



Directors' Report

On behalf of the Board of Directors of Switch Securities (Pvt) Limited I am pleased to present the Annual Financial Statements of your company for the year ended on June 30, 2014 together with auditors report thereon.

Economic Review

Reflecting some improvement in electricity supply that facilitated increased industrial production, growth in the gross domestic product (GDP) of Pakistan reached an estimated 4.1% in Fiscal Year 2014 (ended 30 June 2014), unexpectedly accelerating from 3.7% in FY2013. Reform initiated by the government helped improve economic conditions during the year. Renewed support from development partners and a \$2 billion eurobond issue, the first in 7 years, helped stabilize the currency and rebuild foreign exchange reserves from very low levels. The continuation of economic reforms and efforts to improve the security environment would improve business confidence and help revive private investment. However, even concerted reform will need several years to eliminate electricity and gas shortfalls and to effect the change needed to lift structural constraints on growth.

The consolidated fiscal deficit excluding grants was contained at 5.5% of GDP in FY2014, down from an average of 8.0% in the previous 3 years. This improvement came mainly from a large one-off increase in non tax revenues and a provincial cash surplus equal to 0.3% of GDP. The budget for FY2015 targets further reduction in the fiscal deficit to 4.9% of GDP through expenditure economies, reduced energy subsidies, and a provincial cash surplus equal to 0.9% of GDP.

Headline inflation increased to an average of 8.6% in FY2014 from 7.4% in the previous year. Consumer price inflation was volatile through the year because of food price spikes in the first half of 2014. In response, the central bank kept monetary policy tight in FY2014, increasing the policy rate by a cumulative 100 basis points to 10%. Inflationary expectations have nevertheless stabilized according to a May 2014 joint survey of business and consumer sentiment, with respondents apparently reacting to exchange rate stability stemming from improved financial inflows in the second half of FY2014 and reduced government borrowing from the domestic banking sector to support the budget. Inflation is now expected to average 8.2% in FY2015, slightly lower than FY2014. Security challenges, floods in September 2014 in parts of the country, and political demonstrations pose downside risks to the FY2015 forecast.

The current account deficit in FY2014 was essentially unchanged from the previous year's 1.1% of GDP. The trade deficit widened moderately, but this was largely offset by continued strong growth in remittances from overseas workers

TRE Certificate Holder: Lahore Stock Exchange, Islamabad Stock Exchange & National Commodity Exchange

CORPORATE OFFICE:

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Equity Market Review

With the euphoria about the new political set-up (post-elections) settling down, the development on the economic front took the center stage in FY14. The investors' confidence gained strength as the signs of economic recovery gathered pace, particularly towards the end of FY14. Despite, pressure on forex reserves subsides amid better foreign inflows; the PkR has depreciated by approx. 6% in FY14 to PKR103.69 from the high of PKR110 in the same period under review. This in the backdrop of government's willingness to tackle the constraining factors (power and security) on economy head-on is adding support to the prevalent positive sentiments.

Subsequently, the benchmark KSE100 index posted a gain of 30% (36% in US\$ terms) to forms new high of 30,475pts. Market capitalization rose to USD\$68bn and market cap to GDP ratio has improved to around 25% of GDP. Average traded volume stood at 215mn, up 13% from the same period last year, while in US\$ terms average traded value stood at US\$84mn comparing favorably with US\$47mn in FY13. Improved country dynamics is also culminating into improved foreign participations that already hold approx. 8% of market capitalization. During the period, Foreigners bought shares of worth US\$742mn followed by banks US\$85mn where Mutual funds remained net seller of US\$153mn in FY14.

Financial Overview

Following are the comparative financial results for the year 2014 and 2013.

	<u>2014</u>	<u>2013</u>
	Rs.	Rs.
Net Revenue / (Loss)	34,731,520	89,652,677
Operating Profit / (Loss)	(4,358,838)	57,265,003
Profit/(Loss) before tax	60,012,723	66,877,053
Profit / (Loss) after tax	59,376,489	66,601,091
Earning/(Loss) Per share	4.95	5.55

We are thankful to Almighty Allah that during the year, your company has earned profit after tax of an amount of Rs. 59.376 million as compared to profit after tax of Rs. 66.601 million in last year. Resultantly your company has earned an earning of Rs. 4.95 per share as compared to the earning of Rs. 5.55 per share in last year.

