



## DIRECTORS REPORT

On behalf of the Board of Directors of Switch securities Limited I am pleased to present The Annual Financial statement of your company for the year ended on June 30, 2015 together with the audits report thereon.

### **Overall Economy**

Fiscal year 2014-15 registered some remarkable achievements. Inflation hit the lowest level at 2.1 percent on YoY in April since 2003-04. The policy rate decelerated at 7 percent which was lowest in last 42 years, capital market created history, grading by international rating agencies improved, historical agreement with Chinese Government on China Pak Economic Corridor (CPEC), successfully reviews with IMF, issuance of Ijara Sakuk Bond after a period of 9 year, decline in unemployment rate from 6.2 to 6.0 percent etc. According to provisional estimates the GDP growth during 2014-15 remained at 4.24 percent as compared to last year 4.03 percent revised estimates. The Agriculture posted growth of 2.9, industry 3.6 and services 5.0 percent as compared to 2.7, 4.5 and 4.4 percent improvement in construction activities in the country.

The year 2014-15 ended with sharp improvement in the external account, as the sudden fall in international oil prices along with strong growth in remittances helped contain the realization of US \$ 2 billion through sale of Euro bond last year. In FY 15, there was realization of \$ 1.0 billion through the issuance of sovereign Sukuk bonds in the international market, disbursement of loan tranches from the IMF and other multilateral foreign inflows. A narrowing deficit stabilized the country's foreign exchange reserves, as well as the value of Rupee, which has been hovering at Rs.101/US dollars since January this year. The country's foreign exchanges reserves reached a comfortable level of \$ 17.739 billion, while the forex reserves of the State Bank stood at \$ 12.550 billion as of May 8.

The inflation rate measured by the changes in CPI, averaged at 4.8 percent during July-April, 2014-15 against 8.7 percent in the comparable period last year, which is lowest since 2003.

A stable exchange rate, and the fact that the government passed on the benefits of lower global oil prices to domestic consumers, not only softened inflationary expectations but also pulled down headline CPI inflation to a decade low.

**TREC Holder:** Lahore Stock Exchange, Islamabad Stock Exchange & Pakistan Mercantile Exchange

**CORPORATE OFFICE**

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### Stock Markets

Pakistan ranked third in calendar year 2014 amongst the top ten best performing markets in the world. Pakistan was able to secure a place in the top ten for the third consecutive year now. In 2014, the KSE-100 Index gained 6,870 points from 25,261 to 32,131 level, generating a handsome return of 27 percent (31 percent return in US\$ terms) for the investors. Market capitalization has increased by 4.03 percent or from Rs.7, 022.70 billion on June 30, 2014 to Rs.7, 305.81 billion on April 30, 2015.

During the first ten months (Jul-Apr, 2014-15) of current fiscal year, the Karachi Stock Exchange (KSE) benchmark-100 Index increased by 4,077 points and closed at 33,730 points on 30th April against 29,653 on June 30, 2014 showing a gain of 13.75 percent during first ten months of current fiscal year despite political turmoil during first half of the current year.

During the period July 2014 to December 2014, five debt securities were issued which include two domestic Sukuk amounting to Rs. 26 billion, one international Sukuk of Rs. 100 billion (US\$ one billion) and two Privately placed Term Finance Certificates amounting Rs. 6 billion.

Overall, the KSE-100 shares index surged by 17.5 percent or 5,191.08 points to end the fiscal year at 34,843.61 points. The KSE-30 shares index gained 1,486.21 points or 7.27 percent during the fiscal year to close at 21,902.16 points.

### Financial overview

Following are the comparative financial results for the year 2015 and 2014 of your Company:-

	2015	2014
Net revenue / (Loss)	57,755,996	34,731,520
Operating Profit / (Loss)	26,299,390	(4,358,838)
Profit / (Loss) Before Tax	67,539,523	60,012,723
Profit / (Loss) After Tax	67,033,557	59,376,489
Earning / (Loss) Per Share	5.58	4.95

We are thankful to Almighty ALLAH that during the year company has earned an operating profit Rs 26.299 million as compared to loss of Rs 4.358 million in last year and profit after tax Rs 67.539 million as compared to Rs 59.376 million in last year.



