
		Opening	Charge / (reversal)	Closing
		----- (Rupees) -----		
<b>On taxable temporary difference:</b>				
Accelerated depreciation allowance		5,126,069	401,462	5,527,531
<b>On deductible temporary difference:</b>				
Provision for doubtful debts		(2,759,304)	78,837	(2,680,467)
		<u>2,366,765</u>	<u>480,299</u>	<u>2,847,064</u>
<b>12. LONG TERM INVESTMENTS</b>		30 June 2015	30 June 2014	
	Note	----- (Rupees) -----		
<b>Available-for-sale investment</b>				
Shares in Karachi Stock Exchange Limited	12.1	<u>14,965,000</u>	<u>14,965,000</u>	
<b>12.1</b>	Under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 ("the Act"), the Company received 4,007,383 equity shares of Rs. 10 each of KESL, whereby, 40% equity shares, i.e., 1,602,953 shares were actually received by the Company and the remaining 60% shares (i.e., 2,404,430 shares) were transferred to CDC sub-account in the Company's name under the KSEL's participant ID with the CDC. The said shares will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.			
	Based on the financial statements of KESL as of 30 December 2014, the break-up value per share amounts to Rs. 10.09 per share. However, the Company has not accounted for the impact of such value.			
<b>13. LONG TERM DEPOSITS</b>				
Karachi Stock Exchange Limited	13.1	604,809	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	905,000	
		<u>5,659,809</u>	<u>5,655,000</u>	
<b>13.1</b>	This represents deposit placed with KSEL for taking exposure in regular and future market.			
<b>13.2</b>	This represents deposit placed with PMEX for taking exposure in commodity market.			



14. SHORT TERM INVESTMENT	Note	2015	2014
		(Rupees)	
<b>Financial assets classified as available-for-sale</b>			
Shares of listed companies - at cost	14.1	1,815,178,118	358,352,073
10 Years 12% Pakistan Investment Bonds - at cost		663,547,837	-
Less: Unrealized gain/(loss) on revaluation of available-for-sale investments	14.1	449,435,098	(33,776,793)
		2,928,161,053	324,575,281
<b>Financial assets classified as fair value through profit and loss - held-for-trading</b>			
Shares of listed companies - at cost	14.2	146,359,829	280,967,226
Less: Unrealized (loss) on revaluation of held-for-trading investments	14.2	(7,657,247)	(11,678,961)
		138,702,582	269,288,265
		<u>3,066,863,635</u>	<u>593,863,546</u>

14.1 Financial assets classified as available-for-sale	2015		2014	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
<i>Archroma Pakistan Limited</i> Nil (2014: 47,500) ordinary shares of Rs. 10 each fully paid	-	-	18,483,211	15,630,350
<i>Biafo Industries Limited</i> Nil (2014: 17,000) ordinary shares of Rs. 10 each fully paid	-	-	600,704	2,244,000
<i>Bank Al-Falah Limited</i> 7,200,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	169,900,000	182,160,000	-	-
<i>First Capital Securities Corporation Limited</i> 11,091,848 (2014: 2,058,348) ordinary shares of Rs. 10 each fully paid	47,683,224	39,043,305	23,533,329	5,084,120
<i>First Dawood Mutual Fund Limited</i> 273,800 (2014: 273,800) units of Rs. 10 each fully paid	635,308	-	635,308	1,916,600
<i>Golden Arrow Selected Funds Limited</i> Nil (2014: 4,325,000) units of Rs. 10 each fully paid	-	-	21,625,000	41,520,000
<i>Invest &amp; Finance Securities Limited</i> 980,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	26,291,070	29,939,000	-	-
<i>KASB Securities Limited</i> 166,100 (2014: 166,100) ordinary shares of Rs. 10 each fully paid	2,617,411	1,553,035	2,617,411	999,922
<i>NIB Bank Limited</i> 45,300,000 (2014: 31,300,000) ordinary shares of Rs. 10 each fully paid	117,599,770	91,506,000	96,599,770	69,799,000
<i>Premier Insurance Limited</i> Nil (2014: 200,000) ordinary shares of Rs. 10 each fully paid	-	-	1,986,467	2,200,000

	2015		2014	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
<i>Summit Bank Limited</i> 38,269,519 (2014: 13,969,519) ordinary shares of Rs. 10 each fully paid	121,082,418	129,733,670	61,547,418	46,797,888
<i>Summit Bank Limited-Preference Shares</i> 36,937,404 (2014: Nil) ordinary shares of Rs. 10 each fully paid	332,436,636	369,374,040	-	-
<i>Silk Bank Limited</i> 102,000,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	408,000,000	195,840,000	-	-
<i>TPL Trakker Limited</i> 15,000,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	150,000,000	237,900,000	-	-
<i>TRG Pakistan Limited</i> 33,369,055 (2014: 10,253,500) ordinary shares of Rs. 10 each fully paid	438,932,281	1,019,424,630	130,723,455	140,300,000
	<u>1,815,180,133</u>	<u>2,296,473,680</u>	<u>358,354,087</u>	<u>324,575,281</u>

