

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Switch Securities (Pvt.) Limited** as at June 30, 2013 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, 2013 and of the profit, its cash flows and changes in equity for the year then ended;
- (d) Without qualifying our opinion, we draw attention to Note 2.1c in the financial statements which indicates that the company earned a profit after tax of Rs. 66,601,091 (2012: Loss Rs. 7,313,492) which includes unrealized gain of Rs. 43,016,165 for the year ended June 30, 2013 resulting an accumulated loss of Rs. 482,525,602 (2012: Rs. 549,126,693) as on 30-06-2013. The shareholders' equity is negative, amounting to Rs. 362,477,602 (2012: Rs. 459,192,028). 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
- (e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore
Dated: September 26, 2013
Muhammad Kaleem Rathor


KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

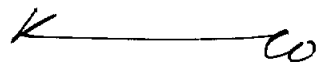
SWITCH SECURITIES (PVT.) LIMITED
BALANCE SHEET AS AT JUNE 30, 2013

<u>EQUITY & LIABILITIES</u>	<u>NOTE</u>	<u>2013</u> <u>RUPEES</u>	<u>2012</u> <u>RUPEES</u>	<u>ASSETS</u>	<u>NOTE</u>	<u>2013</u> <u>RUPEES</u>	<u>2012</u> <u>RUPEES</u>
<u>Share Capital and Reserves</u>				<u>Non-Current Assets</u>			
Authorized Capital		200,000,000	200,000,000	Property and Equipments	11	9,424,131	10,444,376
Issued, Subscribed and Paid-up Capital	3	120,048,000	120,048,000	Trading Right Entitlement Certificates	12	9,000,000	17,098,190
Deficit on Revaluation of Investments		-	(30,113,335)	Long Term Deposits	13	3,403,266	3,653,266
Un-appropriated Loss		(482,525,602)	(549,126,693)				
		(362,477,602)	(459,192,028)				
<u>Non-Current Liabilities</u>				<u>Current Assets</u>			
Long Term Loans-Secured	4	412,414,273	372,926,757	Trade Debts	14	336,385,909	461,949,581
Sponsors' Loan		140,496,250	141,471,250	Advances, Deposits & Prepayments	15	7,613,327	7,773,794
Others Long Term Loan	5	65,491,141	65,491,141	Advance Income Tax		6,617,125	6,398,611
Deferred Liabilities	6	150,796,285	142,463,167	Short Term Investments	16	217,109,797	124,612,507
				Cash & Bank Balances	17	1,677,810	1,336,856
						569,403,968	602,071,349
<u>Current Liabilities</u>							
Trade and Other Payables	7	5,319,071	16,890,694				
Mark Up Payable		3,505,194	3,605,793				
Short Term Borrowings	8	-	317,549,400				
Current Portion of Long Term Liabilities	9	174,961,663	31,611,879				
Provision for Taxation		725,090	449,128				
		184,511,018	370,106,894				
Contingencies & Commitments	10	-	-				
		<u>591,231,365</u>	<u>633,267,181</u>			<u>591,231,365</u>	<u>633,267,181</u>

The annexed notes form an integral part of these accounts.


 CHIEF EXECUTIVE

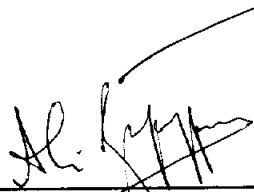

 DIRECTOR



SWITCH SECURITIES (PVT.) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	<u>NOTE</u>	<u>2013</u> <u>RUPEES</u>	<u>2012</u> <u>RUPEES</u>
Brokerage Income	18	1,386,403	388,874
Gain/(Loss) on Sale of Investments:			
- Realized Gain		45,250,109	70,714
- Unrealized Gain		43,016,165	16,994,752
		<u>89,652,677</u>	<u>17,454,340</u>
Operating and Administrative Expenses	19	<u>6,047,955</u>	<u>5,593,519</u>
Finance Cost	20	<u>26,339,719</u>	<u>23,221,779</u>
		<u>32,387,674</u>	<u>(28,815,298)</u>
Operating Profit / (Loss)		57,265,003	(11,360,958)
Other Income	21	<u>9,612,050</u>	<u>4,496,594</u>
Profit/ (Loss) before Tax		66,877,053	(6,864,364)
Provision for Taxation	22	<u>275,962</u>	<u>449,128</u>
Profit/ (Loss) after tax		<u>66,601,091</u>	<u>(7,313,492)</u>
Earnings / (Loss) Per Share	23	5.55	(0.61)