Owing the accumulated losses the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves.

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Future Outlook

We are continuously in the process of building a solid clientele base by adding the new clients and enhancing the business volumes from the existing and new clientele. The process of successful revival of the receivables started in previous years will remain one of our top priorities. We are very positive that as improved sentiments in the equity market have encouraged the investor's confidence and the same would remain in future. So the results of these improvements will also improve the profitability of the company in coming period. We hope for the future as bright and shining and we do pray for a better future.

Corporate and Financial Reporting Framework

The directors are pleased to confirm that:

- The Financial Statements together with the notes thereon have been drawn up by the management of the company in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, results of its operations, cash flows and changes in equity.
- Proper Books of Accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statement and there has been no departure from them.
- The system of internal control is sound and has been effectively implemented and monitored.
- Mitigating factors for significant doubts upon the company's ability to continue as going concern have been detailed in note 2.1c to the financial statements.
- There is not material statutory payment outstanding on account of taxes, duties, levies and charges.
- There have been no material changes since June 30, 2014 and the company has not entered into any commitment, which would affect its financial position at the date.
- The pattern of shareholding as on June 30, 2014 is attached.

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Auditors

The present Auditors M/s. Kaleem & Co. Chartered Accountants, will retire on the conclusion of Annual General Meeting and being eligible, have offered themselves for reappointment. The BOD has recommended their reappointment as auditors of the Company for the year ending on June 30, 2015, at a fee to be mutually agreed.

Acknowledgement

We are grateful to the Company's members and other stakeholders for their continued confidence and support and also record our appreciation and thanks to SECP, Managements of LSE, CDC & NCCPL, our Associated Companies and Bankers for their guidance and support for the growth and sustainability of the Company.



Ali Raza Jaffery
(Chairman & CEO)

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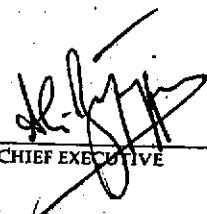
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SWITCH SECURITIES (PVT.) LIMITED
BALANCE SHEET AS AT JUNE 30, 2014

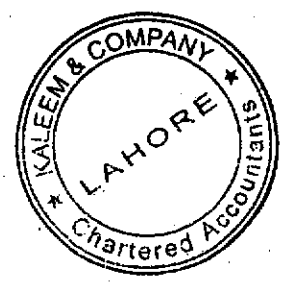
<u>EQUITY & LIABILITIES</u>		<u>2014</u>	<u>2013</u>	<u>ASSETS</u>		<u>2014</u>	<u>2013</u>
<u>NOTE</u>	<u>RUPEES</u>	<u>RUPEES</u>	<u>RUPEES</u>	<u>NOTE</u>	<u>RUPEES</u>	<u>RUPEES</u>	<u>RUPEES</u>
<u>Share Capital and Reserves</u>				<u>Non-Current Assets</u>			
Authorized Capital		<u>200,000,000</u>	<u>200,000,000</u>	Property and Equipments	10	8,529,379	9,424,131
Issued, Subscribed and Paid-up Capital	3	120,048,000	120,048,000	Trading Right Entitlement Certificates	11	9,000,000	9,000,000
Un-appropriated Loss		(423,149,113)	(482,525,602)	Long Term Deposits	12	4,859,253	3,403,266
		(303,101,113)	(362,477,602)				
<u>Non-Current Liabilities</u>				<u>Current Assets</u>			
Sponsors Loan		169,864,867	140,496,250	Trade Debts	13	307,330,683	336,385,909
Long Term Loans-Secured	4	374,483,042	412,414,273	Advances, Deposits & Prepayments	14	7,649,827	7,613,327
Others Long Term Loan	5	93,357,841	65,491,141	Advance Income Tax		7,273,857	6,617,125
Deferred Liabilities	6	108,972,315	150,796,285	Short Term Investments	15	195,298,267	217,109,797
				Cash & Bank Balances	16	1,317,420	1,677,810
						518,870,054	569,403,968
<u>Current Liabilities</u>							
Trade and Other Payables	7	4,452,145	5,319,071				
Mark Up Payable		6,362,038	3,505,194				
Current Portion of Long Term Liabilities	8	85,506,227	174,961,663				
Provision for Taxation		1,361,324	725,090				
		97,681,734	184,511,018				
Contingencies & Commitments	9						
		<u>541,258,686</u>	<u>591,231,365</u>			<u>541,258,686</u>	<u>591,231,365</u>

The annexed notes form an integral part of these accounts.


