

Value Stock Securities (Pvt.) Ltd.

Financial Statements

For the year ended June 30, 2014

TARIQ ABDUL GHANI MAQBOOL & CO.
CHARTERED ACCOUNTANTS

An Exclusive Correspondent Firm of PKF International in Pakistan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **VALUE STOCK SECURITIES (PVT.) LIMITED** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of accounts 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 accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Tariq Abdul Ghani Maqbool & Co.
Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

Muhammad Safdar
(Engagement Partner)

Date: October 21, 2014
Place: Lahore



VALUE STOCK SECURITIES (PVT.) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

PROPERTY AND ASSETS	Note	2014 Rupees	2013 Rupees
NON CURRENT ASSETS			
Property and equipment-net	3	10,023,586	11,085,295
Intangible assets	4	21,685,500	45,000,000
Long term investments	5	24,564,500	-
Long term deposits	6	1,771,785	1,108,785
Deferred income tax asset	7	1,836,022	1,935,607
		59,881,393	59,129,688
CURRENT ASSETS			
Due from customers	8	113,131,657	140,944,630
Short term investments	9	26,530,058	9,271,880
Short term advances	10	1,319,570	1,507,360
Short term deposits, prepayments and other receivables	11	4,297,849	4,587,900
Advance income tax		1,008,502	434,336
Due from related parties	12	32,644,914	159,386,994
Cash and bank balances	13	1,806,273	856,156
		180,738,823	316,989,256
TOTAL		240,620,216	376,118,944
EQUITY AND LIABILITIES			
AUTHORIZED SHARE CAPITAL			
150,000 (2013: 150,000) ordinary shares of Rs.1,000/- each		150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
100,000 (2013: 100,000) ordinary shares of Rs.1,000/- each		100,000,000	100,000,000
Accumulated Profit		36,584,991	31,809,722
		136,584,991	131,809,722
NON CURRENT LIABILITIES			
Liabilities against asset subject to finance lease	14	-	650,700
Long term loan	15	56,290,015	72,358,962
		56,290,015	73,009,662
CURRENT LIABILITIES			
Due to customers		17,053,655	37,408,799
Due to related parties	16	4,343,721	85,917,108
Accrued markup		328,318	254,892
Short term borrowing-secured	17	12,089,273	23,384,668
Current portion of non-current liabilities	18	10,250,700	5,375,599
Provision for taxation		147,616	42,928
Accrued and other liabilities	19	3,531,927	18,915,566
		47,745,210	171,299,560
Contingencies and commitments	20	-	-
TOTAL		240,620,216	376,118,944

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


CHIEF EXECUTIVE


DIRECTOR

VALUE STOCK SECURITIES (PVT.) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Income-net		13,368,495	8,585,658
Operating expenses			
Fee and subscription		836,018	543,611
Office expenses		615,872	270,109
Advertisement		10,500	-
Director's remunerations	24	281,666	264,000
Travelling and conveyance		559,087	513,552
Printing and stationery		95,478	106,819
Communication expense		51,970	286,488
Donations		60,500	63,200
Legal and professional charges		506,312	260,530
Rent		925,769	692,658
Salaries and other benefits		5,130,736	5,003,220
Postage		57,814	44,067
Newspaper and periodicals		17,290	13,027
Repair and maintenance		202,840	221,265
Utilities		966,343	633,218
Insurance		153,383	179,829
Entertainment		765,939	691,903
Auditors' remuneration		100,000	100,000
Bad debts		917,917	-
Miscellaneous		112,697	221,308
Depreciation	3	1,804,692	2,342,509
Operating (loss) before finance cost and taxation		<u>(14,172,823)</u>	<u>(12,451,312)</u>
Finance cost	21	(804,328)	(3,865,654)
		<u>(1,722,882)</u>	<u>(1,672,697)</u>
Other income	22	(2,527,210)	(5,538,351)
Profit/(loss) before taxation		<u>7,549,680</u>	<u>4,907,480</u>
Taxation	23	5,022,470	(630,871)
Net profit for the year		<u>(247,201)</u>	<u>1,768,898</u>
		<u>4,775,269</u>	<u>1,138,027</u>


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


 CHIEF EXECUTIVE


 DIRECTOR

VALUE STOCK SECURITIES (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
Profit for the year		4,775,269	1,138,027
Other comprehensive income		-	-
Total comprehensive income for the year		<u>4,775,269</u>	<u>1,138,027</u>