Resultantly your company has earned an earning of Rs. 5.58 per share as compare to Rs 4.95 share last year.

The Sponsors of the company have once again shown their trust, interest and commitment with the company and have converted their markup free loan given to the company into share deposit money .The Company after fulfilling the regulatory requirements will issue shares against share deposit money within a reasonable time.

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

### **Future Outlook**

We are continuously in the process of building a solid clients base by adding the new client and enhance the business volumes from the existing and new clients. 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 an improved sentiment in the capital market has encouraged the investor confidence and the same the same would remain in future. 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 Statement together with the notes thereon have drawn up by the management of the company in conformity with the Company Ordinance, 1984. These statement present fairly the Company's state of affairs, results of its operations, cash flow and changes in equity.
- Proper Books of Accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statement and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan ,have been followed in preparation of financial statement and has been no departure from them.
- The system of internal control is sound and has been effectively implemented and monitored.
- There is no material statutory payment outstanding on account of taxes, duties, levies and charges.

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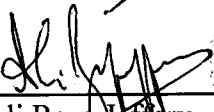
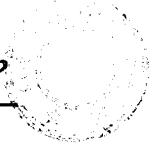
- There have been no material changes since June 30, 2014 and company has not entered into any commitment, which would affect its financial position at the date

### Auditors

The present Auditor Messrs. Kaleem & Co Chartered Accountants will retire on the conclusion of Annual General Meeting and have not offered themselves for reappointment for the year ended June 30, 2016. Another firm Messer NASIR JAVAID MAQSOOD IMRAN Chartered Accountants being eligible has offered themselves for appointment as Auditor for the company.

### Acknowledgement

We are grateful to the company's member and other stakeholders for their continued confidence and support and also record our appreciation and thanks to the SECP, Management of LSE, CDC & NCCPL, our associated and Bankers for their guidance and support for growth and sustainability of the company.

  
  
Ali Raza Jaffery  
(Chairman & CEO)



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Switch Securities (Pvt.) Limited** as at June 30, 2015 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, 2015 and of the profit, its cash flows and changes in equity for the year then ended;
- (e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.


Lahore  
Dated: September 29, 2015  
Muhammad Kaleem Rathor

**KALEEM AND COMPANY**  
CHARTERED ACCOUNTANTS

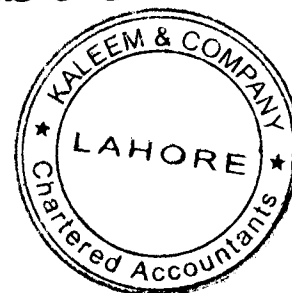
**SWITCH SECURITIES (PVT.) LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2015**

<u>EQUITY &amp; LIABILITIES</u>	<u>NOTE</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>	<u>ASSETS</u>	<u>NOTE</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>
<b>Share Capital and Reserves</b>				<b>Non-Current Assets</b>			
Authorized Capital		200,000,000	200,000,000	Property and Equipments	10	7,763,589	8,529,379
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		(356,115,556)	(423,149,113)	Long Term Deposits	12	5,793,057	4,859,253
Share Deposit money		268,000,000	-				
		31,932,444	(303,101,113)				
<b>Non-Current Liabilities</b>				<b>Current Assets</b>			
Sponsors' Loan		-	169,864,867	Trade Debts	13	273,119,729	307,330,683
Long Term Loans-Secured	4	153,689,280	374,483,042	Advances, Deposits & Prepayments	14	7,573,725	7,649,827
Others Long Term Loan	5	91,111,022	93,357,841	Advance Income Tax		6,236,456	7,273,857
Deferred Liabilities	6	86,020,622	108,972,315	Receivable from National Clearing Company		16,289,816	-
				Short Term Investments	15	56,866,793	195,298,267
				Cash & Bank Balances	16	1,301,173	1,317,420
						361,387,692	518,870,054
<b>Current Liabilities</b>							
Trade and Other Payables	7	20,685,004	4,452,145				
Mark Up Payable		-	6,362,038				
Current Portion of Long Term Liabilities	8	-	85,506,227				
Provision for Taxation		505,966	1,361,324				
		21,190,970	97,681,734				
Contingencies & Commitments	9	-	-				
		383,944,338	541,258,686			383,944,338	541,258,686