 CHIEF EXECUTIVE


 DIRECTOR



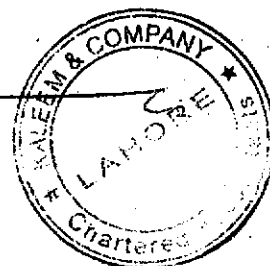
SWITCH SECURITIES (PVT.) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	NOTE	2014 RUPEES	2013 RUPEES
Brokerage Income	17	615,384	1,386,403
Gain/(Loss) on Sale of Investments:			
- Realized Gain		9,289,806	45,250,109
- Unrealized Gain		24,826,330	43,016,165
		<u>34,731,520</u>	<u>89,652,677</u>
Operating and Administrative Expenses	18	6,076,299	6,047,955
Finance Cost	19	83,014,059	26,339,719
		<u>89,090,358</u>	<u>32,387,674</u>
Operating Profit / (Loss)		(4,358,838)	57,265,003
Other Income	20	64,371,561	9,612,050
Profit/ (Loss) before Tax		60,012,723	66,877,053
Provision for Taxation	21	636,234	275,962
Profit/ (Loss) after tax		<u>59,376,489</u>	<u>66,601,091</u>
Earnings / (Loss) Per Share	22	<u>4.95</u>	<u>5.55</u>

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, 2014

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2014</u> <u>RUPEES</u>	<u>2013</u> <u>RUPEES</u>
Profit/(Loss) Before Taxation	60,012,723	66,877,053
Adjustments for:		
Depreciation	894,752	1,020,245
Provision for, Gratuity	268,750	253,750
Finance Cost	33,014,059	26,339,719
Unrealized Gain/(Loss) on Investment-Net	(24,826,330)	(43,016,165)
Dividend Income	(6,350,149)	(2,468,670)
	3,001,082	(17,871,121)
Profit / (Loss) Before Working Capital Changes	63,013,805	49,005,932
Effect Of Cash Flows Due To Working Capital Changes		
(Increase) / Decrease In:		
Trade Debts	29,055,226	125,563,672
Advances, Deposits And Prepayments	(36,500)	160,467
Short Term Investments	46,637,860	(11,269,600)
	75,656,586	114,454,539
Increase / (Decrease) In:		
Trade And Other Payables	(866,926)	(11,571,623)
	(866,926)	(11,571,623)
Cash Generated From / (Used In) Operations	137,803,465	151,888,848
Gratuity Paid	(240,000)	(138,000)
Finance Cost Paid	(69,853,492)	(17,022,338)
Income Taxes Paid	(656,732)	(218,514)
	(70,750,224)	(17,378,852)
Net Cash (Used In) Operating Activities	67,053,241	134,509,996
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividend Income	6,350,149	2,468,670
Long Term Deposits	(1,455,987)	250,000
Net Cash From Investing Activities	4,894,162	2,718,670
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Long Term Loan	(129,543,110)	181,636,688
Short Term Loan	-	(317,549,400)
Others Long Term Loan	27,866,700	-
Sponsors' Loan	29,368,617	(975,000)
Net Cash From Financing Activities	(72,307,793)	(136,887,712)
Net Increase / (Decrease) In Cash And Cash Equivalents	(360,390)	340,954
Cash And Cash Equivalents At The Beginning of The The Year	1,677,810	1,336,856
Cash And Cash Equivalents At The End of The The Year	1,317,420	1,677,810


 CHIEF EXECUTIVE


 DIRECTOR



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

	<u>Share Capital</u>	<u>Unappropriated Loss</u>	<u>Surplus/(Deficit) on Revaluation of Investments</u>	<u>Total</u>
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	120,048,000	(482,525,602)	-	(362,477,602)
Net Profit for the Year	-	59,376,489	-	59,376,489
	120,048,000	(423,149,113)	-	(303,101,113)