CHIEF EXECUTIVE



DIRECTOR

**VALUE STOCK SECURITIES (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

	Share Capital	Accumulated Profit	Total
 Rupees		
Balance as at June 30, 2012-restated	100,000,000	30,671,695	130,671,695
Total Comprehensive Income for the year ended June 30, 2013		1,138,027	1,138,027
Balance as at June 30, 2013	100,000,000	31,809,722	131,809,722
Total Comprehensive Income for the year ended June 30, 2014		4,775,269	4,775,269
Balance as at June 30, 2014	100,000,000	36,584,991	136,584,991

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



CHIEF EXECUTIVE



DIRECTOR

VALUE STOCK SECURITIES (PVT.) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
CASH GENERATED FROM OPERATIONS		
Profit/ (loss) before income tax	5,022,470	(630,871)
Adjustment for non cash and other items:		
Depreciation	1,804,692	2,342,509
Profit on sales of vehicles	(626,495)	(1,576,794)
FV (gain)/ loss on short term investment	(6,153,528)	1,105,436
Finance cost on lease liabilities	245,186	419,590
Finance cost on running finances	1,457,857	1,233,380
	<u>(3,272,288)</u>	<u>3,524,120</u>
Operating cash flow before working capital changes	1,750,182	2,893,249
Working capital changes		
(Increase)/Decrease in Current Assets:		
Due from customers	27,812,973	(7,135,961)
Due from related parties	126,742,080	10,837,716
Short term advances	187,790	(380,103)
Short term deposits, prepayments and other receivables	290,051	325,180
	<u>155,032,894</u>	<u>3,646,831</u>
Increase/(Decrease) in Current Liabilities:		
Due to customers	(20,355,143)	19,958,970
Due to related parties	(81,573,387)	7,710,720
Accrued and other liabilities	(15,383,639)	(107,039,158)
	<u>(117,312,169)</u>	<u>(79,369,468)</u>
	<u>37,720,725</u>	<u>(75,722,637)</u>
Operating cash flow after working capital changes	39,470,907	(72,829,388)
Taxes paid	(617,095)	(210,394)
Finance charges paid	(1,384,431)	(18,838,552)
Cash generated/ (used in) from operations	37,469,381	(91,878,334)
Cash flow from investing activities		
Property and equipment	(2,374,487)	(1,866,531)
Sales proceed on disposal of PPE	2,258,000	3,710,000
Purchase of intangibles	(1,250,000)	-
Short term investment-net	(11,104,650)	79,928,456
Long term deposits	(663,000)	458,744
	<u>(13,134,137)</u>	<u>82,230,669</u>
Cash flow from financing activities		
Mark-up on finance lease paid	(245,186)	(419,590)
Long term loan	(10,992,947)	76,882,962
Finance leases	(851,599)	(878,517)
Shot term borrowings	(11,295,395)	(65,790,449)
	<u>(23,385,127)</u>	<u>9,794,406</u>
Net increase in cash and cash equivalents	950,117	146,741
Cash and cash equivalents at the beginning of the year	856,156	709,415
Cash and cash equivalents at the end of the year (note-13)	1,806,273	856,156

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


CHIEF EXECUTIVE


DIRECTOR

1 STATUS AND NATURE OF BUSINESS

Value Stock Securities (Private) Limited is a private limited company incorporated on March 30, 2006 under the Companies Ordinance, 1984. The company is registered to become a corporate member of Lahore Stock Exchange Limited on purchase of corporate membership card. The registered office of the company is situated in Province of Punjab. The company will principally be engaged in brokerage of shares, portfolio management, investment advisory, consultancy and underwriting services.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting 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 the historical cost convention except as stated hereafter in the relevant accounting policies. The preparation of financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Estimated useful life of property and equipment - note 3
- ii) Receivable from customers - note 8
- iv) Provision for taxation - note 23

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee which is Company's functional currency as well as presentation currency.

2.4 Tangible fixed assets

Owned:

All fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost in relation to certain property, plant and equipment signifies historical cost and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost. Freehold land is stated at cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity, and cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which these are incurred.

