KALEEM & Co.
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Switch Securities (Pvt.) Limited** as at June 30, 2012 and the related profit and loss account, cash flows 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 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 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 flows 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, 2012 and of the loss, its cash flows and changes in equity for the year then ended;

Without qualifying our opinion, we draw attention to Note 2.1c in the financial statements which indicates that the company incurred a loss after tax of Rs. 7,313,492 (2011: Rs. 106,525,889) for the year ended June 30, 2012 resulting in accumulated loss of Rs. 549,126,693 (2011: Rs. 641,623,946) as on 30-06-2012. These factors have eroded the shareholders' equity to negative, amounting to Rs. 459,192,028 (2011: Rs. 559,181,706). These conditions, along with other matters as set forth in Note 2.1c, indicate the existence of a material uncertainty which may cast significant doubts about the company's ability to continue as a going concern; and

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

Kaleem & Co.

KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

Lahore
Dated: October 02, 2012
Muhammad Kaleem Rathor

SWITCH SECURITIES (PVT.) LIMITED
BALANCE SHEET AS AT JUNE 30, 2012

EQUITY & LIABILITIES	NOTE	2012 RUPEES	2011 RUPEES	ASSETS	NOTE	2012 RUPEES	2011 RUPEES
Share Capital and Reserves				**Non-Current Assets**			
Authorized Capital		200,000,000	200,000,000	Property and Equipments	10	10,444,376	11,616,324
Issued, Subscribed and Paid-up Capital	3	120,048,000	120,048,000	Membership Cards & License	11	17,098,190	17,098,190
Deficit on Revaluation of Investments		(30,113,335)	(37,605,760)				
Un-appropriated Loss		(549,126,693)	(641,623,946)	Long Term Deposits	12	3,653,266	3,653,266
		(459,192,028)	(559,181,706)				
Non-Current Liabilities							
Long Term Loans-Secured	4	372,926,757	445,515,274				
Sponsors' Loan		141,471,250	8,500,000				
Deferred Liabilities	5	142,463,167	126,558,614				
Current Liabilities				**Current Assets**			
Trade and Other Payables	6	82,381,835	162,218,163	Trade Debts	13	461,949,581	463,125,592
Mark Up Payable		3,605,793	102,938,544	Advances, Deposits & Prepayments	14	7,773,794	7,606,909
Short Term Borrowings	7	317,549,400	321,748,513	Advance Income Tax		6,398,611	6,371,862
Current Portion of Long Term Liabilitie:	8	31,611,879	-	Short Term Investments	15	124,612,507	98,022,121
Provision for Taxation		449,128	440,575	Cash & Bank Balances	16	1,336,856	1,243,713
		435,598,035	587,345,795			602,071,349	576,370,197
Contingencies & Commitments	9	-	-				
		633,267,181	608,737,977			633,267,181	608,737,977

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

SWITCH SECURITIES (PVT.) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	2012 RUPEES	2011 RUPEES
Brokerage Income	17	388,874	173,313
Gain/(Loss) on Sale of Investments:			
- Realized Gain/(Loss)		70,714	13,575
- Unrealized Gain/(Loss)		16,994,752	(38,620,748)
		17,454,340	(38,433,860)
Operating and Administrative Expenses	18	5,593,519	5,663,900
Finance Cost	19	23,221,779	67,319,250
		28,815,298	(72,983,150)
Operating Loss		(11,360,958)	(111,417,010)
Other Income	20	4,496,594	5,321,019
Profit/Loss before Tax		(6,864,364)	(106,095,991)
Provision for Taxation	21	449,128	429,898
Profit/Loss after tax		(7,313,492)	(106,525,889)
Earnings / (Loss) Per Share	22	(0.61)	(8.87)

