



S.D. Mirza Securities (Pvt). Ltd.

Corporate TREC Holder, Lahore Stock Exchange (gte.) Ltd.

DIRECTORS' REPORT

Dear Fellow Members,

On behalf of the Board of Directors of S.D Mirza Securities (Pvt) Ltd., I am pleased to present the Annual Report of the Company for the financial year 2015 together with the audited financial statements of the year.

Economic review:

The country experienced most of the challenges prevalent last year, including i) energy shortages, ii) dismal law and order situation, iii) low private sector investment, and iv) persisting floods damaging agricultural activity. Moreover, political sit-ins during the earlier part of the year also hampered economic performance. Despite challenges, improving macros and sound policies enabled the country to churn out a respectable GDP growth gure of 4.2% YoY during FY15.

The biggest stimulus during the year was on the global front, as oil prices underwent a massive decline, with Brent Crude falling 33% YoY during FY15. Having a major impact on the country's import bill as well as inflation, sliding oil prices came as a welcome boost for the economy, resulting in 11 year low CPI inflation of 4.6% YoY. This provided the SBP with sufficient room to slash the Policy Rate by 300bps during the year to 7.0%.

Market review:

FY15 was another robust year for the KSE-100 Index, which rose 16% YoY. The market exhibited an impressive performance due to improving macros (fall in oil and commodity prices) with additional impetus from other key factors, such as CPEC and improved sovereign credit ratings. Going forward, with an improving law and order situation, increased investment in the energy sector, and expected improvement on the fiscal front through increased taxation and reduction in overall subsidies, Pakistan's increased weight in the MSCI FM Index and its possible upgrade into the MSCI Emerging Market ahead, should all support capital markets' performance.

Financial summary:

By the Grace of Allah, your Company has performed well during the year under review. The Company earned an operating revenue of Rs. 24.167 million as compared to Rs. 22.242 million for the corresponding year. On the expenditure side, the administrative & operating expenses were Rs.19.301 million in comparison to Rs.19.012 million in previous year. The company recorded a net profit of Rs. 10.377 million for the year under review.

Auditors:

During the year under review, the auditors, Sheikh & Chaudhri, Chartered Accountants resigned due to their personal engagements, as auditors of the company. After following the due process, Hameed Chaudhri & Co, Chartered Accountants were appointed as the New auditors for the year ending 30 June, 2015.



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Future Outlook:

The market, with notably improved law & order in the wake of ongoing operation under national action plan, fairly calmed political situation, installation of power projects to address the shortages, revival of structural reforms (power tariff rationalization) and the likely improvements on the - fiscal side by way of increased taxation measures and cutting subsidies, is expected to remain on upward trajectory and will continue to please investors with double digit return in FY16 too. The successful implementation of the China-Pakistan Economic Corridor, a strong development, is expected to bolster growth through investments in infrastructure, transportation and power generation

Your company remains committed to maximize the shareholder's wealth while keeping in view the interest of all stakeholders. As previously, your Company would try its best to cope with the challenges while remaining focused on improving service quality, expanding clientele and controlling cost.

Acknowledgments

Our Company wishes to thank the Regulators, our valued clients, bankers, fellow TRE Certificate holders, management and Board of Directors of the Lahore Stock Exchange for their continuous cooperation, support and guidance.

J. J. J.
CHIEF EXECUTIVE

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annual financial statements of S.D. MIRZA SECURITIES (PRIVATE) LIMITED (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow 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 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 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 the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after our verification, we report that:

(a) In our opinion, proper books of account 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 prepared in accordance with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

S.D. MIRZA SECURITIES (PRIVATE) LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(ii) 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 Company's profit and loss account, statement of comprehensive income, cash flow 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 its profit, cash flows and comprehensive income, its cash flows and changes in equity for the year then ended and

(d) in our opinion, no fraud was detected at source under the Zakat and Ushr Ordinance, 1980 (19 of 1980).



HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **S.D. MIRZA SECURITIES (PRIVATE) LIMITED** (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow 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.

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- (a) in our opinion, proper books of account 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 account 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, statement of comprehensive income, cash flow 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, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Other Matter

The financial statements for the year ended June 30, 2014 were audited by M/s Sheikh & Chaudhri, Chartered Accountants, whose report dated September 16, 2014 expressed an unmodified opinion.