Residual value and the useful life of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on fixed assets is charged to profit and loss account applying the reducing balance method so as to write off the cost/depreciable amount of the assets over their estimated useful lives at the rates given in note No.3. The company charges the depreciation on additions from the month when the asset is available for use and on deletion up to the month in which the asset is disposed off.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

2.5 Assets subject to finance lease

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets on reducing balance method at the rates given in note No. 3. Depreciation on leased assets is charged to profit and loss account.

2.6 Intangible assets

Trading Rights Entitlement Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

2.7 Investments

The investments made by the Company are classified for the purpose of measurement into the following categories:

a) Investment at fair value through profit or loss

Investment at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are measured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realized and unrealised gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

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

All purchases and sales of investments are recognised on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase does not include transaction cost.

At each reporting date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognised as income.

b) Investments available - for sale

Investments that can not be classified as either held to maturity, financial assets at fair value through profit or loss or loan and receivables are classified under this category. These are measured initially and subsequent to the initial recognition at fair value and includes, in the case of initial recognition, transaction cost that are directly attributable to the acquisition of these investments.

Gain or loss from re-measurement to fair value are recognised directly in equity, except for impairment losses, until the derecognition at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividend on these investments are recognised in profit or loss as per revenue recognition policy of the company.

2.8 Revenue recognition

a) Gain/ (loss) from dealing in securities

Capital gain or loss on sale of marketable securities are recognised in the period in which it arises.

b) Brokerage commission and share movement income

Brokerage commission and share movement income are recognised as and when services are provided.

c) Dividend Income

Dividend Income is recognised when the right to receive dividend is established.

d) Bank profit

Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.9 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on taxable income at current rates of taxation applicable in Pakistan after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of The Institute of Chartered Accountants of Pakistan.

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.10 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial asset and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account.

Particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.11 Receivables from customers

Trade debt originated by the Company are carried at an amount, net of any allowance for any un-collectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when identified.

2.12 Trade and other payable

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

2.13 Related party transactions

All the transactions with related parties are carried out by the Company at arm's length price determined in accordance with comparable uncontrolled price method prescribed under the Companies Ordinance, 1984.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances and are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand and at bank, demand deposits, other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.17 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

2.18 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if any, if no impairment loss had been recognized.

	Note	2014 Rupees	2013 Rupees
3 PROPERTY AND EQUIPMENT - NET			
Operating fixed assets			
Owned	3.1	6,502,563	8,568,744
Leased	3.1	1,280,736	2,516,551
Capital work-in-progress	3.5	2,240,287	-
		10,023,586	11,085,295

3.1 Operating fixed assets

	OWNED						LEASED	
	Building	Furniture and fixture	Office equipment	Computer and accessories	Vehicles	Total	Vehicles	Grand total
As at June 30, 2012								
Cost	8,021,000	917,700	1,246,561	1,723,283	8,268,700	20,177,244	3,638,865	23,816,109
Accumulated depreciation	(3,716,584)	(665,746)	(543,225)	(1,302,516)	(3,400,382)	(9,628,453)	(493,177)	(10,121,630)
Net book value	4,304,416	251,954	703,336	420,767	4,868,318	10,548,791	3,145,688	13,694,479
Year ended 30 June 2013								
Opening net book value	4,304,416	251,954	703,336	420,767	4,868,318	10,548,791	3,145,688	13,694,479
Additions	-	-	-	21,500	1,845,031	1,866,531	-	1,866,531
Disposal:								
Cost	-	-	-	-	(3,961,000)	(3,961,000)	-	(3,961,000)
Accumulated depreciation	-	-	-	-	1,827,794	1,827,794	-	1,827,794
Depreciation charge	(430,442)	(50,391)	(70,334)	(127,043)	(1,035,165)	(1,713,372)	(629,137)	(2,342,509)
Closing net book value	3,873,974	201,563	633,002	315,224	3,544,979	8,568,743	2,516,550	11,085,294
At 30 June 2013								
Cost	8,021,000	917,700	1,246,561	1,744,783	6,152,731	18,082,775	3,638,865	21,721,640
Accumulated depreciation	(4,147,026)	(716,137)	(613,559)	(1,429,559)	(2,607,752)	(9,514,031)	(1,122,314)	(10,636,345)
Net book value	3,873,974	201,563	633,002	315,224	3,544,979	8,568,744	2,516,551	11,085,295
Year ended 30 June 2014								
Opening net book value	3,873,974	201,563	633,002	315,224	3,544,979	8,568,744	2,516,551	11,085,295
Additions	-	-	12,200	22,000	100,000	134,200	-	134,200
Transfer from leased assets:								
Cost	-	-	-	-	1,532,865	1,532,865	(1,532,865)	-
Accumulated depreciation	-	-	-	-	(754,578)	(754,578)	754,578	-
Disposal:								
Cost	-	-	-	-	(3,422,865)	(3,422,865)	-	(3,422,865)
Accumulated depreciation	-	-	-	-	1,791,360	1,791,360	-	1,791,360
Depreciation charge	(387,397)	(40,313)	(64,012)	(99,517)	(755,924)	(1,347,163)	(457,528)	(1,804,692)
Closing net book value	3,486,577	161,250	581,191	237,707	2,035,836	6,502,561	1,280,735	7,783,297
At 30 June 2014								
Cost	8,021,000	917,700	1,258,761	1,766,783	4,362,731	16,326,975	2,106,000	18,432,975
Accumulated depreciation	(4,534,423)	(756,450)	(677,570)	(1,529,076)	(2,326,895)	(9,824,412)	(825,264)	(10,649,676)
Net book value	3,486,577	161,250	581,191	237,707	2,035,836	6,502,563	1,280,736	7,783,299
Annual rate of depreciation	10%	20%	10%	30%	20%		20%	