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE **DIRECTOR**

SWITCH SECURITIES (PVT.) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012 RUPEES	2011 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	(6,864,364)	(106,095,991)
Adjustments for:		
Depreciation	1,171,948	1,357,960
Provision for Gratuity	692,750	234,250
Finance Cost	23,221,779	67,319,250
Gain on Sale of Vehicle	-	(268,609)
Unrealized Gain/(Loss) on Investment-Net	(17,065,466)	38,607,173
Prior Year Adjustment	(86,714)	-
Dividend Income	(4,452,395)	(3,778,032)
	3,481,902	103,471,992
Profit / (Loss) Before Working Capital Changes	(3,382,462)	(2,623,999)
Effect Of Cash Flows Due To Working Capital Changes		
(Increase) / Decrease In:		
Trade Debts	1,176,011	2,685,056
Advances, Deposits And Prepayments	(166,885)	19,363
Short Term Investments	(2,032,495)	22,689
	(1,023,369)	2,727,108
Increase / (Decrease) In:		
Trade And Other Payables	(79,836,328)	(5,376,420)
	(79,836,328)	(5,376,420)
Cash Generated From / (Used In) Operations	(84,242,159)	(5,273,311)
Gratuity Paid	(182,000)	-
Finance Cost Paid	(7,263,268)	(52,219,610)
Income Taxes Paid	(467,324)	(451,041)
	(7,912,592)	(52,670,651)
Net Cash (Used In) Operating Activities	(92,154,751)	(57,943,962)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sale Of Vehicle	-	425,000
Dividend Income	4,452,395	3,778,032
Net Cash From Investing Activities	4,452,395	4,203,032
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred Liability	-	52,177,244
Liabilities Against Assets Subject To Finance Lease	-	(32,862)
Long Term Loan	(40,976,638)	(53,807)
Short Term Loan	(4,199,113)	-
Sponsors' Loan	132,971,250	-
Net Cash From Financing Activities	87,795,499	52,090,575
Net Increase / (Decrease) In Cash And Cash Equivalents	93,143	(1,650,355)
Cash And Cash Equivalents At The Beginning Of The The Year	1,243,713	2,894,068
Cash And Cash Equivalents At The End Of The The Year	1,336,856	1,243,713

CHIEF EXECUTIVE

DIRECTOR

SWITCH SECURITIES (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Unappropriated Loss	Surplus/(Deficit) on Revaluation of Investments	Total
Balance as at June 30, 2010	120,048,000	(535,098,057)	(20,266,408)	(435,316,465)
Net loss for the year	-	(106,525,889)	-	(106,525,889)
Deficit on revaluation of investment	-	-	(17,339,352)	(17,339,352)
Balance as at June 30, 2011	120,048,000	(641,623,946)	(37,605,760)	(559,181,706)
Net Profit for the year	-	(7,313,492)	-	(7,313,492)
Surplus on revaluation of investment	-	-	7,492,425	7,492,425
Prior Year Adjustment	-	99,810,745	-	99,810,745
Balance as at June 30, 2012	120,048,000	(549,126,693)	(30,113,335)	(459,192,028)

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

SWITCH SECURITIES (PVT.) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2012

1 STATUS AND ACTIVITIES

Switch Securities (Private) Limited was incorporated in Pakistan at Lahore under Companies Ordinance 1984 on July 30, 1997. Principal office of the Company is situated at 179-B Abubakar Block, New garden Town, Lahore. The Company is a subsidiary of M/s MCD Pakistan Limited. The Company is a corporate member of Lahore and Islamabad Stock Exchanges (Guarantee) Limited. Principal activities of the company are acting as broker and trading in stock and securities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1a) Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan and 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.

2.1b) Basis of preparation

The accounts have been prepared in accordance with requirements of the Companies Ordinance, 1984.