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, 2015

	<u>NOTE</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>
Brokerage Income	17	1,428,070	615,384
Gain/(Loss) on Sale of Investments:			
- Realized Gain		50,099,666	9,289,806
- Unrealized Gain		<u>6,228,233</u>	<u>24,826,330</u>
		57,755,969	34,731,520
Operating and Administrative Expenses	18	<u>6,060,419</u>	<u>6,076,299</u>
Finance Cost	19	<u>25,396,160</u>	<u>33,014,059</u>
		31,456,579	39,090,358
Operating Profit / (Loss)		26,299,390	(4,358,838)
Other Income	20	<u>41,240,133</u>	<u>64,371,561</u>
Profit before Tax		67,539,523	60,012,723
Provision for Taxation	21	<u>505,966</u>	<u>636,234</u>
Profit after tax		<u>67,033,557</u>	<u>59,376,489</u>
Earnings Per Share	22	<u>5.58</u>	<u>4.95</u>

The annexed notes form an integral part of these accounts.

  
 CHIEF EXECUTIVE

  
 DIRECTOR



**SWITCH SECURITIES (PVT.) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

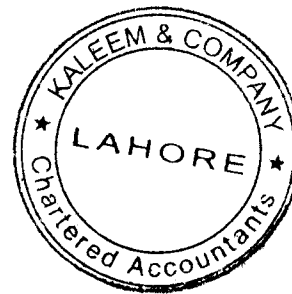
	<u>Share Capital</u>	<u>Unappropriated Loss</u>	<u>Share Deposit Money</u>	<u>Surplus/(Deficit) on Revaluation of Investments</u>	<u>Total</u>
Balance as at June 30, 2013	120,048,000	(482,525,602)		-	(362,477,602)
Net Profit for the Year	-	59,376,489		-	59,376,489
Balance as at June 30, 2014	120,048,000	(423,149,113)		-	(303,101,113)
Share Deposit Money	-	-	268,000,000	-	268,000,000
Net Profit for the year	-	67,033,557	-	-	67,033,557
Balance as at June 30, 2015	120,048,000	(356,115,556)	268,000,000	-	31,932,444

The annexed notes form an integral part of these accounts.

  
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 CHIEF EXECUTIVE

  
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 DIRECTOR







**SWITCH SECURITIES (PVT.) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30,2015**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2015</u> <u>RUPEES</u>	<u>2014</u> <u>RUPEES</u>
<b>Profit/(Loss) Before Taxation</b>	67,539,523	60,012,723
Adjustments for:		
Depreciation	790,859	894,752
Provision for Gratuity	363,250	268,750
Finance Cost	25,396,160	33,014,059
Unrealized Gain/(Loss) on Investment-Net	(6,228,233)	(24,826,330)
Dividend Income	(4,916,857)	(6,350,149)
	15,405,179	3,001,082
<b>Profit / (Loss) Before Working Capital Changes</b>	82,944,702	63,013,805
<b>Effect Of Cash Flows Due To Working Capital Changes</b>		
(Increase) / Decrease In:		
Trade Debts	34,210,954	29,055,226
Advances, Deposits And Prepayments	76,102	(36,500)
Short Term Investments	144,659,707	46,637,860
	178,946,763	75,656,586
Increase / (Decrease) In:		
Trade And Other Payables	16,232,859	(866,926)
	16,232,859	(866,926)
<b>Cash Generated From Operations</b>	278,124,324	137,803,465
Gratuity Paid	-	(240,000)
Finance Cost Paid	(31,758,198)	(69,853,492)
Income Taxes Paid	(323,923)	(656,732)
	(32,082,121)	(70,750,224)
<b>Net Cash generated from Operating Activities</b>	246,042,203	67,053,241
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Dividend Income	4,916,857	6,350,149
Long Term Deposits	(933,804)	(1,455,987)
Purchase of fixed asset	(25,069)	-
NCS	(16,289,816)	-
<b>Net Cash From/(Used in) Investing Activities</b>	(12,331,832)	4,894,162
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Long Term Loan	(306,299,989)	(129,543,110)
Short Term Loan	-	-
Deffered liabilities	(23,314,943)	-
NAMCO balance fund	-	-
Others Long Term Loan	(2,246,819)	27,866,700
Sponsors' Loan	(169,864,867)	29,368,617
Share deposit money	268,000,000	-
<b>Net Cash From/(Used in) Financing Activities</b>	(233,726,618)	(72,307,793)
<b>Net Increase / (Decrease) In Cash And Cash Equivalents</b>	(16,247)	(360,390)
<b>Cash And Cash Equivalents At The Beginning of The The Year</b>	1,317,420	1,677,810
<b>Cash And Cash Equivalents At The End of The The Year</b>	1,301,173	1,317,420