LAHORE; 29 SEP 2015

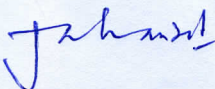
Audit Engagement Partner: Osman Hameed Chaudhri

HCC Hameed Chaudhri & Co
HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

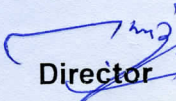
S.D. MIRZA SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Assets			
Non current assets			
Operating fixed assets	6	5,903,740	2,591,344
Intangible assets	7	7,807,974	7,807,974
Long term investment	8	9,790,110	4,409,926
Security deposits	9	680,000	680,000
		<u>24,181,824</u>	<u>15,489,244</u>
Current assets			
Due from clients		40,636,766	23,441,875
Deposits and prepayments	10	85,463	1,286,910
Short term investments	11	10,162,500	16,290,956
Tax deducted at source		469,251	-
Cash and bank balances	12	48,043,684	46,085,253
		<u>99,397,664</u>	<u>87,104,994</u>
		<u>123,579,488</u>	<u>102,594,238</u>
Total Assets			
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
20,000 ordinary shares of Rs.1,000 each		<u>20,000,000</u>	<u>20,000,000</u>
Issued, subscribed and paid-up capital			
20,000 ordinary shares of Rs.1,000 each		20,000,000	20,000,000
Fair value gain on remeasurement of available- for-sale investments		5,380,184	-
Unappropriated profit		48,900,910	38,524,341
		<u>74,281,094</u>	<u>58,524,341</u>
Liabilities			
Current liabilities			
Due to clients		45,349,457	36,002,825
Accrued and other liabilities	13	1,621,024	7,711,773
Taxation	14	2,327,913	355,299
		<u>49,298,394</u>	<u>44,069,897</u>
Total Liabilities			
Contingencies and commitments	15		
		<u>123,579,488</u>	<u>102,594,238</u>
Total Equity and Liabilities			

The annexed notes form an integral part of these financial statements.


Chief Executive

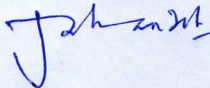



Director

**S.D. MIRZA SECURITIES (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
Operating revenue	16	24,167,424	22,241,624
Gain on sale of short term investments - net		5,397,218	1,184,007
Fair value loss on remeasurement of investments through profit or loss		(1,967,647)	(3,835,900)
Other income	17	4,404,628	2,691,197
		<u>32,001,623</u>	<u>22,280,928</u>
Administrative and operating expenses	18	(19,300,749)	(19,012,056)
Bank charges		(47,444)	(39,990)
Profit before taxation		<u>12,653,430</u>	<u>3,228,882</u>
Taxation			
Current	14	(2,882,281)	(2,009,711)
Prior year	14	605,420	372,707
		(2,276,861)	(1,637,004)
Profit after taxation		<u>10,376,569</u>	<u>1,591,878</u>

The annexed notes form an integral part of these financial statements.


 Chief Executive




 Director

**S.D. MIRZA SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
Profit after taxation		10,376,569	1,591,878
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss account			
Fair value gain on remeasurement of available for sale investment	8	5,380,184	-
Total comprehensive income for the year		15,756,753	1,591,878

The annexed notes form an integral part of these financial statements.

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Chief Executive



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Director


S.D. MIRZA SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Cash flow from operating activities		
Profit before taxation	12,653,430	3,228,882
Adjustments for non-cash charges and other items:		
Depreciation	933,697	1,289,455
Fair value adjustment of investments through profit or loss	1,967,647	3,835,900
Gain on sale of operating fixed assets	(915,193)	(9,524)
Profit before working capital changes	14,639,581	8,344,713
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Due from clients	(17,194,891)	(1,842,213)
Deposits and prepayments	1,201,447	(742,795)
Increase / (decrease) in current liabilities:		
Due to clients	9,346,632	4,264,997
Accrued and other liabilities	(6,090,749)	7,123,293
	(12,737,561)	8,803,282
Cash generated from operations	1,902,020	17,147,995
Income tax paid	(773,498)	(2,558,473)
Net cash generated from operating activities	1,128,522	14,589,522
Cash flow from investing activities		
Fixed capital expenditure	(4,980,900)	(372,201)
Proceeds from disposal of operating fixed assets	1,650,000	20,000
Short term investments - net	4,160,809	(1,195,606)
Net cash generated from / (used in) investing activities	829,909	(1,547,807)
Net increase in cash and cash equivalents	1,958,431	13,041,715
Cash and cash equivalents - at beginning of the year	46,085,253	33,043,538
Cash and cash equivalents - at end of the year	48,043,684	46,085,253

The annexed notes form an integral part of these financial statements.