2.1c) The company has incurred loss after tax amounting to Rs. 7,313,492 (2011: Rs. 106,525,889) for the year ended June 30, 2012. Accumulated loss as on 30-06-2012 is Rs. 549,126,693 (2011: Rs. 641,623,946). These factors have eroded the shareholders' equity to negative, amounting to Rs. 459,192,028 (2011: Rs. 559,181,706).The management has taken the following significant measures to improve the operational performance and liquidity of the company:

i) The Company has negotiated with Summit Bank Ltd. regarding restructuring of loan. As per the agreement entered into between the parties on September 30, 2011, the loan has been restructured for 7 years and overdue markup has been "frozen/waived off" subject to full and final settlement of liabilities on time.

ii) The sponsors of the company are well aware of the needs of the company as mentioned in the last audited accounts that as and when required the sponsors will pour in the funds. Keeping in view that commitment, the sponsors have provided a loan of Rs. 132.9 millon to the company.

Further, the management is planning to take following significant measures to improve operational performance and liquidity of the company:

i) The sponsors of the company are well aware of the needs of the company as mentioned in the last audited accounts that as and when required the sponsors will pour in the funds.

ii) The company is now working to increase the income from operations. We are intended to invest in the stock market by building a fresh portfolio and by increasing the commission income.

iii) The management is confident that increase in market value of securities in coming future will help the company to recover its losses.

Finally, the management is very much convinced that the above measures would result in improving the financial position and operational performance of the company. Accordingly, these financial statements have been prepared on going concern basis.

2.2) Accounting Convention

These accounts have been prepared under the historical cost convention except for available for sale and held for trading securities which are stated at fair values.

2.3) Staff Retirement Benefits

The Company operates an unfunded gratuity scheme covering all permanent employees of the Company who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually based on internal assessment of management of the company on the basis of last drawn salary to cover the liability under the scheme.

2.4) Taxation

The charge for current taxation is based on taxable income at current rate of taxation after taking into account applicable credit, rebates and exemption available if any or minimum taxation at the rate of one percent of the turnover whichever higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

2.5) Provisions

Provisions are recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate of the amount of obligation can be made.

2.6) Tangible Fixed Assets and Depreciation

Operating fixed assets are stated at cost less accumulated depreciation and impairment in value, if any. Depreciation is charged to income applying the reducing balance method over its estimated useful life at the rates specified in fixed asset schedule, provision against impairment losses are made for decline in the value other than temporary, if any of the value of rooms and booths. Acquisitions during the year are depreciated proportionately, from date of purchase to accounting year end. Depreciation is also charged on assets sold during the year proportionately up to the date asset was in use. The useful life and depreciation method are reviewed to ensure that the method and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from item of tangible fixed assets. Assets subject to finance lease are depreciated on the same basis as owned assets.
Exchange difference in respect of foreign currency loans obtained for acquisition of fixed assets, are incorporated in the cost of the relevant assets. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain or loss on disposal or retirement of assets represented by the difference between the sale proceeds and the carrying amount of assets is recognized as income or expense in the profit and loss account. The carrying value of tangible fixed assets are reviewed for impairment when event or change in circumstances indicate that carrying value may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

2.7) Intangible Assets - Membership

These are stated at acquisition cost. Provision against impairment losses are made for decline in value other than temporary, if any in the value of these assets.

2.8) Accounting for Finance Lease

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of the owners to lessee.

Assets held under finance lease are recognized as assets of the Company at their fair value or, if lower, at the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are appropriated between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged directly against income.

2.9) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provision of the instruments and de-recognized when the Company loses control of the contractual right that comprise the financial assets and in case of financial liability when obligation specified in the contract is discharged, cancelled or expired. Financial asset and financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off transaction and also intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. The particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.10) Investments

Available For Sale

As per IAS 39 investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investment where active market does not exist) with any resulting gains and losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently, Fair value of quoted investments is their bid price at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end, impairment loss, if any, is taken to income currently.

Held For Trading

Investments, which are acquired principally for the purpose of generating a profit from short term fluctuations in prices or dealer margin, are classified as held for trading. These are stated at their fair value with any resulting gains or losses directly in the profit and loss account. For investment in listed securities, closing quotation of stock exchange on last working day of the accounting year is used for determining fair value. While in case of unquoted securities, break up value calculated on the basis of latest audited financial statements is considered. All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

2.11) Trade Debts and Other Receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivable based on review of outstanding amounts at the year end. Balance considered bad and irrecoverable are written off when identified.