3.2 Due to the services provider nature of the Company, all the depreciation has been charged to operating expenses.

3.3 The company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 1.281 million (2013: Rs.2.516 million)

3.4 Detail of operating fixed assets disposed of during the year is as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sales proceeds	Gain / (Loss)	Mode of disposal
Vehicle:						
TOYOTA COROLA LE-4320	1,532,865	754,578	778,287	930,000	151,713	Negotiation
TOYOTA ALTUS LEF-7280	1,709,000	964,636	744,364	1,295,000	550,636	Negotiation
HONDA 125 GAP-995	100,000	18,333	81,667	-	(81,667)	Theft
HONDA 125 GAN-1255	81,000	53,813	27,187	33,000	5,813	Negotiation
2,014	3,422,865	1,791,360	1,631,505	2,258,000	626,495	
2,013	3,961,000	1,827,794	2,133,206	3,710,000	1,576,794	Negotiation

	Note	2014 Rupees	2013 Rupees
3.5 Capital work-in-progress			
Room in LSE south plaza		2,240,287	-
4 INTANGIBLE ASSETS			
Membership license			
Lahore Stock Exchange	4.1	-	36,500,000
PMEX		1,250,000	-
		1,250,000	36,500,000
Trading rights entitlement certificate (TREC)	4.1	11,935,500	-
Room rights	4.2		
Lahore Stock Exchange		7,500,000	7,500,000
Faisalabad Branch		1,000,000	1,000,000
		8,500,000	8,500,000
		21,685,500	45,000,000

- 4.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integrations) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received the equity shares of Lahore Stock Exchange Limited (LSEL) and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of LSE. The company's entitlement in respect of LSEL's shares is determined on the basis of valuation of assets and liabilities of LSEL as approved by the SECP and the company has been allotted 843,975 shares of the face value of Rupees 10 / each, 60% of which i.e. 506,385 shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the act within two years from the date of demutualization. 40% of total ordinary shares i.e. 337,590 for Rs.10 each have been credited to the Company's CDC sub-account.

The allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) has been made by the Company on the proportionate basis of the face value of the ordinary shares and TREC value assigned by the LSEL for Base Minimum Capital requirement purposes applicable to the stock exchange brokers currently.

- 4.2 This represents cost of offices and trading rights given by Lahore stock exchange with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.
- 4.3 The Company has pledged / hypothecated Trading Right Entitlement Certificate (TREC) and 337,590 ordinary shares of LSE in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of Lahore Stock Exchange Limited. The Board of Directors of LSE, through its notice No. 1245 dated February 28, 2014 has assigned a nominal value of Rs. 4.1 million to TREC Certificate and Rs. 3.8 million to LSE shares aggregating to the total BMC of Rs. 7.9 million.