Chief Executive

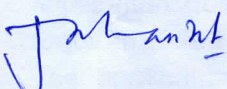
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Director

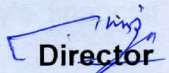
S.D. MIRZA SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Fair value gain on remeasurement of available-for-sale investments	Unappropriated profit	Total
----- Rupees -----				
Balance as at June 30, 2013	20,000,000	-	36,932,463	56,932,463
Total comprehensive income for the year ended June 30, 2014				
Profit for the year	-	-	1,591,878	1,591,878
Other comprehensive income	-	-	-	-
	-	-	1,591,878	1,591,878
Balance as at June 30, 2014	20,000,000	-	38,524,341	58,524,341
Total comprehensive income for the year ended June 30, 2015				
Profit for the year	-	-	10,376,569	10,376,569
Other comprehensive income	-	5,380,184	-	5,380,184
	-	5,380,184	10,376,569	15,756,753
Balance as at June 30, 2015	20,000,000	5,380,184	48,900,910	74,281,094

The annexed notes form an integral part of these financial statements.


Chief Executive




Director

**S.D. MIRZA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. LEGAL STATUS AND OPERATIONS

S.D. Mirza Securities (Private) Limited (the Company) was incorporated in Pakistan as a Private Company on May 21, 2001. The Company is a Trading Right Entitlement Certificate holder (formerly corporate member) of the Lahore Stock Exchange Limited (formerly Lahore Stock Exchange (Guarantee) Limited). The Company is principally engaged in shares brokerage & trading, consultancy and registrar services. The registered office of the Company is situated at Room No.401, LSE Building, Lahore. The Company is also maintaining its sub offices at 529 - State Life Building, Liaquat Road, Faisalabad and Room # 7, Amin Plaza, Tala Gang Road, Chakwal.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments, which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest rupees unless otherwise stated.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1 Standards and amendments to approved accounting standards and interpretations effective in the current year and are relevant to the Company's financial reporting

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2014:

- (a) IAS 32 (Amendments), 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.
- (b) IAS 36 (Amendment), 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Company's financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial statements.

3.3 Standards, amendments to approved accounting standards that are not yet effective and have not been early adopted

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on or after July 01, 2014 and have not been early adopted by the Company:

- (a) IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 01, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will not effect the determination of fair value and its related disclosures in the financial statements of the Company.
- (b) IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Committee is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.
- (c) Annual improvements 2014 applicable for annual periods beginning on or after January 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits', and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against [note 5.1];
- (ii) Classification and valuation of investments [note 5.3];
- (iii) Provision for taxation [note 5.7] and
- (iv) Provisions [note 5.8].

5. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying reducing balance method at the rates specified in note 6. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of fixed assets, if any, is taken to profit and loss account.

5.2 Intangible assets

Trading Right Entitlement Certificate / Stock Exchange Membership Card

Previously Membership card with indefinite useful life was stated at cost less accumulated impairment losses, if any. The carrying amount of membership card was ascertained at each balance sheet date and any impairment loss identified was taken to the profit and loss account. However, during the preceding year, the stock exchange membership card was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate (note 7.1).

5.3 Investments

(a) Available for sale

Investments, which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to initial recognition these are re-measured to fair value, with any resultant gain or loss being recognised in other comprehensive income. Gains or losses on available for sale investments are recognised in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is reclassified to profit and loss account.

The Company uses latest stock exchange quotations to determine the fair value of its quoted investments.

(b) At fair value through profit and loss

These are held for trading purpose. An investment is classified in this category if acquired principally for the purpose of selling in the short-term. Investments in this category are classified as current assets. These are stated at fair value with any resulting gain or losses recognised directly in profit or loss account.

5.4 Impairment losses

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

5.5 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.

5.6 Trade and other payables

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

5.7 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the balance sheet date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.8 Provisions

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

5.9 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

5.10 Revenue recognition

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

- brokerage income is accounted for on 'accrual basis'.
- capital gains and losses on sale of investments are recorded on the date of sale.
- dividend income is accounted for when the right of receipt is established.