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, 2013

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2013</u> <u>RUPEES</u>	<u>2012</u> <u>RUPEES</u>
Profit/(Loss) Before Taxation	66,877,053	(6,864,364)
Adjustments for:		
Depreciation	1,020,245	1,171,948
Provision for Gratuity	253,750	692,750
Finance Cost	26,339,719	23,221,779
Unrealized Gain/(Loss) on Investment-Net	(43,016,165)	(17,065,466)
Prior Year Adjustment	-	(86,714)
Dividend Income	(2,468,670)	(4,452,395)
	(17,871,121)	3,481,902
Profit / (Loss) Before Working Capital Changes	49,005,932	(3,382,462)
Effect Of Cash Flows Due To Working Capital Changes		
(Increase) / Decrease In:		
Trade Debts	125,563,672	1,176,011
Advances, Deposits And Prepayments	160,467	(166,885)
Short Term Investments	(11,269,600)	(2,032,495)
	114,454,539	(1,023,369)
Increase / (Decrease) In:		
Trade And Other Payables	(11,571,623)	(79,836,328)
	(11,571,623)	(79,836,328)
Cash Generated From / (Used In) Operations	151,888,848	(84,242,159)
Gratuity Paid	(138,000)	(182,000)
Finance Cost Paid	(17,022,338)	(7,263,268)
Income Taxes Paid	(218,514)	(467,324)
	(17,378,852)	(7,912,592)
Net Cash (Used In) Operating Activities	134,509,996	(92,154,751)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividend Income	2,468,670	4,452,395
Long Term Deposits	250,000	-
Net Cash From Investing Activities	2,718,670	4,452,395
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Long Term Loan	181,636,688	(40,976,638)
Short Term Loan	(317,549,400)	(4,199,113)
Others Long Term Loan	-	-
Sponsors' Loan	(975,000)	132,971,250
Net Cash From Financing Activities	(136,887,712)	87,795,499
Net Increase / (Decrease) In Cash And Cash Equivalents	340,954	93,143
Cash And Cash Equivalents At The Beginning of The The Year	1,336,856	1,243,713
Cash And Cash Equivalents At The End of The The Year	1,677,810	1,336,856


 CHIEF EXECUTIVE


 DIRECTOR

← 20

SWITCH SECURITIES (PVT.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Share Capital</u>	<u>Unappropriated Loss</u>	<u>Surplus/(Deficit) on Revaluation of Investments</u>	<u>Total</u>
Balance as at June 30, 2011	120,048,000	(641,623,946)	(37,605,760)	(559,181,706)
Net (Loss) 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)
Net Profit for the Year	-	66,601,091	-	66,601,091
Surplus on revaluation of investment	-	-	30,113,335	30,113,335
Balance as at June 30, 2013	<u>120,048,000</u>	<u>(482,525,602)</u>	<u>-</u>	<u>(362,477,602)</u>

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, 2013

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 Abu-Bakr Block, New garden Town, Lahore. The Company is a subsidiary of M/s MCD Pakistan Limited. The Company is a Trading Right Entitlement Certificate Holder of Lahore and Islamabad Stock Exchanges 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 started its operations as stated in last year's financial statements. As a result, company has incurred profit after tax amounting to Rs. 66,601,091/- (2012: Loss Rs. 7,313,492/-) for the year ended June 30, 2013 which includes unrealized gain of Rs. 43,016,165/- Accumulated loss as on 30-06-2013 has decreased to Rs. 482,525,602/- (2012: Rs. 549,126,693/-) but the shareholders' equity is still negative, amounting to Rs. 362,477,602/- (2012: Rs. 459,192,028/-). The management has taken the following significant measures to further 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 and has poured the funds in form of sponsor loan as and when required. They have also helped the company by pledging their personal assets to banks for fulfillment of security shortfall requirement.