2.12) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement , cash and cash equivalents consist of cash in hand and balances with banks.

2.13) Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are included in current liabilities to the extent of amount remaining unpaid, if any.

2.14) Trade and Other Payables

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

2.15) Borrowing Costs

Borrowing costs are recognized as an expense in the period in which these are incurred.

2.16) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Brokerage, consultancy and advisory fee, are recognized as and when services are provided. Income from deposits with financial institutions is recognized on a time proportion basis that takes into account an effective yield on the deposits. Dividend income is recognized when the right to receive payment is established. Income from trading activities of securities is recognized on the date of transaction.

2.17) Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any assets or group of assets. If such indication exists, the recoverable amount of the assets or group of assets estimated and impairment losses are recognized in the profit and loss account.

2.18) Dividends

Dividend is recognized as a liability in the period in which it is approved by the Board of Directors.

2.19) Underwriting Commission

Under writing commission is recognized when the agreement is executed.

2.20) Transaction with Related Parties

All transaction with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method; which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.21) Sale and Repurchase Agreements

The company enters into transaction of repurchase (repo) and resale (reverse repo) of securities at contracted rates for the specified period of time. These transactions are recorded as follows;

In case of purchase under resale obligation, the securities are not recognized in the balance sheet and the consideration paid is recorded as "Lending's to financial institution". In case of sale under repurchase obligation, the securities are recognized in the balance sheet as available for sale investments and the liabilities are recorded in respect of consideration received as "Borrowing from financial institution". The differences between the contracted purchase and sale price is recognized in profit and loss account over the period of contract.

3 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of Shares 2012	Number of Shares 2011		RUPEES 2012	RUPEES 2011
2,000	2,000	-Ordinary shares of Rs. 10/- each issued as fully paid in cash	20,000	20,000
1,950,000	1,950,000	-Ordinary shares of Rs. 10/- each issued for consideration other than cash	19,500,000	19,500,000
10,052,800	10,052,800	Bonus shares of Rs. 10/- each	100,528,000	100,528,000
12,004,800	12,004,800		120,048,000	120,048,000

3.1 The company is a subsidiary of MCD Pakistan Limited which holds 11,995,575 (99.92%) Ordinary shares (2011: 11,995,575) at the end of the year June 30, 2012.

4 LONG TERM LOANS - SECURED

Running Finanace Facility - Rescheduled	4.1	136,984,817	168,938,537
Term Finance Facility	4.2	151,625,287	276,576,737
Loan From Associated Company	4.3	84,316,653	-
		372,926,757	445,515,274

4.1 This facility has been rescheduled by the company during the year 2010 and will carry the markup at half rate of prevailing cost of funds of the bank as declared and certified by SBP from time to time. The principal liability of Rs 168.596 million will be paid in 16 equal quarterly principal installments of Rs. 10,537,293 each, starting from December 2012.

4.2 This facility has been rescheduled by the company during the year and will carry the markup at half rate of prevailing cost of funds of the bank as declared and certified by SBP from time to time. The principal liability of Rs. 151,625,288 will be paid on semi annual basis after completion of grace period of 36 months, starting from September 2014.

4.3 The members of the associated company by passing a special resolution extended the repayment of the amount of Rs. 84,316,653 due to them for ten years starting from July 2009. The markup due on this liability has also been deferred for a period of ten years.

		RUPEES 2012	RUPEES 2011
5 DEFERRED LIABILITIES			
Staff retirement gratuity	5.1	2,029,500	1,518,750
Deffered Markup:			
Long Term Financing	5.2	99,894,504	125,039,864
Loan from Associated Company	4.3	40,539,163	-
		142,463,167	126,558,614
5.1 Opening balance		1,518,750	1,284,500
Less: Paid during the period		182,000	-
		1,336,750	1,284,500
Add: Provision during the period		692,750	234,250
		2,029,500	1,518,750

5.2 It represents the mark-up payable against borrowing facilities obtained from Commercial banks. The company is negotiating with the banks to reschedule the loans and mark up payable.