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

<i>Attock Refinery Limited</i> Nil (2014: 125,000) ordinary shares of Rs. 10 each fully paid	-	-	27,860,444	26,536,250
<i>Askari Bank Limited</i> 150,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	3,326,689	3,181,500	-	-
<i>DG Khan Cement Limited</i> Nil (2014: 500) ordinary shares of Rs. 10 each fully paid	-	-	46,020	43,980
<i>Dawood Hercules Limited</i> Nil (2014: 5,000) ordinary shares of Rs. 10 each fully paid	-	-	364,531	348,950
<i>Engro Corporation Limited</i> Nil (2014: 20,000) ordinary shares of Rs. 10 each fully paid	-	-	3,885,996	3,570,200
<i>Engro Fertilizer Limited</i> Nil (2014: 172,500) ordinary shares of Rs. 10 each fully paid	-	-	11,775,016	9,858,375
<i>EFU General Insurance Limited</i> Nil (2014: 12,000) ordinary shares of Rs. 10 each fully paid	-	-	1,533,252	1,471,680
<i>Fauji Fertilizer Bin Qasim Limited</i> 135,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	8,033,635	7,468,200	-	-
<i>Faysal Bank Limited</i> 1,400,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	23,480,348	22,008,000	-	-
<i>First Capital Equities Limited</i> 1,000,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	36,003,600	35,190,000	-	-



	2015		2014	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
<i>Golden Arrow Selected Stock Fund</i> 191,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	2,152,853	2,116,280	-	-
<i>Kot Addu Power Company Limited</i> 500 (2014: 500) ordinary shares of Rs. 10 each fully paid	29,520	43,020	31,420	29,520
<i>Millat Tractors Limited</i> 500 (2014: 2,200) ordinary shares of Rs. 10 each fully paid	249,565	342,910	1,049,980	1,098,086
<i>National Bank of Pakistan</i> 154,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	10,447,447	8,191,260	-	-
<i>Nishat Mills Limited</i> 37,000 (2014: 175,800) ordinary shares of Rs. 10 each fully paid	4,899,353	4,226,510	22,544,567	19,675,536
<i>Oil &amp; Gas Development Company Limited</i> Nil (2014: 400) ordinary shares of Rs. 10 each fully paid	-	-	104,128	104,512
<i>Pakistan Petroleum Limited</i> 71,700 (2014: Nil) ordinary shares of Rs. 10 each fully paid	14,298,868	11,777,442	-	-
<i>Pakistan Refinery Limited - LoR</i> 150,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	7,002,501	9,139,500	-	-
<i>Pakistan Telecommunication Limited</i> 110,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	2,685,314	2,255,000	-	-
<i>Quice Food Limited</i> 5,600 (2014: 5,600) ordinary shares of Rs. 10 each fully paid	44,856	52,640	49,124	44,856
<i>Sapphire Fibres Limited</i> Nil (2014: 8,000) ordinary shares of Rs. 10 each fully paid	-	-	3,174,149	2,320,000
<i>Shell Pakistan Limited</i> 100,000 (2014: 45,000) ordinary shares of Rs. 10 each fully paid	25,342,534	25,296,000	15,483,626	12,432,600
<i>Samba Bank Limited</i> Nil (2014: 142,000) ordinary shares of Rs. 10 each fully paid	-	-	1,162,928	945,720
<i>Sindh Modaraba</i> 203,000 (2014: Nil) certificates of Rs. 10 each fully paid	2,030,000	1,418,970	-	-
<i>Summit Bank Limited</i> 365,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	1,640,206	1,237,350	-	-

	2015		2014	
	Average Cost	Market Value	Average Cost	Market Value
	(Rupees)			
<i>TPL Trakker Limited</i> 300,000 (2014: Nil) ordinary shares of Rs. 10 each fully paid	4,692,540	4,758,000	-	-
<i>TRG Pakistan Limited</i> Nil (2014: 13,356,500) ordinary shares of Rs. 10 each fully paid	-	-	191,902,045	190,808,000
	<u>146,359,829</u>	<u>138,702,582</u>	<u>280,967,226</u>	<u>269,288,265</u>