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

- i) The company is now working to increase the income from operations.
- ii) 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
- 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

- 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.

<u>3 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>		<u>RUPEES</u> <u>2013</u>	<u>RUPEES</u> <u>2012</u>
<u>Number of Shares</u>			
<u>2013</u>	<u>2012</u>		
<u>2,000</u>	<u>2,000</u>		
			-Ordinary shares of Rs. 10/- each issued as fully paid in cash
		20,000	20,000
<u>1,950,000</u>	<u>1,950,000</u>		
			-Ordinary shares of Rs. 10/- each issued for consideration other than cash
		19,500,000	19,500,000
<u>10,052,800</u>	<u>10,052,800</u>		
			Bonus shares of Rs. 10/- each
<u>12,004,800</u>	<u>12,004,800</u>	<u>100,528,000</u>	<u>100,528,000</u>
		<u>120,048,000</u>	<u>120,048,000</u>

- 3.1 The company is a subsidiary of MCD Pakistan Limited which holds 11,995,575 (99.92%) Ordinary shares (2012: 11,995,575) at the end of the year June 30, 2013.

4 LONG TERM LOANS - SECURED		<u>RUPEES</u> <u>2013</u>	<u>RUPEES</u> <u>2012</u>
Running Finance Facility - Rescheduled	4.1	168,596,696	168,596,696
Term Finance Facility	4.2	333,261,975	151,625,287
Loan From Associated Company	4.3	84,316,653	84,316,653
		<u>586,175,324</u>	<u>404,538,636</u>
Less: Transferred to Current Portion	9	173,761,051	31,611,879
		<u>412,414,273</u>	<u>372,926,757</u>

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. The facility is secured against equitable mortgage of residential houses bearing No. 43-J DHA and 65-G Model Town Society, and personal guarantees of

4.2 This facility has been rescheduled by the banks 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. Out of total principal liability, Rs. 151,625,288 will be paid on semi annual basis after completion of grace period of 36 months, starting from September 2014 and Rs. 80,221,000/- will be paid in 24 equal monthly installments till December 31, 2015. The facility is secured against ranking hypothecation charge over all present and future current/fixed assets of the company with 25% margin and personal guarantee of

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.

5 OTHERS LONG TERM LOANS

Others Long Term Loans	5.1	<u>65,491,141</u>	<u>65,491,141</u>
------------------------	-----	-------------------	-------------------

5.1 This represents the amount payable to different customers of the company. The company has entered into an agreement of long term loan with the customers and to pay markup on the outstanding balances. The rate of markup ranges from 14% to 18.5% p.a. Accordingly, the amount is reclassified as long term loan which was previously classified as trade and other payables in current liabilities.

6 DEFERRED LIABILITIES

Staff retirement gratuity	6.1	2,145,250	2,029,500
Deferred Markup:			
Long Term Financing	6.2	94,623,623	99,379,956
Loan from Associated Company	4.3	54,027,412	40,539,163
		<u>150,796,285</u>	<u>141,948,619</u>
6.1 Opening balance		2,029,500	1,518,750
Less: Paid during the period		<u>138,000</u>	<u>182,000</u>
		1,891,500	1,336,750
Add: Provision during the period		253,750	692,750
		<u>2,145,250</u>	<u>2,029,500</u>

6.2 It represents the mark-up payable against borrowing facilities obtained from Commercial banks. Due to restructuring of finance facilities, the amount of unpaid markup is also deferred. The current portion of deferred markup is transferred to current portion of long term liabilities (Note No. 9).