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, 2014

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) Company has incurred profit after tax amounting to Rs. 59,376,489/- (2013: Rs. 66,601,091/-) for the year ended June 30, 2014 which includes unrealized gain of Rs. 24,826,330/- Accumulated loss as on 30-06-2014 has decreased to Rs. 423,149,113/- (2013: Rs. 482,525,602/-) but the shareholders' equity is still negative, amounting to Rs. 303,101,113/- (2013: Rs. 362,477,602/-). The management has taken the following significant measures to further improve the operational performance and liquidity of the company:

i) 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:

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

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

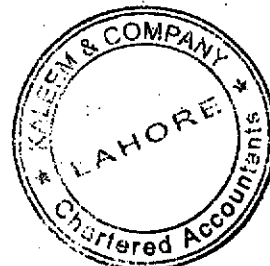
Investments, which are acquired principally for the purpose of generating a profit from short term fluctuations in prices or dealer margin, are classified as held for trading. These are stated at their fair value with any resulting gains or losses directly in the profit and loss account. For investment 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

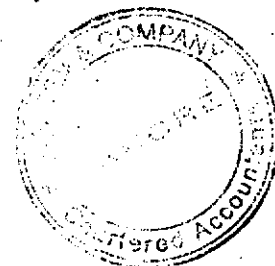
Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivable based on review of outstanding amounts at the year end. Balance considered bad and irrecoverable are written off when identified.

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
- 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		<u>RUPEES</u> <u>2014</u>	<u>RUPEES</u> <u>2013</u>
<u>Number of Shares</u>			
<u>2014</u>	<u>2013</u>		
2,000	2,000	20,000	20,000
-Ordinary shares of Rs. 10/- each issued as fully paid in cash			
1,950,000	1,950,000	19,500,000	19,500,000
-Ordinary shares of Rs. 10/- each issued for consideration other than cash			
10,052,800	10,052,800	100,528,000	100,528,000
Bonus shares of Rs. 10/- each			
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 (2013: 11,995,575) at the end of the year June 30, 2014.

4 LONG TERM LOANS - SECURED		<u>RUPEES</u> <u>2014</u>	<u>RUPEES</u> <u>2013</u>
Running Finance Facility - Rescheduled	4.1	104,913,857	168,596,696
Term Finance Facility	4.2	295,451,704	333,261,975
Loan From Associated Company	4.3	56,266,653	84,316,653
		456,632,214	586,175,324
Less: Transferred to Current Portion	9	82,149,172	173,761,051
		<u>374,483,042</u>	<u>412,414,273</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 personal guarantees of directors.

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 Sponsors.

4.3 The members of the associated company by passing a special resolution extended the repayment of the amount of Rs. 56,266,653 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>93,357,841</u>	<u>65,491,141</u>
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5.1 This represents the amount obtained from 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.



		<u>RUPEES</u> 2014	<u>RUPEES</u> 2013
6 DEFERRED LIABILITIES			
Staff retirement gratuity	6.1	2,174,000	2,145,250
Deferred Markup:			
Long Term Financing	6.2	40,903,605	94,623,623
Loan from Associated Company	4.3	65,894,710	54,027,412
		<u>108,972,315</u>	<u>150,796,285</u>
6.1 Opening balance		2,145,250	2,029,500
Less: Paid during the period		240,000	138,000
		1,905,250	1,891,500
Add: Provision during the period		268,750	253,750
		<u>2,174,000</u>	<u>2,145,250</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. 8). And mark up of Rs. 57,925,824 payable to Bank Al Habib Limited has been waived of by the bank, so this loan amount has been write-off and charged to Misc. Income.

7 TRADE AND OTHER PAYABLES

Trade Creditors	7.1	1,266,055	3,242,337
Accrued Liabilities		3,186,090	1,995,361
Unclaimed Dividend -Clients		-	68,951
Income Tax Payable		-	12,422
		<u>4,452,145</u>	<u>5,319,071</u>

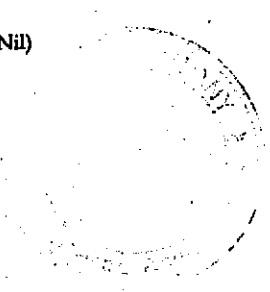
7.1 This represents the amount payable to clients against settlement of their trades.