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CHIEF EXECUTIVE



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DIRECTOR

SWITCH SECURITIES (PVT.) LIMITED  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

**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.

2.2) 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.

<u>3 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u>		<u>RUPEES</u> <u>2015</u>	<u>RUPEES</u> <u>2014</u>
<u>Number of Shares</u>			
<u>2015</u>	<u>2014</u>		
<u>2,000</u>	<u>2,000</u>		
		-Ordinary shares of Rs. 10/- each issued as fully paid in cash	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
<u>10,052,800</u>	<u>10,052,800</u>		
		Bonus shares of Rs. 10/- each	100,528,000
<u>12,004,800</u>	<u>12,004,800</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 (2014: 11,995,575) at the end of the year June 30, 2015.



		<u>RUPEES</u> <u>2015</u>	<u>RUPEES</u> <u>2014</u>
<b>4 LONG TERM LOANS - SECURED</b>			
Running Finance Facility - Rescheduled	4.1	104,913,857	104,913,857
Term Finance Facility		-	295,451,704
Loan From Associated Company	4.2	48,775,423	56,266,653
		<u>153,689,280</u>	<u>456,632,214</u>
Less: Transferred to Current Portion	8	-	82,149,172
		<u>153,689,280</u>	<u>374,483,042</u>

4.1 The bank has agreed to rescheduled the facility for a period of nine years. And any markup accrued to date will be waived off after successful adjustment of the facility at December 2024. This rescheduling arrangement carries no mark up. Further, one of the sponsor has given the undertaking that installment due upto December 2017 amounting to Rs. 27 Million will be paid by his own resources and no resources of the company will be utilized for it. Due to which no current maturity is shown. The principal liability of Rs 104.914 million will be paid in 33 semi annually and quarterly installments, starting from December 2015. The facility is secured against equitable mortgage of residential houses bearing No. 43-J DHA and personal guarantees of directors and sponsors.

4.2 The members of the associated company by passing a special resolution extended the repayment of the amount due to the company 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>91,111,022</u>	<u>93,357,841</u>
------------------------	-----	-------------------	-------------------

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.

#### **6 DEFERRED LIABILITIES**

Staff retirement gratuity	6.1	2,537,250	2,174,000
Deferred Markup:			
Long Term Financing	6.2	9,768,384	40,903,605
Loan from Associated Company	4.2	73,714,988	65,894,710
		<u>86,020,622</u>	<u>108,972,315</u>
6.1 Opening balance		2,174,000	2,145,250
Less: Paid during the period		-	240,000
		<u>2,174,000</u>	<u>1,905,250</u>
Add: Provision during the period		363,250	268,750
		<u>2,537,250</u>	<u>2,174,000</u>