7 <u>TRADE AND OTHER PAYABLES</u>		<u>RUPEES</u>	
		<u>2013</u>	<u>2012</u>
Trade Creditors	7.1	3,242,337	7,503,979
Accrued Liabilities		1,995,361	6,652,031
Unclaimed Dividend -Clients		68,951	2,726,209
Income Tax Payable		12,422	8,475
		<u>5,319,071</u>	<u>16,890,694</u>

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

8 <u>SHORT TERM BORROWINGS</u>	8.1	-	<u>317,549,400</u>
--------------------------------	-----	---	--------------------

8.1 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. In consequence of negotiation with commercial banks, one of the facility has been rescheduled and transferred to long term loans, and the principal liability of other bank has been paid during the year

9 <u>CURRENT PORTION OF LONG TERM LIABILITIES</u>			
Running Finance Facility - Rescheduled		173,761,051	31,611,879
Deferred Markup		1,200,612	514,548
		<u>174,961,663</u>	<u>32,126,427</u>

10 CONTINGENCIES AND COMMITMENTS

There were no known contingencies and commitments at at June 30, 2013 (2012: Nil)

11 PROPERTY AND EQUIPMENTS

Particulars	C O S T				Rate %	DEPRECIATION				W.D.V. As At 30-06-2013
	As At 01-07-2012	Additions/ (Deletions)	Adjustment	As At 30-06-2013		As At 01-07-2012	Adjustment	For The Year	As At 30-06-2013	
Rooms and booths	4,467,487	-	-	4,467,487	5	1,496,609	-	148,544	1,645,153	2,822,334
Computers	3,842,465	-	-	3,842,465	33	3,640,984	-	66,489	3,707,473	134,992
Office equipments	3,843,750	-	-	3,843,750	10	2,235,392	-	160,836	2,396,228	1,447,522
Furniture and fixtures	9,655,877	-	-	9,655,877	10	4,772,319	-	488,356	5,260,675	4,395,202
Vehicles	3,528,880	-	-	3,528,880	20	2,748,779	-	156,020	2,904,799	624,081
								-		
	25,338,459	-	-	25,338,459		14,894,083	-	1,020,245	15,914,328	9,424,131
RUPES 2013	25,338,459	-	-	25,338,459		14,894,083	-	1,020,245	15,914,328	9,424,131
RUPES 2012	25,338,459	-	-	25,338,459		13,722,135	-	1,171,948	14,894,083	10,444,376

Allocation of Depreciation:

	<u>2013</u>	<u>2012</u>
Operating and administrative expenses	1,020,245	1,171,948
	<u>1,020,245</u>	<u>1,171,948</u>

K *CO*

	<u>RUPEES</u> <u>2013</u>	<u>RUPEES</u> <u>2012</u>
12 <u>TRADING RIGHT ENTITLEMENT CERTIFICATES</u>		
Lahore Stock Exchange Limited	4,000,000	11,548,190
Islamabad Stock Exchange Limited	4,000,000	4,550,000
National Commodity Exchange Limited	1,000,000	1,000,000
	<u>9,000,000</u>	<u>17,098,190</u>
13 <u>LONG TERM DEPOSITS</u>		
Advance Against Telephone	78,266	78,266
Deposit With Lahore Stock Exchange	250,000	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
	<u>3,403,266</u>	<u>3,653,266</u>
14 <u>TRADE DEBTS</u>		
Unsecured - Considered Good	<u>336,385,909</u>	<u>461,949,581</u>
15 <u>ADVANCES, DEPOSITS AND PREPAYMENTS</u>		
Lahore Stock Exchange Limited Exposure Deposit	525,000	525,000
Advance Against Salaries	69,675	230,142
Prepaid Expenses	21,100	21,100
Other Advances	6,997,552	6,997,552
	<u>7,613,327</u>	<u>7,773,794</u>