5 LONG TERM INVESTMENTS

Available-for-sale investments - in shares of Un-quoted company

	2014	2013			
Number of shares			Name of the investee company		
843,975	-		Lahore Stock Exchange Limited	4.1	24,564,500

6 LONG TERM DEPOSITS

- Unsecured - considered good

Lahore stock exchange-guarantee limited	392,800	357,800
National clearing company of Pakistan limited	300,000	300,000
CDC security deposit	100,000	100,000
Other security deposits	130,000	130,000
PMEX security deposit	750,000	-
Security deposit - Gujranwala office	25,000	25,000
Security deposit - DHA office	-	122,000
Utility deposits	73,985	73,985
	1,771,785	1,108,785

	Note	2014 Rupees	2013 Rupees
7 DEFERRED INCOME TAX ASSET			
Deferred Income Tax Asset- Opening			
(Expense) / income for the year	23	1,935,607	123,781
Deferred Income Tax Asset- Closing	7.1	(99,586)	1,811,826
		<u>1,836,022</u>	<u>1,935,607</u>
7.1 The net balance for deferred taxation is in respect of following temporary differences.			
Deferred tax liabilities:			
Leased assets		207,912	344,845
Deferred tax assets:			
Accelerated tax depreciation allowance		316,243	330,087
Loss available for carry forward		1,727,690	1,439,584
Leased liabilities		-	510,782
		<u>(2,043,933)</u>	<u>(2,280,453)</u>
		<u>(1,836,022)</u>	<u>(1,935,607)</u>
8 DUE FROM CUSTOMERS			
Unsecured and considered good	8.1	<u>113,131,657</u>	<u>140,944,630</u>
8.1 As at 30 June 2014, trade debts due from clients under normal trading activities in stock exchange were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.			
9 SHORT TERM INVESTMENTS			
Held for trading in equity instruments of quoted entities	9.1	18,307,797	9,271,880
Add: Fair value adjustment		8,222,261	-
		<u>26,530,058</u>	<u>9,271,880</u>
9.1 Short term investment pertains to the securities of quoted companies and these are held at fair value through profit and loss account.			
10 SHORT TERM ADVANCES			
-Unsecured and considered good			
Advance to employee against salary		<u>1,319,570</u>	<u>1,507,360</u>
11 SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Short term deposits		390,000	-
Prepayments		1,889	12,800
Other receivables		3,905,960	4,575,100
		<u>4,297,849</u>	<u>4,587,900</u>
12 DUE FROM RELATED PARTIES			
Associated undertaking	12.1	26,955,289	43,793,359
Directors and relatives	12.1	5,689,625	115,593,635
		<u>32,644,914</u>	<u>159,386,994</u>
12.1 These are short term advances to related parties. These are interest free, unsecured and without repayments schedule.			
13 CASH AND BANK BALANCES			
Cash in hand		353,091	76,870
With banks:			
On current accounts		1,449,177	755,518
On PLS account	13.1	4,006	23,769
		<u>1,806,273</u>	<u>856,156</u>
13.1 Rate of profit on Pak Rupees bank deposit ranges from 7.02% to 7.25% (2013: 6.80%) per annum.			

	Note	2014 Rupees	2013 Rupees
14 LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE			
Future minimum lease payments		738,900	1,835,685
Less: Un-amortized finance charge		88,200	333,386
Present value of future minimum lease payments		650,700	1,502,299
Less: Current portion shown under current liabilities		650,700	851,599
		-	650,700

2014		2013	
Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years

Future minimum lease payments	738,900	-	1,096,785	738,900
Less: Un-amortized finance charge	88,200	-	245,186	88,200
Present value of future minimum lease payments	650,700	-	851,599	650,700

14.1 This represent finance leased assets by an agreement between the directors and the leasing companies for cars. The directors intends to exercise their options to purchase the assets on payment of last installments and residual values against lease key moneys and thereafter the assets will be transferred in the company's name.

14.2 Present value of minimum lease payments have been discounted at an interest rate implicit in leases which equate to an interest rate ranging from 15% to 23.65% per annum. Repayments are made on monthly basis in advance.

15 LONG TERM LOAN

Term Finance -Bank Alfalah Limited		65,890,015	76,882,962
Less: Current portion shown under current liabilities	18	9,600,000	4,524,000
		56,290,015	72,358,962

15.1 The running finance facility from Bank Alfalah Limited has been compromised through agreement dated 17th June 2013 & converted to Term Finance. The repayment of of loan is in eight (8) years having grace period of 5 years (i.e. May 2018) for mark up and after that it will carry mark up @ 6% and 1% increase in each year upto May 2021. The loan is secured through shares of quoted market security.