6.2 It represents the mark-up payable against borrowing facilities obtained from Commercial bank. Due to restructuring of finance facilities, the amount of unpaid markup is also deferred. Mark up of Rs. 34,416,171 payable to Bank Alfalah Limited has been waived of by the bank, so this loan amount has been written off and



7 TRADE AND OTHER PAYABLES

		<u>RUPEES</u>	<u>RUPEES</u>
		<u>2015</u>	<u>2014</u>
Trade Creditors	7.1	17,281,208	1,266,055
Accrued Liabilities		3,403,796	3,186,090
		<u>20,685,004</u>	<u>4,452,145</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
Deferred Markup		-	3,357,055
		<u>-</u>	<u>85,506,227</u>

9 CONTINGENCIES AND COMMITMENTS

There were no known contingencies and commitments at at June 30, 2015 (2014: Nil)



10 PROPERTY AND EQUIPMENTS

Particulars	C O S T				Rate %	DEPRECIATION			W.D.V. As At 30-06-2015	
	As At 01-07-2014	Additions/ (Deletions)	Adjustment	As At 30-06-2015		As At 01-07-2014	Adjustment	For The Year		As At 30-06-2015
	4,467,487	25,069	-	4,492,556		1,786,270	-	135,314		1,921,584
Rooms and booths	4,467,487	25,069	-	4,492,556	5	-	135,314	1,921,584	2,570,972	
Computers	3,842,465	-	-	3,842,465	33	-	29,847	3,781,867	60,598	
Office equipments	3,843,750	-	-	3,843,750	10	-	130,277	2,671,257	1,172,493	
Furniture and fixt	9,655,877	-	-	9,655,877	10	-	395,568	6,095,763	3,560,114	
Vehicles	3,528,880	-	-	3,528,880	20	-	99,853	3,129,468	399,412	
<b>RUPEES 2015</b>	<b>25,338,459</b>	<b>25,069</b>	<b>-</b>	<b>25,363,528</b>		<b>-</b>	<b>790,859</b>	<b>17,599,939</b>	<b>7,763,589</b>	
<b>RUPEES 2014</b>	<b>25,338,459</b>	<b>-</b>	<b>-</b>	<b>25,338,459</b>		<b>-</b>	<b>894,752</b>	<b>16,809,080</b>	<b>8,529,379</b>	

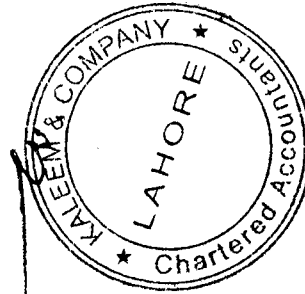
Allocation of Depreciation:

2015                      2014

Operating and administrative expenses                      790,859                      894,752

790,859                      894,752

*Kaleem*





	<u>RUPEES</u> <u>2015</u>	<u>RUPEES</u> <u>2014</u>
<b>11 <u>TRADING RIGHT ENTITLEMENT CERTIFICATES</u></b>		
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>
<b>12 <u>LONG TERM DEPOSITS</u></b>		
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	2,389,791	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>5,793,057</u>	<u>4,859,253</u>
<b>13 <u>TRADE DEBTS</u></b>		
Unsecured - Considered Good	<u>273,119,729</u>	<u>307,330,683</u>
<b>14 <u>ADVANCES, DEPOSITS AND PREPAYMENTS</u></b>		
Lahore Stock Exchange Limited Exposure Deposit	525,000	525,000
Advance Against Salaries	16,999	106,175
Advance for expenses	20,000	-
Prepaid Expenses	-	21,100
Other Advances	7,011,726	6,997,552
	<u>7,573,725</u>	<u>7,649,827</u>