6 TRADE AND OTHER PAYABLES			
Trade Creditors	6.1	72,995,120	153,379,397
Accrued Liabilities		6,652,031	5,898,268
Unclaimed Dividend -Clients		2,726,209	2,930,872
Income Tax Payable		8,475	9,626
		82,381,835	162,218,163

6.1 This represents the amount payable to clients against settlement of their trades.

7 SHORT TERM BORROWINGS	7.1	317,549,400	321,748,513

7.1 These facilities have been availed from commercial banks having sanctioned limit ranging from Rs 134.7 million to 182.8 million (2011: Rs 137 million to 207 million) and are subject to mark up rate of three to six months average / ask side KIBOR plus ranging (1% to 2%) per annum with floor at the rate of 11.00% to 14% per annum and are secured against pledge of shares and personal guarantees of directors. The company is in the process of negotiating with the banks to reschedule the loans and waiver of mark up.

8 CURRENT PORTION OF LONG TERM LIABILITIES			
Running Finanace Facility - Rescheduled		31,611,879	-

9 CONTINGENCIES AND COMMITMENTS

There were no known contingecies and commitments at at June 30, 212 (2011: Nil)

10 PROPERTY AND EQUIP

Particulars	As 01-07-
Rooms and booths	4,46
Computers	3,84
Office equipments	3,84
Furniture and fixtures	9,65
Vehicles	3,52
	25,338
RUPEES 2012	25,338
RUPEES 2011	25,928

Allocation of Depreciation:

Operating and administrative

	RUPEES 2012	RUPEES 2011

11 MEMBERSHIP CARDS & LICENSES

	2012	2011
Lahore Stock Exchange (Guarantee) Limited	11,548,190	11,548,190
Islamabad Stock Exchange (Guarantee) Limited	4,550,000	4,550,000
National Commodity Exchange Limited	1,000,000	1,000,000
	17,098,190	17,098,190

12 LONG TERM DEPOSIT

	2012	2011
Advance Against Telephone	78,266	78,266
Deposit With Lahore Stock Exchange	500,000	500,000
Deposit With Central Depository Company	75,000	75,000
Deposit With National Clearing Company Limited	400,000	400,000
Advance Against Room-National Commodity Exchange Limited	2,500,000	2,500,000
Security NCS for Margin Financing	100,000	100,000
	3,653,266	3,653,266

13 TRADE DEBTS

	2012	2011
Unsecured - Considered Good	461,949,581	463,125,592

14 ADVANCES, DEPOSITS AND PREPAYMENTS

	2012	2011
Lahore Stock Exchange (Guarantee) Limited Exposure Deposit	525,000	525,000
Advance Against Salaries	230,142	61,907
Prepaid Expenses	21,100	22,450
Other Advances	6,997,552	6,997,552
	7,773,794	7,606,909