	Note	2015	2014
		(Rupees)	(Rupees)
<b>15. TRADE DEBTS</b>			
Considered good		640,895,534	2,730,276,229
Considered doubtful		6,050,650	6,050,650
		<u>646,946,184</u>	<u>2,736,326,879</u>
Less: Provision against doubtful debts		(6,050,650)	(6,050,650)
		<u>640,895,534</u>	<u>2,730,276,229</u>
<b>16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - considered good		2,765,015	1,690,636
Trade deposit	16.1	56,920,735	53,985,887
Prepayments		1,471,119	261,214
Mark-up receivable		8,063,342	-
Others		6,188,921	3,921,616
		<u>75,409,132</u>	<u>59,859,353</u>
<b>16.1</b>	This includes deposits with KSEL against ready and future exposures and with PMEX for taking exposure in commodity market.		
<b>17. CASH AND BANK BALANCES</b>			
Cash in hand		558,850	175,149
At banks:			
- Current accounts		1,596,848	2,845,486
- Saving accounts	17.1	107,763,590	30,451,163
		<u>109,919,288</u>	<u>33,471,798</u>
<b>17.1</b>	The interest rates on saving accounts range from 5% to 7% per annum (2014: from 5% to 7%).		
<b>18. OPERATING REVENUE</b>			
Brokerage commission		154,708,946	144,590,243
Settlement charges		276,021,362	73,456,600
Inter-bank brokerage commission		26,187,462	31,364,206
Dividend Income		10,675,287	41,589,532
Underwriting Commission		5,604,157	13,500,000
		<u>473,197,214</u>	<u>304,500,581</u>

	Note	2015	2014
		----- (Rupees) -----	
<b>19. ADMINISTRATIVE AND OPERATING EXPENSE</b>			
Salaries, benefits and other allowances		35,458,973	33,377,147
Directors' remuneration		3,335,000	2,815,000
Insurance		655,310	583,073
Utilities		2,165,521	2,048,852
Printing and stationery		787,401	987,987
Entertainment		1,665,907	1,350,464
Communication		5,007,192	4,477,264
Vehicle running		2,730,836	3,077,989
Repairs and maintenance		2,602,028	2,343,029
Traveling and conveyance		1,267,983	1,934,859
Legal and professional charges		2,698,281	1,846,882
Fee and subscriptions		2,172,690	3,122,080
Auditors' remuneration	19.1	443,430	441,550
Rent, rates and taxes		4,268,421	2,840,625
Depreciation	10	4,137,225	3,483,393
Amortization	11	469,110	145,657
Transaction and settlement cost		19,605,202	17,313,102
Commission to traders		46,234,473	51,604,556
Bank charges		399,781	190,486
Unrealized loss on held-for-trading investments		7,657,247	11,678,961
Reversal of provision against bad debts / write-off expense		-	(1,833,075)
Business promotion		2,153,878	2,645,759
Miscellaneous		2,622,957	2,674,275
		<u>148,538,846</u>	<u>149,149,915</u>
<b>19.1 Auditors' remuneration</b>			
Statutory audit fee		385,000	385,000
Out-of-pocket expenses		58,430	56,550
		<u>443,430</u>	<u>441,550</u>
<b>20. FINANCE COST</b>			
<i>Mark-up on:</i>			
Short term borrowings		268,382,394	375,314,039
Long term borrowings		21,029,441	10,546,981
Borrowing of securities		3,018,843	16,207,173
		<u>292,430,678</u>	<u>402,068,193</u>
<b>21. OTHER INCOME</b>			
<i>Income from financial assets</i>			
Return on short term investment		11,524,742	7,654,684
Return on margin financing & MTS		20,390,183	-
Return on cash margins with KSEL & PMEX		4,190,577	5,973,148
Profit from profit and loss sharing account		517,487	208,258
		<u>36,622,989</u>	<u>13,836,090</u>
<i>Income from non-financial assets</i>			
Gain on disposal of fixed assets		221,209	3,507,507
Expenses recovered from customers		3,626,673	6,967,499
Reversal of provision for SST liability		182,440	-
IPO commission		199,630	26,842
		<u>4,229,952</u>	<u>10,501,848</u>
		<u>40,852,941</u>	<u>24,337,938</u>
<b>22. TAXATION</b>			
<b>22.1</b>	The Company has filed income tax return for the tax year 2014 (financial year ended 30 June 2014) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.		