16 <u>SHORT TERM INVESTMENTS</u>	RUPEES			
	<u>June 30</u> <u>2013</u> <u>Average Cost</u>	<u>June 30</u> <u>2012</u>	<u>June 30</u> <u>2013</u> <u>Fair Market Value</u>	<u>June 30</u> <u>2012</u> <u>Fair Market Value</u>
<u>Investments Available for Sale</u>				
<u>Associated Companies - Quoted</u>				
<u>First National Equities Ltd.</u> Nil shares (2012: 1,905,760)	-	19,057,600	-	11,059,208
<u>Trust Leasing & Investment Bank Ltd.</u> Nil shares (2012: 1,560,262)	-	21,732,922	-	2,137,559
<u>Namco</u> 500,000 shares (2012: 500,000)	5,000,000	5,000,000	5,000,000	5,000,000
<u>Others - Quoted</u>				
<u>SME Leasing Limited</u> Nil shares (2012: 899,850)	-	9,898,350	-	7,378,770
<u>Others - unquoted</u>				
<u>Islamabad Stock Exchange</u> 3,034,603 Shares (2012: Nil)	30,346,030	-	30,346,030	-
<u>Lahore Stock Exchange</u> 843,975 Shares (2012: Nil)	8,439,750	-	9,553,797	-
	<u>43,785,780</u>	<u>55,688,872</u>	<u>44,899,827</u>	<u>25,575,537</u>
<u>Investments Held for Trading</u>				
<u>Associated Companies - Quoted</u>				
<u>First National Equities Ltd.</u> 5,296,049 Shares (2012: 4,351,189)	33,759,703	12,661,960	31,140,768	25,236,896
<u>Trust Leasing & Investment Bank Ltd.</u> 2,479,601 Shares (2012: 919,339)	22,992,466	928,532	4,512,874	1,259,494
<u>Others - Quoted</u>				
<u>PPL</u> 500 Shares Of PPL (2012: 150)	9,841	20,707	105,790	28,244
<u>AHCL</u> 3,500 Shares (2012: 3,850)	99,234	92,050	77,560	119,081
<u>NML</u> 265,500 Shares (2012: Nil)	19,597,842	-	25,012,755	-
<u>PIAA</u> Nil Shares (2012: 13,608,500)	-	29,122,190	-	29,938,700
<u>SBL</u> Nil Shares (2012: 550,000)	-	940,500	-	1,265,000
<u>PIOC</u> 761,058 Shares (2012: 1,016,000)	7,606,959	5,598,160	22,352,273	9,347,200
<u>SMBL</u> 12,500 Shares (2012: 12,500)	39,750	47,000	29,000	39,750
<u>BAFL</u> 25,099 Shares (2012: 21,198)	435,442	202,865	457,304	362,486
<u>LUCK</u> 259,500 Shares (2012: Nil)	42,769,535	-	54,422,340	-
<u>FFBL</u> 364,000 Shares (2012: 491,000)	14,858,480	20,674,575	13,664,560	20,042,620
<u>SMBLPSR</u> 2,500 Shares (2012: Nil)	50	-	-	-
<u>ASLPS</u> 385 Shares (2012: Nil)	3,192	-	3,084	-
<u>NBF</u> 2,000,000 Shares (2012: 2,160,540)	8,435,965	9,642,410	14,000,000	9,290,322
<u>NIB</u> Nil Shares (2012: 175)	-	264	-	348
<u>OGDC</u> 2,500 Shares (2012: Nil)	480,803	-	571,875	-
<u>SLL</u> 900,350 Shares (2012: 500)	9,902,450	4,750	5,852,275	4,100
<u>MTL</u> Nil Shares (2012: 4,347)	-	2,103,209	-	2,098,949
	3,780	3,046	7,512	3,780
<u>OTHER INVESTMENTS</u>				
	<u>160,995,492</u>	<u>82,042,218</u>	<u>172,209,970</u>	<u>99,036,970</u>
	<u>204,781,272</u>	<u>137,731,090</u>	<u>217,109,797</u>	<u>124,612,507</u>

16.1 These investments are partly pledged with banks as security against running finance facilities referred in note 4 to the financial statements.