15 SHORT TERM INVESTMENTS

	RUPEES			
	June 30 2012	June 30 2011	June 30 2012	June 30 2011
Investments Available for Sale	Average Cost		Fair Market Value	
Associated Companies - Quoted				
First National Equities Ltd.				
1,905,760 shares (2011: 1,905,760)	19,057,600	19,057,600	11,059,208	5,548,672
Trust Leasing & Investment Bank Ltd.				
1,560,262 shares (2011: 1,560,262)	21,732,922	21,732,922	2,137,559	1,575,865
Namco				
500,000 shares (2011:899,850)	5,000,000	5,000,000	5,000,000	2,410,000
Others - Quoted				
SME Leasing Limited				
899,850 shares (2011: 899,850)	9,898,350	9,898,350	7,378,770	8,548,575
	55,688,872	55,688,872	25,575,537	18,083,112
Investments Held for Trading				
Associated Companies - Quoted				
First National Equities Ltd.				
4,351,189 Shares (2011: 4,351,189)	12,661,960	50,821,887	25,236,896	12,661,960
Trust Leasing & Investment Bank Ltd.				
919,339 Shares (2011: 919,339)	928,532	2,482,216	1,259,494	928,532
Others - Quoted				
PPL				
150 Shares Of PPL (2011: 100)	20,707	7,734	28,244	20,707
AHCL				
3,850 Shares (2011: 3,500)	92,050	116,235	119,081	92,050
PIAA				
13,608,500 Shares (2011: 13,608,500)	29,122,190	37,423,375	29,938,700	29,122,190
SBL (Formerly CCBL)				
550,000 Shares (2011: 550,000)	940,500	1,248,500	1,265,000	940,500
PIOC				
1,016,000 Shares (2011: 1,016,000)	5,598,160	6,471,920	9,347,200	5,598,160
AHBL				
12,500 Shares (2011: 12,500)	47,000	44,875	39,750	47,000
BAFL				
21,198 Shares (2011: 21,198)	202,865	200,532	362,486	202,865
FFBL				
491,000 Shares (2011: 490,500)	20,674,575	12,772,620	20,042,620	20,674,575
NBF				
2,160,540 Shares (2011: 2,000,500)	9,642,410	6,962,294	9,290,322	9,642,410
NIB				
175 Shares (2011: 175)	264	523	348	264
SLL				
500 Shares (2011: 500)	4,750	4,000	4,100	4,750
MTL				
4,347 Shares (2011:Nil)	2,103,209	-	2,098,949	-
OTHER INVESTMENTS	3,046	3,046	3,780	3,046
	82,042,218	118,559,757	99,036,970	79,939,009
	137,731,090	174,248,629	124,612,507	98,022,121

15.1 These investments are partly pledged with banks as security against running finance facilities referred in note 7 to the financial statements.

		RUPEES 2012	RUPEES 2011
16 CASH AND BANK BALANCES			
Cash In Hand		-	-
Cash At Banks		1,336,856	1,243,713
		1,336,856	1,243,713
17 BROKERAGE INCOME			
Brokerage Income		388,874	182,989
Less:			
Commission Expenses Traders		-	9,676
		-	9,676
		388,874	173,313
18 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, Wages And Benefits		3,197,356	3,222,021
Rent, Rates And Taxes		75,000	75,000
Travelling And Conveyance		501,776	338,511
Printing And Stationery		2,250	13,278
Entertainment		7,693	3,160
Lahore Stock Exchange And CDC Charges		51,154	54,175
Office Repair And Maintenance		49,907	29,015
Telephone Expenses		77,780	138,233
Newspapers And Periodicals		2,500	4,192
Fee And Subscription		204,000	213,350
Auditors' Remuneration	18.1	207,500	162,032
Courier Charges		4,964	14,248
Internet And Computer Charges		10,500	-
Insurance		-	8,523
Miscellaneous Expenses		29,191	11,515
Legal And Professional Charges		-	18,687
Depreciation		1,171,948	1,357,960
		5,593,519	5,663,900
18.1 Auditors' Remuneration			
Annual Statutory Audit		125,000	125,000
Other Consultancy Fee		82,500	37,032
		207,500	162,032

		RUPEES 2012	RUPEES 2011
19 FINANCE COST			
Markup On Long Term Loans		4,977,749	67,276,884
Markup On Loan From Associated Company	4.3	13,525,457	-
Bank & Other Charges		4,718,573	42,366
		23,221,779	67,319,250

20 OTHER INCOME

	RUPEES 2012	RUPEES 2011
Dividend Income	4,452,395	3,778,032
Late Payment Charges	-	1,231,166
Gain On Sale Of Vehicle	-	268,609
Profit On PLS Account	44,199	43,212
	4,496,594	5,321,019

21 PROVISION FOR TAXATION

	RUPEES 2012	RUPEES 2011
Current	449,128	429,898

22 EARNINGS/(LOSS) PER SHARE - BASIC

The calculation of the basic earnings per share is based on the following data.