16 DUE TO RELATED PARTIES

Directors and relatives		4,343,721	85,917,108
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16.1 These are short term advances from related parties for meeting the operational cashflows. These are interest free and unsecured.

17 SHORT TERM BORROWINGS-SECURED

Running finance	17.1	12,089,273	23,384,668
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17.1	Bankers	Note	Rate	2014		2013	
				Millions		Millions	
				Availed	Sanctioned	Availed	Sanctioned
Summit Bank Ltd.RI'2	17.1.1	Kibor + 4%	9.44	13.00	13.38	13.00	
Summit Bank Ltd.	17.1.2	Kibor + 3.5%	2.65	10.00	10.00	10.00	

17.1.1 It carries mark up at three months KIBOR plus 4 % per annum & payable quarterly. This security is secured against readily marketable securities in form of shares and personal guarantees of all directors and mortgagor along with PNWS of directors.

17.1.2 It carries mark up at 3 Months KIBOR plus 3.5% per annum & payable quarterly. This security is secured against readily marketable securities in form of shares and personal guarantees of all directors and mortgagor along with PNWS of directors.

	Note	2014 Rupees	2013 Rupees
18 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term loan	15	650,700	851,599
Current portion of liabilities against assets subject to finance lease	14	9,600,000	4,524,000
		<u>10,250,700</u>	<u>5,375,599</u>
19 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		458,297	6,171,392
Directors remuneration payable		36,666	32,267
Auditors remunerations payable		100,000	100,000
Other payables		2,936,964	12,611,907
		<u>3,531,927</u>	<u>18,915,566</u>
20 There are no contingencies and commitments as at June 30, 2014 (2013: nil).			
21 FINANCE COST			
Bank charges		19,838	19,728
Mark-up on:			
Running finance		1,457,857	1,233,380
Liabilities against assets subject to finance lease		245,186	419,590
		<u>1,722,882</u>	<u>1,672,697</u>
22 OTHER INCOME			
Gain on sale of vehicales		626,495	1,576,794
Accrued mark up waived off		3,065	4,211,712
Dividend income		730,297	210,994
Profit on deposits with banks		12,700	4,666
Fair value gain / (loss) on held for trading equity instruments:			
Realized		(2,068,733)	(1,105,436)
Un-realized		8,222,261	-
Other services		23,595	8,750
		<u>7,549,680</u>	<u>4,907,480</u>
23 TAXATION			
For the year:			
Current		147,616	42,928
Deferred		99,586	(1,811,826)
		<u>247,201</u>	<u>(1,768,898)</u>

23.1 Due to carry forward of taxable losses in the current and previous fiscal years minimum tax under section 113 of Income Tax Ordinance 2001 is applicable. Reconciliation of tax expenses and product of accounting profit with applicable tax rate is impracticable due to minimum tax.

24 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for remuneration including all benefits to Directors of the Company is as follows:

	Directors	
	2014	2013
.....Rupees.....		
Managerial remuneration	281,666	264,000
Number of persons	1	1

24.1 No remuneration was paid to chief executive and non-executive directors of the Company.

Note

2014
Rupees

2013
Rupees

25 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors and their relatives. Detail of transactions disclosed in the financial statements are as follows:

Relation with the company	Nature of transaction		
Associated undertakings	Loan provided	15,804,670	15,883,135
	Loan refunded	32,642,740	6,636,241
Directors and relatives	Trading of securities	1,505,975,878	316,395,212
	Repayments against trading of securities	1,535,310,742	322,362,247

25.1 Amounts due to related parties are unsecured, interest free and have no fixed term of repayment.

26 NUMBER OF EMPLOYEES

Number of employees as on June 30

19

17

Average number of employees during the year

18

16

27 EVENTS AFTER THE BALANCE SHEET DATE

There were no events occurred after balance sheet date that requires adjustment in the financial statements.

28 DATE OF AUTHORIZATION

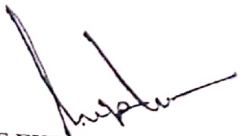
These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

29 CORRESPONDING FIGURES

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

30 GENERAL

Figures presented in these financial statements have been rounded off to the nearest of Pak rupee.


CHIEF EXECUTIVE


DIRECTOR