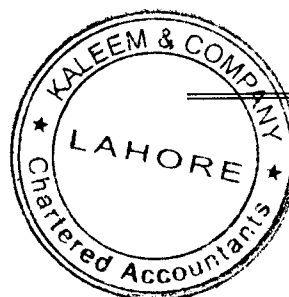


15 SHORT TERM INVESTMENTS	RUPEES			
	June 30 2015	June 30 2014	June 30 2015	June 30 2014
	Average cost		Fair Market Value	
<b>Investments Available for Sale</b>				
<b>Associated Companies - Quoted</b>				
<b>Namco</b>				
500,000 shares (2014:500,000)	5,000,000	5,000,000	10,500,000	5,000,000
<b>Others - unquoted</b>				
<b>Islamabad Stock Exchange</b>				
3,034,603 Shares (2014: 3,034,603)	30,346,030	30,346,030	30,346,030	30,346,030
<b>Lahore Stock Exchange</b>				
843,975 Shares (2014: 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>50,399,827</u>	<u>44,899,827</u>
<b>Investments Held for Trading</b>				
<b>Associated Companies - Quoted</b>				
<b>First National Equities Ltd.</b>				
2,083,150 Shares (2014: 5,296,049)	5,728,663	31,140,768	6,457,765	14,564,135
<b>Trust Leasing &amp; Investment Bank Ltd.</b>				
Nil Shares (2014: 2,479,601)	-	4,512,874	-	3,496,237
<b>Others - Quoted</b>				
<b>PPL</b>				
Nil Shares Of PPL (2014: Nil)	-	-	-	-
<b>AHCL</b>				
Nil Shares (2014: Nil)	-	-	-	-
<b>NML</b>				
Nil Shares (2014: 192,500)	-	18,134,751	-	21,544,600
<b>PIOC</b>				
Nil Shares (2014: 753,058)	-	22,119,238	-	35,137,686
<b>SMBL</b>				
Nil Shares (2014: Nil)	-	-	-	-
<b>BAFL</b>				
Nil Shares (2014: Nil)	-	-	-	-
<b>LUCK</b>				
142,100 Shares (2014: 142100)	-	29,801,608	-	58,303,630
<b>FFBL</b>				
Nil Shares (2014: Nil)	-	-	-	-
<b>SMBLPSR</b>				
Nil Shares (2014: Nil)	-	-	-	-
<b>ASLPS</b>				
385 Shares (2014: 385)	2,710	3,084	3,119	2,710
<b>NBF</b>				
Nil Shares (2014: 2,140,000)	-	14,000,000	-	12,840,000
<b>OGDC</b>				
Nil Shares (2014: 2500)	-	-	-	-
<b>SLI</b>				
350 Shares (2014: 900,350)	1,750	5,852,275	88	4,501,750
<b>OTHER INVESTMENTS</b>				
	5,544	7,512	5,994	7,692
	<u>5,738,667</u>	<u>125,572,110</u>	<u>6,466,966</u>	<u>150,398,440</u>
	<u>49,524,447</u>	<u>169,357,890</u>	<u>56,866,793</u>	<u>195,298,267</u>

15.1 These investments are partly pledged with banks as security for the financing facilities referred in note 4 to the financial statements.



<u>16 CASH AND BANK BALANCES</u>		<u>RUPEES</u> <u>2015</u>	<u>RUPEES</u> <u>2014</u>
Cash in hand		-	80
Cash At Banks		1,301,173	1,317,340
		<u>1,301,173</u>	<u>1,317,420</u>
<u>17 BROKERAGE INCOME</u>			
Brokerage Income		1,428,070	615,384
		<u>1,428,070</u>	<u>615,384</u>
<u>18 OPERATING AND ADMINISTRATIVE EXPENSES</u>			
Salaries, Wages And Benefits		3,453,299	3,580,323
Rent, Rates And Taxes		75,000	75,000
Travelling And Conveyance		575,961	844,528
Printing And Stationery		4,706	25,080
Entertainment		11,392	9,545
Lahore Stock Exchange And CDC Charges		172,363	79,827
Office Repair And Maintenance		26,312	52,095
Telephone Expenses		52,671	61,604
Fee And Subscription		402,681	194,928
Auditors' Remuneration	18.1	252,000	165,000
Courier Charges		21,709	46,017
Internet And Computer Charges		25,809	25,000
Miscellaneous Expenses		195,658	22,600
Depreciation		790,859	894,752
		<u>6,060,419</u>	<u>6,076,299</u>
<u>18.1 Auditors' Remuneration</u>			
Annual Statutory Audit		252,000	165,000
Other Consultancy Fee		-	-
		<u>252,000</u>	<u>165,000</u>
<u>19 FINANCE COST</u>			
Markup On Long Term Loans		4,232,721	9,219,093
Markup On Loan From Associated Company	4.2	7,820,278	11,867,298
Markup on Other loans		13,329,797	11,917,785
Bank & Other Charges		13,364	9,883
		<u>25,396,160</u>	<u>33,014,059</u>
<u>20 OTHER INCOME</u>			
Dividend Income		4,916,857	6,350,149
Deffered Liabilities Waived Off	6.2	34,416,171	57,925,824
Profit On PLS Account		91,890	95,588
Other liabilities waived off		1,815,215	-
		<u>41,240,133</u>	<u>64,371,561</u>
<u>21 PROVISION FOR TAXATION</u>			
Current		505,966	636,234