8 CURRENT PORTION OF LONG TERM LIABILITIES

Running Finance Facility - Rescheduled	82,149,172	173,761,051
Deferred Markup	3,357,055	1,200,612
	<u>85,506,227</u>	<u>174,961,663</u>

9 CONTINGENCIES AND COMMITMENTS

There were no known contingencies and commitments at at June 30, 2014 (2013: Nil)

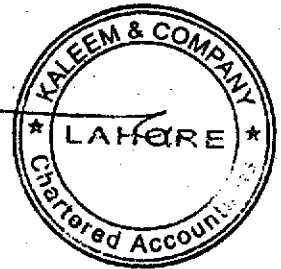


10 PROPERTY AND EQUIPMENTS

Particulars	C O S T				Rate %	DEPRECIATION				W.D.V.
	As At 01-07-2013	Additions/ (Deletions)	Adjustment	As At 30-06-2014		As At 01-07-2013	Adjustment	For The Year	As At 30-06-2014	As At 30-06-2014
	Rooms and booths	4,467,487	-	-		4,467,487	5	1,645,153	-	141,117
Computers	3,842,465	-	-	3,842,465	33	3,707,473	-	44,547	3,752,020	90,445
Office equipments	3,843,750	-	-	3,843,750	10	2,396,228	-	144,752	2,540,980	1,302,770
Furniture and fixtures	9,655,877	-	-	9,655,877	10	5,260,675	-	439,520	5,700,195	3,955,682
Vehicles	3,528,880	-	-	3,528,880	20	2,904,799	-	124,816	3,029,615	499,265
	25,338,459	-	-	25,338,459		15,914,328	-	894,752	16,809,080	8,529,379
RUPEES 2014	<u>25,338,459</u>	-	-	<u>25,338,459</u>		<u>15,914,328</u>	-	<u>894,752</u>	<u>16,809,080</u>	<u>8,529,379</u>
RUPEES 2013	<u>25,338,459</u>	-	-	<u>25,338,459</u>		<u>14,894,083</u>	-	<u>1,020,245</u>	<u>15,914,328</u>	<u>9,424,131</u>

Allocation of Depreciation:

	<u>2014</u>	<u>2013</u>
Operating and administrative expenses	894,752	1,020,245
	<u>894,752</u>	<u>1,020,245</u>



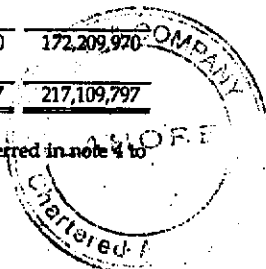
	<u>RUPEES</u> 2014	<u>RUPEES</u> 2013
11 <u>TRADING RIGHT ENTITLEMENT CERTIFICATES</u>		
Lahore Stock Exchange Limited	4,000,000	4,000,000
Islamabad Stock Exchange Limited	4,000,000	4,000,000
National Commodity Exchange Limited	1,000,000	1,000,000
	<u>9,000,000</u>	<u>9,000,000</u>
12 <u>LONG TERM DEPOSITS</u>		
Advance Against Telephone	78,266	78,266
Deposit With Lahore Stock Exchange	250,000	250,000
Deposit With Central Depository Company	75,000	75,000
Deposit With National Clearing Company Limited	400,000	400,000
Advance Against Room-Lahore Stock Exchange Limited	1,455,987	-
Advance Against Room-National Commodity Exchange Limited	2,500,000	2,500,000
Security NCS for Margin Financing	100,000	100,000
	<u>4,859,253</u>	<u>3,403,266</u>
13 <u>TRADE DEBTS</u>		
Unsecured - Considered Good	<u>307,330,683</u>	<u>336,385,909</u>
14 <u>ADVANCES, DEPOSITS AND PREPAYMENTS</u>		
Lahore Stock Exchange Limited Exposure Deposit	525,000	525,000
Advance Against Salaries	106,175	69,675
Prepaid Expenses	21,100	21,100
Other Advances	6,997,552	6,997,552
	<u>7,649,827</u>	<u>7,613,327</u>