	Note	2015 ----- (Rupees) -----	2014
<b>22.2 Relationship between tax expense and accounting profit</b>			
Profit before taxation		99,738,716	80,727,953
Tax at the rate of 33% (2014: 34%)		32,913,776	27,447,504
Prior year charge		-	390,605
Tax impact of Items subject to final taxation		451,295	8,040,235
Others		404,714	- 4,396,076
		<u>33,769,785</u>	<u>40,274,420</u>

**23. EARNING PER SHARE - BASIC AND DILUTED**

Profit after taxation for the year	Rupees	65,969,473	40,453,533
Weighted average number of ordinary shares	Number of shares	14,413,600	14,413,600
Earning per share - basic and diluted	Rupees	4.58	2.81

**24. CASH AND CASH EQUIVALENTS**

Cash and bank balances	17	109,919,288	33,471,798
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**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:

	2015		2014	
	Chief Executive	Director	Chief Executive	Director
	----- (Rupees) -----			
Managerial remuneration	3,335,000	-	2,815,000	-
	----- 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 73 (2014: 67), whereas, average number of employees during the year were 69 (2014: 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.



## 26.1.2 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:

	Note	Carrying amount	
		2015	2014
		(Rupees)	
Long term deposits	13	5,659,809	5,655,000
Receivable against Margin Financing Transactions		286,089,865	-
Trade debts	15	640,895,534	2,730,276,229
Advances, deposits and other receivables	16	73,938,013	59,598,139
Bank balances	17	109,360,438	33,296,649
		<u>1,115,943,659</u>	<u>2,828,826,017</u>

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.

## 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 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:

		2015				
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to two years	Two to five years
		-----Rupees-----				
<b>Financial liabilities</b>						
Term finance facility	425,000,000	425,000,000	-	-	425,000,000	-
Trade creditors, accrued and other liabilities	229,279,446	229,279,446	229,279,446	-	-	-
Accrued mark-up	42,964,321	42,964,321	42,964,321	-	-	-
Short term borrowings	2,802,649,523	2,802,649,523	967,692,105	1,834,957,418	-	-
	<u>3,499,893,290</u>	<u>3,499,893,290</u>	<u>1,239,935,872</u>	<u>1,834,957,418</u>	<u>425,000,000</u>	<u>-</u>
		2014				
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	One to two years	Two to five years
		-----Rupees-----				
<b>Financial Liabilities</b>						
Trade creditors, accrued and other liabilities	641,234,734	641,234,734	641,234,734	-	-	-
Accrued mark-up	73,036,341	73,036,341	73,036,341	-	-	-
Short term borrowings	2,203,446,374	2,203,446,374	1,453,395,887	750,050,487	-	-
	<u>2,917,717,449</u>	<u>2,917,717,449</u>	<u>2,167,666,962</u>	<u>750,050,487</u>	<u>-</u>	<u>-</u>



### 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	
	2015	2014
	----- (Rupees) -----	
<b>Variable rate instruments</b>		
- Bank balances in profit and loss sharing accounts	107,763,590	30,451,163

#### 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	
	2015	2014	2015	2014
			----- (Rupees) -----	
<b>Financial assets</b>				
Receivable against Margin Financing Transactions	10% to 15%	-	286,089,865	-
Bank balances	5% to 7%	5% to 7%	107,763,590	30,451,163
			393,853,455	30,451,163
<b>Financial liabilities</b>				
Term finance facility	12% to 13%	-	425,000,000	-
Short term borrowing	9% to 12%	9% to 14%	2,802,649,523	2,203,446,374
			3,227,649,523	2,203,446,374
Cumulative gap			(2,833,796,068)	(2,172,995,211)

### 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

	2015		
	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
TRG Pakistan Limited	33,370,611	33,369,055	1,556
	<b>33,570,611</b>	<b>33,369,055</b>	<b>201,556</b>
	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
	<b>205,527,271</b>	<b>47,327,867</b>	<b>158,199,404</b>

## 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 30 June 2015 and 30 June 2014 are located in Pakistan.

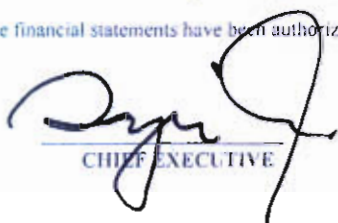
#### 31. GENERAL

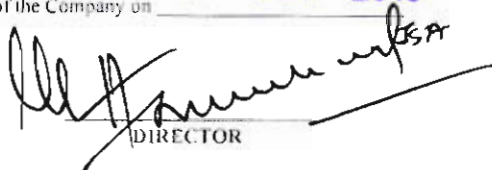
##### 31.1 *Non-adjusting events after the balance sheet date:*

The Board of Directors in their meeting held on September 18, 2015 has proposed a final cash dividend in respect of the year ended June 30, 2015 at Rs 3.75 (2014 : 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, 2015 do not include the effect of this final dividend, which will be accounted for in the financial statements for the year ending June 30, 2016.

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

18 SEP 2015

  
CHIEF EXECUTIVE

  
DIRECTOR