22 EARNINGS/(LOSS) PER SHARE - BASIC

RUPEES  
2015

RUPEES  
2014

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

Profit/(Loss) After Tax

67,033,557

59,376,489

**Number of shares**   **Number of Shares**

Weighted Average Number Of Ordinary Shares

12,004,800

12,004,800

Earnings Per Share

5.58

4.95

Profit per share have been computed by dividing profit as stated above with weighted average number of ordinary

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:

	2015		2014	
	Chief Executive	Directors	Chief Executive	Directors
	Rs.	Rs.	Rs.	Rs.
Managerial Remuneration	2,325,000	-	2,325,000	-
Retirement Benefits	193,750	-	193,750	-
	2,518,750	-	2,518,750	-
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.

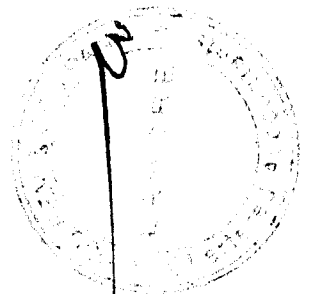
	<u>2015</u> <u>Rupees</u>	<u>2014</u> <u>Rupees</u>
Purchase Of Marketable Securities For Related Parties	58,952,076	-
Sale Of Marketable Securities Of Related Parties	223,916,830	-
Brokerage Paid To Related Parties	310,800	359,565
Brokerage Earned from Related Parties	488,944	
	<u>283,668,650</u>	<u>359,565</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 one year	Maturity up to one year	Maturity after one year	
<b>Financial Assets</b>					
Long Term Deposits	-	-	-	5,793,057	5,793,057
Trade Debts	-	-	273,119,729	-	273,119,729
Advances, Deposits And Prepayment:	-	-	7,573,725	-	7,573,725
Short Term Investments	-	-	56,866,793	-	56,866,793
Cash And Bank Balances	1,301,173	-	-	-	1,301,173
<b>Total</b>	<b>1,301,173</b>	<b>-</b>	<b>337,560,247</b>	<b>5,793,057</b>	<b>344,654,477</b>
<b>Financial Liabilities</b>					
Long Term Loans	-	153,689,280	-	-	153,689,280
Sponsors' Loan	-	-	-	-	-
Others Long Term Loan	-	91,111,022	-	-	91,111,022
Trade And Other Payables	-	-	10,814,183	93,357,841	104,172,024
<b>Total</b>	<b>-</b>	<b>244,800,302</b>	<b>10,814,183</b>	<b>93,357,841</b>	<b>348,972,326</b>
On Balance Sheet Gap-2015	1,301,173	(244,800,302)	326,746,064	87,564,784	239,181,280
On Balance Sheet Gap-2014	(80,831,832)	(467,840,883)	499,464,594	258,363,455	(137,706,709)



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## 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, 2015 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.



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 29, 2015.

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.



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CHIEF EXECUTIVE



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DIRECTOR