15 SHORT TERM INVESTMENTS

	RUPEES			
	June 30 2014	June 30 2013	June 30 2014	June 30 2013
<u>Investments Available for Sale</u>	<u>Average Cost</u>		<u>Fair Market Value</u>	
<u>Associated Companies - Quoted</u>				
<u>Namco</u>				
500,000 shares (2013:500,000)	5,000,000	5,000,000	5,000,000	5,000,000
<u>Others - unquoted</u>				
<u>Islamabad Stock Exchange</u>				
3,034,603 Shares (2013: 3,034,603)	30,346,030	30,346,030	30,346,030	30,346,030
<u>Lahore Stock Exchange</u>				
843,975 Shares (2013: 843,975)	8,439,750	8,439,750	9,553,797	9,553,797
	<u>43,785,780</u>	<u>43,785,780</u>	<u>44,899,827</u>	<u>44,899,827</u>
<u>Investments Held for Trading</u>				
<u>Associated Companies - Quoted</u>				
<u>First National Equities Ltd.</u>				
5,296,019 Shares (2013: 5,296,049)	31,140,768	33,759,703	14,564,135	31,140,768
<u>Trust Leasing & Investment Bank Ltd.</u>				
2,479,601 Shares (2013: 2,479,601)	4,512,874	22,992,466	3,496,237	4,512,874
<u>Others - Quoted</u>				
<u>PPL</u>				
Nil Shares Of PPL (2013: 500)	-	9,841	-	105,790
<u>AHCL</u>				
Nil Shares (2013: 3,500)	-	99,234	-	77,560
<u>NML</u>				
192,500 Shares (2013: 265,500)	18,134,751	19,597,842	21,544,600	25,012,755
<u>PIOC</u>				
753,058 Shares (2013: 761,058)	22,119,238	7,606,959	35,137,686	22,352,273
<u>SMBL</u>				
Nil Shares (2013: 12,500)	-	39,750	-	29,000
<u>BAFL</u>				
Nil Shares (2013: 25,099)	-	435,442	-	457,304
<u>LUCK</u>				
142,100 Shares (2013: 259,500)	29,801,608	42,769,535	58,303,630	54,422,340
<u>FBBL</u>				
Nil Shares (2013: 364,000)	-	14,858,480	-	13,664,560
<u>SMBLPSR</u>				
Nil Shares (2013: 50)	-	50	-	-
<u>ASLPS</u>				
385 Shares (2013: 385)	3,084	3,192	2,710	3,084
<u>NBF</u>				
2,140,000 Shares (2013: 2,000,000)	14,000,000	8,435,965	12,840,000	14,000,000
<u>OGDC</u>				
2,500 Shares (2013: 2500)	-	480,803	-	571,875
<u>SLL</u>				
900,350 Shares (2013: 900,350)	5,852,275	9,902,450	4,501,750	5,852,275
<u>OTHER INVESTMENTS</u>				
	7,512	3,780	7,692	7,512
	<u>125,572,110</u>	<u>160,995,492</u>	<u>150,398,440</u>	<u>172,209,970</u>
	<u>169,357,890</u>	<u>204,781,272</u>	<u>195,298,267</u>	<u>217,109,797</u>