	RUPEES 2012	RUPEES 2011
Profit/(Loss) After Tax	(7,313,492)	(106,525,889)
	Number of Shares	
Weighted Average Number Of Ordinary Shares	12,004,800	12,004,800
Earnings / (Loss) Per Share	(0.61)	(8.87)

Loss per share have been computed by dividing loss as stated above with weighted average number of ordinary shares.

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

23 REMUNERATION OF CHIEF EXECUTIVE, OFFICERS AND DIRECTORS

The aggregate amount charged in the accounts for the year for remuneration including benefits to the Chief Executive, Directors and executives are as follows:

	2012		2011	
	Chief Executive	Directors	Chief Executive	Directors
	Rs.	Rs.	Rs.	Rs.
Managerial Remuneration	1,725,000	-	1,725,000	-
Retirement Benefits	144,000	-	144,000	-
	1,869,000	-	1,869,000	-
Number of persons	1	-	1	-

The Chief Executive Officer has been provided with company maintained car.

24 RELATED PARTIES TRANSACTIONS:

Related parties comprise holding company, subsidiaries undertaking, other related group companies, key management personnel including Chief Executive, Directors, Executives & post employment benefits plans. The company in the normal course of business carries out transactions with various related parties.

	2012 Rupess	2011 Rupess
Purchase Of Marketable Securities Through Related Parties	27,023,374	77,989,384
Sale Of Marketable Securities Through Related Parties	29,240,455	68,194,381
Brokerage Paid To Related Parties	26,655	60,555
	56,290,484	146,244,320

25 EXPOSURE TO MARK-UP RATE RISK

The analysis of yield/mark-up rate risk is as under:

	Interest/mark-up Bearing			Non interest bearing			Grand total
	Maturity up to one year	Maturity after	Sub total	Maturity up to one year	Maturity after	Sub total	
Financial Assets							
Long Term Deposits	-	-	-	3,653,266	-	3,653,266	3,653,266
Trade Debts	-	-	-	461,949,581	-	461,949,581	461,949,581
Advances, Deposits And Prepayment	-	-	-	7,773,794	-	7,773,794	7,773,794
Short Term Investments	-	-	-	124,612,507	-	124,612,507	124,612,507
Cash And Bank Balances	1,336,856	-	1,336,856	-	-	-	1,336,856
Total	1,336,856	-	1,336,856	597,989,148	-	597,989,148	599,326,004
Financial Liabilities							
Long Term Loans	404,538,636	-	404,538,636	-	-	-	404,538,636
Short Term Loans	317,549,400	-	317,549,400	-	-	-	317,549,400
Trade And Other Payables	-	-	-	85,979,153	-	85,979,153	85,979,153
Total	722,088,036	-	722,088,036	85,979,153	-	85,979,153	808,067,189
On Balance Sheet Gap-2012	(720,751,180)	-	(720,751,180)	512,009,995	-	512,009,995	(208,741,185)
On Balance Sheet Gap-2011	(766,020,074)	-	(766,020,074)	298,760,807	-	298,760,807	(467,259,267)

26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair Value Of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2012 the net fair value of all financial instruments has been based on fair value.

Long Term Deposits

Long term deposits do not carry any rate of return and its fair value has been taken at book value as it is not considered materially different and readily exchangeable.

Non Current Liabilities

For all non-current liabilities the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

Other Financial Instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

Interest Rate Risk Management

Interest rate risk arise from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can adversely affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative financial borrowings or vice versa. The Company manages its risk by maintaining a fair balance between interest rates, financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

Credit Risk And Concentration Of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The company manages credit risk in trade receivables by limiting significant exposure to an individual customers by obtaining advance against services. The Company is exposed to credit risk on unsecured trade debts and other receivables. The Company seeks to minimize the credit risk exposure through dealing with customers considered credit worthy and obtaining securities wherever applicable.

Liquidity Risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 02, 2012.

28 GENERAL

- Corresponding figures have been rearranged wherever necessary for the purposes of comparison.
- The figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR