

ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

DIRECTOR'S REPORT

To
The Members,

The Directors of M/s. Zillion Capital Securities (Private) Limited are pleased to present the Annual Report together with the company's Audited Financials Statement and Auditor's Report of your company for the financial year ended June 30, 2014. The summarized financial results for the year ended June 30, 2014 are as under:

FINANCIAL RESULTS	2014 (Rupees)	2013 (Rupees)
Operating revenue	18,327,002	17,726,640
Profit/ (Loss) before taxation	952,094	30,001,670
Taxation	1,045,735	6,225,539
Profit/ (Loss) after taxation	(93,641)	23,776,131
Earning per share (Rs.)	(.09)	23.42

During the year under review, the Company has profit Rs .952 million as compared to last year profit Rs. 30 million. The realized capital gain during the year was Rs. 7.607 million as compared to last year profit Rs. 39.508 million.

Total expenditure during the year was Rs. 25.635 million as compared to last year Rs. 26.586 million. The tax paid for the year Rs. 1.045 million as compared to Rs. 6.225 million for corresponding year.

AUDITORS

The term of appointment of present auditors, M/s. A.G. Habib & Co, Chartered Accountants, will expire at the end of October 2014. The company has reappointed M/s. A.G. Habib & Co, Chartered Accountants as Auditor of the company for the year 2014-15.

CONCLUSION

The Directors appreciates assistance and co-operation extended by our banks & financial institutions and efforts, dedication and commitment demonstrated by our valued customers and all the employees of the company.

For & on behalf of the Board



IMTIAZ IBRAHIM
Chief Executive

Karachi: November 26, 2014

A. G. HABIB & CO.
CHARTERED ACCOUNTANTS

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Adjacent to Govt. Women
College, Shakra-e-Liaquat,
Frere Road, Karachi-74200.
Phone : 021-2633948
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Cell : 0306-2542295,

Ref No. _____

Date: _____

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of "ZILLION SECURITIES (PRIVATE) LIMITED" as at June 30, 2014, and the related profit & loss a, cash flow statement ant the 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 explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. An audit includes examining on 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, evaluation the over all presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that;

- a) in our opinion, proper books of accounts have been kept by the Company as required by 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, investment 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 explanation given to us, the balance sheet, profit & loss a, cash flow statement ant the statement of changes in equity together with the notes forming part thereof conform with approved standards as applicable in Pakistan, and give the information required by the companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit for the period then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



A. G. Habib & Co.
A.G. HABIB & CO.
Chartered Accountants

ZILLION CAPITAL SECURITES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013
		-----Rupees-----	
ASSETS			
Non-current assets			
Property plant and equipments	4	936,101	1,619,196
Intangible assets	5	8,430,720	8,430,720
Long term advances & deposits	6	<u>3,750,000</u>	<u>3,750,000</u>
		13,116,821	13,799,916
Long term investment	7	21,819,280	21,819,280
Current assets			
Short term investments	8	<u>26,214,544</u>	<u>101,617,552</u>
Trade debts	9	187,195,517	168,243,995
Advances, deposits, prepayments and other receivables	10	29,446,943	6,384,156
Cash and bank balances	11	<u>6,640,019</u>	<u>7,197,939</u>
		249,497,024	283,443,643
TOTAL ASSETS		<u><u>284,433,125</u></u>	<u><u>319,062,839</u></u>
EQUITY & LIABILITIES			
Equity			
Share Capital	12	101,500,000	101,500,000
Unappropriated Profit		<u>39,364,624</u>	<u>39,458,265</u>
Total Equity		140,864,624	140,958,265
Liabilities			
Non Current Liabilities			
Director's Loan	13	500,000	10,000,000
Current Liabilities			
Short term running finance	14	<u>109,602,363</u>	<u>128,807,265</u>
Creditors	15	29,767,972	35,357,675
Accrued and other liabilities	16	<u>3,698,166</u>	<u>3,939,633</u>
		143,068,501	168,104,574
Total Liabilities		<u><u>143,568,501</u></u>	<u><u>178,104,574</u></u>
Contingencies and Commitments	17		
TOTAL EQUITY AND LIABILITIES		<u><u>284,433,125</u></u>	<u><u>319,062,839</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive



Director



ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 -----Rupees-----	2013
Operating Revenue	18	18,327,002	17,726,640
Gain/ (Loss) on investment		7,607,956	39,508,945
Gain/ (loss) on revaluation on held for trading investment to fair value		<u>621,078</u>	<u>(647,475)</u>
		26,556,036	56,588,110
Expenses			
Administrative expenses	19	(16,046,313)	(18,772,540)
Financial Charges	20	<u>(9,589,130)</u>	<u>(7,813,900)</u>
		(25,635,443)	(26,586,440)
Other Income/ Loss	21	<u>31,500</u>	-
Profit before Taxation		952,094	30,001,670
Taxation			
Current	22	<u>1,045,735</u>	<u>4,647,611</u>
Prior Year		-	1,577,929
		1,045,735	6,225,539
Profit after Taxation		<u>(93,641)</u>	<u>23,776,131</u>
Earning per Share	23	<u>(0.09)</u>	<u>23.42</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.


 Chief Executive


 Director



ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	952,094	30,001,670
Adjustment for-		
Depreciation	213,130	363,035
Gain on disposal of asset	(31,500)	
Finance cost	9,589,130	7,813,900
	<u>9,770,760</u>	<u>8,176,935</u>
Operating profit before working capital changes	10,722,853	38,178,605
Working capital changes		
(Increase)/ decrease in current assets		
Advances and prepayments	(23,062,787)	(2,039,648)
Trade debts	(18,951,522)	(20,030,130)
	(42,014,310)	(22,069,778)
Increase/ (decrease) in current liabilities		
Trade and other payable	(5,546,763)	(16,193,136)
Mark up payable	(284,406)	1,136,014
	(5,831,170)	(15,057,122)
Cash used in operation	<u>(47,845,479)</u>	<u>(37,126,900)</u>
	(37,122,626)	1,051,705
Financial charge paid	(9,589,130)	(7,813,900)
Income tax paid	(1,045,735)	(7,639,733)
Net Cash Inflow / (Outflow) from operating activities	<u>(47,757,491)</u>	<u>(14,401,928)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term investment	75,403,008	(57,992,506)
Sale/(purchase) of fixed assets	501,465	(871,208)
Long term deposit & deferred cost	-	-
Net cash inflow/(outflow) from operating activities	<u>75,904,473</u>	<u>(58,863,714)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan repayment	(9,500,000)	(12,300,000)
Dividend paid	-	(6,000,000)
Short term running finance	(19,204,903)	98,311,986
Net cash (outflow)/inflow from financing activities	<u>(28,704,903)</u>	<u>80,011,986</u>
Net increase in cash & cash equivalents	(557,921)	6,746,344
Cash and cash equivalents at the beginning	7,197,939	451,595
Cash and Cash Equivalents at the end of the year	<u>6,640,019</u>	<u>7,197,939</u>


Chief Executive


Director



ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital (Rupees)	Unappropriated Profit (Rupees)	Total (Rupees)
Balance as at June 30, 2010	101,500,000	(17,410,748)	84,089,252
Profit for the year ended June 30, 2011	-	31,902,479	31,902,479
Balance as at June 30, 2011	101,500,000	14,491,731	115,991,731
Profit for the year ended June30, 2012	-	7,190,403	7,190,403
Balance as at June 30, 2012	101,500,000	21,682,134	123,182,134
Profit for the year ended June30, 2013	-	23,776,131	23,776,131
Dividend paid	-	(6,000,000)	(6,000,000)
Balance as at June 30, 2013	101,500,000	39,458,265	140,958,265
Loss for the year ended June30, 2014		(93,641)	(93,641)
Balance as at June 30, 2013	101,500,000	39,364,624	140,864,624

The annexed notes from 1 to 27 form an integral part of these financial statements.





Chief Executive



Director

**ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1 LEGAL STATUS AND OPERATIONS

Zillion Capital Securities (Private) Limited was incorporated under the companies ordinance, 1984 on 7th June, 2001 as a private limited company. The company is a TREC holder of Karachi Stock Exchange Limited & member of Pakistan Mercantile Exchange Limited formerly National Commodity Exchange Limited. The registered office of the company is located at room no. 727-729, 7th floor, stock exchange building, Karachi stock exchange road, Karachi. The principle activities include trading and share brokerage for equities, etc.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for re-measurement of certain financial assets and liabilities at fair value through profit or loss and derivative hedging instrument at fair value.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

2.4 Functional & presentation currency

These financial statements are presented in Pak Ruppes, which is company's functional & presentation currency.

2.5 New, Revised and amended standards and interpretations

The following amendments to published standards are mandatory for the financial year beginning January 1, 2011; These standards are either not relevant to company's operations or are not expected to have significant impact on the company's financial statements.

Standard or Interpretation

**Effective date Accounting periods
beginning on or after**

IAS - 1 Presentation of Financial Statements (Amendment)	July 1, 2012
IFRS 7 – Financial Instruments: Disclosures (Amendments)	January 1, 2013
IAS - 12 Income taxes: Recovery of Underlying Assets(Amendments)	January 1, 2013
IAS -19 Employee Benefits (Amendments)	January 1, 2013

The following standards have been issued by IASB but not yet notified by SECP for the purpose of applicability in Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards	January 1, 2013
IFRS 9 – Financial Instruments	January 1, 2015
IFRS 10 – Consolidated Financial Statements	January 1, 2013
IFRS 11 – Joint Arrangements	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 – Fair Value Measurement	January 1, 2013
IAS 27 – Consolidated and Separate Financial Statements (Revised)	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures (Revised)	January 1, 2013



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment Owned

These are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs (note 3.17).

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Disposal of asset is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses / income' in the profit and loss account.

Depreciation is charged to the profit and loss account using reducing balance method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on addition is charged from the quarter in which the asset is available for use and on disposals up to the quarter month of disposal.

Depreciation method, useful lives and residual values are reviewed annually.

3.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably

TRE Certificate and offices

This is stated at cost less impairment if any. The carrying amount is reviewed at each balance sheet date to identify whether it is in excess of its recoverable amount, and where carrying amount exceeds its recoverable amount it is written down to its estimated recoverable amount. Details of TREC are in Note 7.1.

3.3 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Amortization is charged from the quarter in which the asset is available for use while no amortization is charged for the quarter in which such asset is disposed off.

3.4 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

3.5 Financial assets

3.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.



a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. There were no held to maturity financial assets at the balance sheet date.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose it off within 12 months of the end of the reporting date. There were no available for sale financial assets at the balance sheet date.

3.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'other operating income / expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in statement of comprehensive income are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

3.5.3 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in notes.

3.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

3.7 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss account. Trade debts and other receivables considered irrecoverable are written-off.



3.8 Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

3.9 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.11 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.12 Taxation

Current

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In prior years the company has the practice to charge of the advance tax withheld under various sections of the income tax ordinance, 2001 to the profit and loss account however the tax expense was lesser than the amount charged in profit and loss account resulting in reducing the company's profit.

In the year 2013 the company has income tax refund available of Rs. 1,794,043 which was charged of in 2013 and the amount of asset booked as advance tax is only Rs. 379,849. However this error has been rectified in the current year and entire refund has been accounted as an current asset in 2013 & unappropriated profit has been increased by the same amount for comparison purpose. The same accounting treatment has been applied in 2014.

3.13 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Financial Instruments

All financial assets and liabilities are recognized at the time when company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognition of financial assets and liabilities is taken to profit and loss account.

3.15 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.



3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis.

- Brokerage consultancy and advisory fee, commission etc, are recognized as and when service rendered.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains/(losses) arising in sale of investments are included in the profit and loss account in the period in which they arise.
- Income from investments and bank account are recognized on accrual basis.
- Capital gains and losses on sale of marketable securities are recorded on the date of sale.

3.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs includes exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

4 PROPERTY AND EQUIPMENTS

Asset	Cost			Rate (%)	Depreciation				W.D.V As at Jun 30, 2014
	As at Jul 01, 2013	Addition/ deletion for the year	As at Jun 30, 2014		As at Jul 01, 2013	For the year	Less Acc. Dep of sold assets	As at Jun 30, 2014	
Furniture & fixture	662,150	-	662,150	15	503,251	23,835		527,086	135,064
Office equipment	939,389	-	939,389	15	556,381	57,451		613,832	325,557
Motor vehicles	2,211,000	(696,000)	1,515,000	15	1,440,311	11,203	(130,500)	1,321,014	193,986
Computers	3,120,418	95,535	3,215,953	30	2,813,819	120,640		2,934,459	281,494
Total	6,932,957	(600,465)	6,332,492		5,313,761	213,130		5,396,391	936,101

	2014	2013
	-----Rupees-----	
5 INTANGIBLE ASSETS		
Karachi stock Exchange (Guarantee) Ltd.	7.1 -	-
Trading Right Entitlement Certificates (TREC)	5.1 8,180,720	8,180,720
NCEL Membership Card	250,000	250,000
	<u>8,430,720</u>	<u>8,430,720</u>
5.1 This represents TREC acquired on surrender of of Stock Exchange membership card. For details please refer note 7.1		
6 LONG TERM DEPOSITS		
Karachi Stock Exchange	100,000	100,000
NCEL membership security deposit	750,000	750,000
Central Depository Company Of Pakistan	100,000	100,000
National Clearing Company Of Pakistan	200,000	200,000
Pakistan Mercantile Exchange Ltd.	2,600,000	2,600,000
	<u>3,750,000</u>	<u>3,750,000</u>
7 LONG TERM INVESTMENTS		
Investment (available for shares in KSE)	7.1 <u>21,819,280</u>	<u>21,819,280</u>
7.1 Pursuant to demutualization of the Karachi Stock Exchange Limited (KSE), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and Trading Right Entitlement Certificate (TREC) from the KSE against its membership card which was carried out at Rs. 30 million in the books of the Company.		



The above arrangement has resulted in allocation of 4,007,383 shares of Rs. 10 each with total face value of Rs.40million and TREC to the Company by the KSE.Out of total shares issued by the KSE, the Company has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the Company's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis.

The above mentioned face value (Rs. 40million) of the shares issued by the KSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words shares worth Rs. 40 million received by the Company represent its share in the fair value of the net assets of the KSE. Under the current circumstances where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the KSE has introduced a minimum capital regime for the brokers, and for this purpose have valued TREC at

Therefore, based on the above estimates of fair values of KSE shares (Rs. 40 million) and TREC (15 million), the Company has allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 21,819,280 and TREC at Rs. 8,180,720 and the three offices located at room no. 727-729, 7th floor, stock exchange building, Karachi stock exchange road, Karachi at zero value.

8 SHORT TERM INVESTMENTS

Available for sale shares investments at cost	27,025,081	103,049,168
changes due to fair market value		
opening	(1,431,616)	(784,141)
during the year	621,079	(647,475)
	(810,537)	(1,431,616)
Available for sale trading securities	26,214,544	101,617,552

9 TRADE DEBTS

187,195,517	168,243,995
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10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance to staff	179,050	162,000
Advance against shares	14,250,000	-
Deposits-KSE	10,109,381	3,288,567
Tax Refundable	4,492,831	1,794,043
Other Receivable	415,681	1,139,546
	29,446,943	6,384,156

11 CASH AND BANK BALANCES

Cash in hand	62,338	60,646
Cash at bank	6,577,681	7,137,293
	6,640,019	7,197,939

12 SHARE CAPITAL

	2014	2013
	-----Rupees-----	
AUTHORIZED CAPITAL		
1500000 Ordinary shares of Rs. 100/ each	150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
325,000 Ordinary Shares of Rs. 100/- each, fully paid in cash	32,500,000	32,500,000
690,000 Ordinary Shares of Rs. 100/- each, issued as fully paid bonus shares	69,000,000	69,000,000
	101,500,000	101,500,000



13	DIRECTORS LOAN Imtiaz Ibrahim	<u>500,000</u> <u>500,000</u>	<u>10,000,000</u> <u>10,000,000</u>
13.1	This represent long term unsecured and Interest free loan from the sponsoring director and for which a repayment of Rs. 12.3 m has been made.		
14	SHORT TERM RUNNING FINANCE The Company has obtained Running Finance Facilities of Rs.225 Milion (2013: Rs.225 Milion) from financial institutions under markup-arrangements: - On Rs.50 Million; 3 months Average KIBOR + 2.5% reset on quarterly basis - On Rs.100 Million; 1 month KIBOR + 2% reset on monthly basis - On Rs.75 Million; 3 months KIBOR + 2% reset on quarterly basis These arrangements are secured against pledge of shares.		
15	CREDITORS Creditors	<u>29,767,972</u>	<u>35,357,675</u>
16	ACCRUED & OTHER LIABILITIES Markup payable on running finance Accrued expenses SST/FED & Taxes payable Other liabilities	<u>2,301,955</u> <u>152,878</u> <u>231,299</u> <u>1,012,035</u> <u>3,698,166</u>	<u>2,586,361</u> <u>232,641</u> <u>331,531</u> <u>789,101</u> <u>3,939,633</u>
17	CONTINGENCIES AND COMMITMENTS Bank guarantee in favor of Karachi Stock Exchange Limited from JS Bank Limited.	<u>100,000,000</u>	<u>100,000,000</u>
18	OPERATING REVENUE Commission Income Dividend Income Return markup on mts deposit & Cash margins on DFC Income through applied financial charges to clients Commission on IPO	<u>16,418,339</u> <u>1,538,972</u> <u>169,368</u> <u>-</u> <u>200,324</u> <u>18,327,002</u>	<u>14,063,430</u> <u>3,543,712</u> <u>104,538</u> <u>-</u> <u>14,960</u> <u>17,726,640</u>
19	ADMINISTRATIVE EXPENSES Salaries, Wages and other benefits Director's remuneration Commission Expense KSE Service Charges (Room #727-729) Printing and Stationery Fee and Subscription Charity & Donation Insurance Legal & Professional Charges Rent, Rate & Taxes Communication Expense Auditor Remuneration Travelling & Conveyance Expense Entertainment & Sales Promotion Vehicle Running Expense Repairs and maintenance Depreciation Bad Debts Expense General Expense	<u>4,284,420</u> <u>4,255,000</u> <u>1,049,168</u> <u>449,578</u> <u>367,357</u> <u>214,975</u> <u>498,400</u> <u>165,093</u> <u>15,000</u> <u>166,281</u> <u>600,830</u> <u>258,100</u> <u>1,060,107</u> <u>921,790</u> <u>268,990</u> <u>1,168,722</u> <u>213,129</u> <u>-</u> <u>89,373</u> <u>16,046,313</u>	<u>2,268,040</u> <u>2,247,840</u> <u>1,222,079</u> <u>984,547</u> <u>421,651</u> <u>155,200</u> <u>392,800</u> <u>49,794</u> <u>185,500</u> <u>75,450</u> <u>580,445</u> <u>162,000</u> <u>1,209,483</u> <u>964,494</u> <u>386,785</u> <u>1,080,402</u> <u>363,035</u> <u>5,713,282</u> <u>309,713</u> <u>18,772,540</u>



19.1 Director's remuneration		
Managerial Remuneration	2,836,668	1,498,560
House Rent	1,134,666	599,424
Utilities	283,666	149,856
Total	<u>4,255,000</u>	<u>2,247,840</u>
19.2 AUDITORS REMUNERATION		
Statutory Audit Fee	258,100	162,000
	<u>258,100</u>	<u>162,000</u>
20 FINANCIAL CHARGES		
Bank markup on short term running finance Bank Charges	9,235,374	7,444,993
Bank Charges	353,756	368,908
Total	<u>9,589,130</u>	<u>7,813,900</u>
21 OTHER INCOME/ (LOSS)		
Gain/(Loss) on disposal of vehicle	31,500	-
22 TAXATION	<u>1,045,735</u>	<u>6,061,804</u>
23 EARNING PER SHARE		
Profit after Taxation	(93,641)	23,776,131
Number of ordinary shares in issue	1,015,000	1,015,000
Earning Per Share (in Rupees)	<u>(0.09)</u>	<u>23.42</u>

24 TRANSACTIONS WITH RELATED PARTY

Related parties comprise of parent company, major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefit fund, directors, key management personnel and their close family members. Contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of key management personnel are in accordance with their terms of engagements. Transactions with other related parties are entered into at rates negotiated with them.

Trade debtors and trade payables includes receivables and payables from directors of the company.

25 DATE OF AUTHORIZATION FOR ISSUE

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

26 CORRESPONDING FIGURES

Corresponding figures' have been reclassified / rearranged, wherever necessary.

27 GENERAL

Figures have been rounded off to the nearest rupee.