15.1 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>2014</u>	<u>RUPEES</u> <u>2013</u>
16 CASH AND BANK BALANCES			
Cash in hand		80	-
Cash At Banks		<u>1,317,340</u>	<u>1,677,810</u>
		<u>1,317,420</u>	<u>1,677,810</u>
17 BROKERAGE INCOME			
Brokerage Income		<u>615,384</u>	<u>1,386,403</u>
		<u>615,384</u>	<u>1,386,403</u>
18 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, Wages And Benefits		3,580,323	3,539,048
Rent, Rates And Taxes		75,000	75,000
Travelling And Conveyance		844,528	743,321
Printing And Stationery		25,080	15,846
Entertainment		9,545	1,028
Lahore Stock Exchange And CDC Charges		79,827	72,957
Office Repair And Maintenance		52,095	32,355
Telephone Expenses		61,604	56,888
Newspapers And Periodicals		194,928	94,096
Fee And Subscription		165,000	340,500
Auditors' Remuneration	18.1	46,017	18,381
Courier Charges		25,000	24,100
Internet And Computer Charges		22,600	14,190
Miscellaneous Expenses		894,752	1,020,245
Depreciation		<u>6,076,299</u>	<u>6,047,955</u>
		<u>6,076,299</u>	<u>6,047,955</u>
18.1 Auditors' Remuneration			
Annual Statutory Audit		165,000	125,000
Other Consultancy Fee		-	215,500
		<u>165,000</u>	<u>340,500</u>
		<u>165,000</u>	<u>340,500</u>
19 FINANCE COST			
Markup On Long Term Loans		9,219,093	4,851,014
Markup On Loan From Associated Company	4.3	11,867,298	13,488,250
Markup on Other loans		11,917,785	7,988,876
Bank & Other Charges		9,883	11,579
		<u>33,014,059</u>	<u>26,339,719</u>
		<u>33,014,059</u>	<u>26,339,719</u>
20 OTHER INCOME			
Dividend Income		6,350,149	2,468,670
Deffered Liabilities Waived Off	6.2	57,925,824	7,066,802
Profit On PLS Account		95,588	76,578
		<u>64,371,561</u>	<u>9,612,050</u>
		<u>64,371,561</u>	<u>9,612,050</u>



	<u>RUPEES</u> <u>2014</u>	<u>RUPEES</u> <u>2013</u>
21 <u>PROVISION FOR TAXATION</u>		
Current	636,234	275,962
22 <u>EARNINGS/(LOSS) PER SHARE - BASIC</u>		
The calculation of the basic earnings per share is based on the following data.		
Profit/(Loss) After Tax	59,376,489	66,601,091
	Number of Shares	
Weighted Average Number Of Ordinary Shares	12,004,800	12,004,800
Earnings / (Loss) Per Share	4.95	5.55

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.

Accountants

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:

	2014		2013	
	Chief Executive	Directors	Chief Executive	Directors
	Rs.	Rs.	Rs.	Rs.
Managerial Remuneration	2,325,000	-	2,325,000	-
Retirement Benefits	193,750	-	193,750	-
	<u>2,518,750</u>	<u>-</u>	<u>2,518,750</u>	<u>-</u>

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.

	<u>2014</u> <u>Rupees</u>	<u>2013</u> <u>Rupees</u>
Purchase Of Marketable Securities Through Related Parties		
Sale Of Marketable Securities Through Related Parties	359,565	917,266
Brokerage Paid To Related Parties	<u>359,565</u>	<u>917,266</u>



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	-	-	-	-	4,859,253	4,859,253	4,859,253
Trade Debts	-	-	-	307,330,683	-	307,330,683	307,330,683
Advances, Deposits And Prepayment	-	-	-	7,649,827	-	7,649,827	7,649,827
Short Term Investments	-	-	-	195,298,267	-	195,298,267	195,298,267
Cash And Bank Balances	1,317,340	-	1,317,340	-	-	-	1,317,340
Total	1,317,340	-	1,317,340	510,278,777	4,859,253	515,138,030	516,455,370
Financial Liabilities							
Long Term Loans	82,149,172	374,483,042	456,632,214	-	-	-	456,632,214
Sponsors' Loan	-	-	-	-	169,864,867	-	169,864,867
Others Long Term Loan	-	93,357,841	93,357,841	-	-	-	93,357,841
Trade And Other Payables	-	-	-	10,814,183	93,357,841	104,172,024	104,172,024
Total	82,149,172	467,840,883	549,990,055	10,814,183	263,222,708	104,172,024	654,162,079
On Balance Sheet Gap-2014	(80,831,832)	(467,840,883)	(548,672,715)	499,464,594	258,363,455	410,966,006	(137,706,709)
On Balance Sheet Gap-2013	(172,083,241)	(477,905,414)	(649,988,655)	552,297,190	202,584,125	490,209,315	(159,779,340)



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, 2014 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



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 September 27, 2014.

28 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