	<u>RUPEES</u>	<u>RUPEES</u>
	<u>2013</u>	<u>2012</u>
17 CASH AND BANK BALANCES		
Cash At Banks	1,677,810	1,336,856
	<u>1,677,810</u>	<u>1,336,856</u>
18 BROKERAGE INCOME		
Brokerage Income	1,386,403	388,874
	<u>1,386,403</u>	<u>388,874</u>
19 OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries, Wages And Benefits	3,539,048	3,197,356
Rent, Rates And Taxes	75,000	75,000
Travelling And Conveyance	743,321	501,776
Printing And Stationery	15,846	2,250
Entertainment	1,028	7,693
Lahore Stock Exchange And CDC Charges	72,957	51,154
Office Repair And Maintenance	32,355	49,907
Telephone Expenses	56,888	77,780
Newspapers And Periodicals	-	2,500
Fee And Subscription	94,096	204,000
Auditors' Remuneration	19.1 340,500	207,500
Courier Charges	18,381	4,964
Internet And Computer Charges	24,100	10,500
Miscellaneous Expenses	14,190	29,191
Depreciation	1,020,245	1,171,948
	<u>6,047,955</u>	<u>5,593,519</u>
19.1 Auditors' Remuneration		
Annual Statutory Audit	125,000	125,000
Other Consultancy Fee	215,500	82,500
	<u>340,500</u>	<u>207,500</u>
20 FINANCE COST		
Markup On Long Term Loans	4,851,014	4,977,749
Markup On Loan From Associated Company	4.3 13,488,250	13,525,457
Bank & Other Charges	8,000,455	4,718,573
	<u>26,339,719</u>	<u>23,221,779</u>
21 OTHER INCOME		
Dividend Income	2,468,670	4,452,395
Liabilities Written Off	7,066,802	-
Profit On PLS Account	76,578	44,199
	<u>9,612,050</u>	<u>4,496,594</u>
22 PROVISION FOR TAXATION		
Current	<u>275,962</u>	<u>449,128</u>

23 EARNINGS/(LOSS) PER SHARE - BASIC

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

Profit/(Loss) After Tax	<u>66,601,091</u>	<u>(7,313,492)</u>
	Number of Shares	
Weighted Average Number Of Ordinary Shares	<u>12,004,800</u>	<u>12,004,800</u>
Earnings / (Loss) Per Share	<u>5.55</u>	<u>(0.61)</u>

Profit per share have been computed by dividing profit 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.

24 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:

	2013		2012	
	Chief Executive	Directors	Chief Executive	Directors
	Rs.	Rs.	Rs.	Rs.
Managerial Remuneration	2,325,000	-	1,725,000	-
Retirement Benefits	193,750	-	144,000	-
	<u>2,518,750</u>	<u>-</u>	<u>1,869,000</u>	<u>-</u>
Number of persons	1	-	1	-

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

25 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.

	<u>2013</u> Rupees	<u>2012</u> Rupees
Purchase Of Marketable Securities Through Related Parties	-	27,023,374
Sale Of Marketable Securities Through Related Parties	-	29,240,455
Brokerage Paid To Related Parties	917,266	26,655
	<u>917,266</u>	<u>56,290,484</u>

26 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	-	-	-	-	3,403,266	3,403,266	3,403,266
Trade Debts	-	-	-	336,385,909	-	336,385,909	336,385,909
Advances, Deposits And Prepayment	-	-	-	7,613,327	-	7,613,327	7,613,327
Short Term Investments	-	-	-	217,109,797	-	217,109,797	217,109,797
Cash And Bank Balances	1,677,810	-	1,677,810	-	-	-	1,677,810
Total	1,677,810	-	1,677,810	561,109,033	3,403,266	564,512,299	566,190,109
Financial Liabilities							
Long Term Loans	173,761,051	412,414,273	586,175,324	-	-	-	586,175,324
Sponsors' Loan	-	-	-	-	140,496,250	-	-
Others Long Term Loan	-	65,491,141	65,491,141	-	-	-	65,491,141
Trade And Other Payables	-	-	-	8,811,843	65,491,141	74,302,984	74,302,984
Total	173,761,051	477,905,414	651,666,465	8,811,843	205,987,391	74,302,984	725,969,449
On Balance Sheet Gap-2013	<u>(172,083,241)</u>	<u>(477,905,414)</u>	<u>(649,988,655)</u>	<u>552,297,190</u>	<u>202,584,125</u>	<u>490,209,315</u>	<u>(159,779,340)</u>
On Balance Sheet Gap-2012	<u>(720,751,180)</u>	<u>-</u>	<u>(720,751,180)</u>	<u>512,009,995</u>	<u>-</u>	<u>512,009,995</u>	<u>(208,741,185)</u>

27 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, 2013 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's 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.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 26, 2013.

29 GENERAL

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



CHIEF EXECUTIVE



DIRECTOR

← Co