5.11 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, due from clients, advances, investments, bank balances, due to clients and other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.12 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

6. OPERATING FIXED ASSETS - Tangible

Particulars	Cost				Rate	Depreciation			Book value as at June 30, 2015	
	As at June 30, 2014	Additions	(Deletions)	As at June 30, 2015		As at June 30, 2014	For the year	(Deletions)		As at June 30, 2015
 Rupees				% Rupees				
Owned:										
Furniture and fixtures	474,845	-	-	474,845	10	288,590	18,626	-	307,216	167,629
Office equipment	426,765	59,900	-	486,665	10	226,814	25,635	-	252,449	234,216
Air conditioners	161,390	94,000	-	255,390	10	79,075	9,015	-	88,090	167,300
Computers	1,727,830	46,000	-	1,773,830	30	1,727,830	8,050	-	1,735,880	37,950
Electric generator	375,923	-	-	375,923	10	96,137	27,979	-	124,116	251,807
Vehicle	4,149,820	4,781,000	(1,941,700)	6,989,120	20	2,306,783	844,392	(1,206,893)	1,944,282	5,044,838
2015	7,316,573	4,980,900	(1,941,700)	10,355,773		4,725,229	933,697	(1,206,893)	4,452,033	5,903,740
2014	6,974,905	372,200	(30,532)	7,316,573		3,455,830	1,289,455	(20,056)	4,725,229	2,591,344

7. INTANGIBLE ASSETS	Note	2015 Rupees	2014 Rupees
Trading Right Entitlement Certificate - LSE	7.1	2,090,074	2,090,074
Room at LSE		5,717,900	5,717,900
		<u>7,807,974</u>	<u>7,807,974</u>

7.1 During the preceding year, in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company received Trading Right Entitlement Certificate (TREC) and equity shares of Lahore Stock Exchange Limited (LSE) in lieu of its membership card of LSE. The Company's entitlement in respect of LSE's shares was determined on the basis of the valuation of assets and liabilities of LSE as approved by the SECP. The Company has been allotted with 843,975 shares of LSE, having face value of Rs.10 each, out of which 506,385 shares have been kept in a blocked account and the disinvestment of the same will be made in accordance with the requirements of the Act. As at June 30, 2013 the active market value of TREC and equity shares of LSE was not available, the allocation of the carrying amount of membership card to the composite assets i.e. TREC and equity shares of the LSE was made based on the guidance given by the Technical Committee of the Institute of Chartered Accountants of Pakistan.

8. LONG TERM INVESTMENT - available for sale	2015 Rupees	2014 Rupees
Lahore Stock Exchange Limited (LSE) 843,975 ordinary shares of Rs.10 each	4,409,926	4,409,926
Adjustment on remeasurement to fair value	5,380,184	-
	<u>9,790,110</u>	<u>4,409,926</u>

8.1 As at June 30, 2015, out of total shares, 506,385 shares have been kept in a blocked account as detailed in note 7.1.

8.2 Shares have been valued on the basis of latest available net asset value per share of Rs.11.60 as at December 31, 2014. This value was determined by the Board of Directors of the LSE and circulated vide their notice no.2081 dated April 28, 2015.

9. SECURITY DEPOSITS	2015 Rupees	2014 Rupees
Deposits with:		
LSE	230,000	230,000
National Clearing Company of Pakistan	300,000	300,000
Others	150,000	150,000
	<u>680,000</u>	<u>680,000</u>

10. DEPOSITS AND PREPAYMENTS

Deposit for IPO of PPL	-	1,055,000
Prepayments	85,463	57,880
Other receivables	-	174,030
	<u>85,463</u>	<u>1,286,910</u>

11. SHORT TERM INVESTMENTS - held for trading

No. of shares		Name of the Company	Market value	
2015	2014		2015	2014
			----- Rupees -----	
-	10,000	Adamjee Insurance Company Ltd.	-	457,700
25,000	-	Byco petroleum Pakistan Ltd.	576,250	-
-	60,000	Engro Fertilizers Ltd.	-	3,429,000
-	23,000	Fauji Fertilizers Ltd.	-	2,581,750
-	95,000	Nishat Chunian Ltd.	-	4,027,050
25,000	-	Power Cement Ltd.	288,750	-
15,000	-	Pakcem Ltd.	292,500	-
50,000	-	Pakistan International Bulk Terminal Ltd.	1,790,000	-
-	1,000	The Searle Company Ltd.	-	174,540
100,000	40,000	Treet Corporation Ltd.	7,215,000	4,586,800
-	6,135	United Bank Ltd.	-	1,034,116
215,000	235,135		10,162,500	16,290,956

11.1 Apart from the above mentioned investments, the Company has 400 shares of Zeal Pak Cement Factory Limited which has been delisted from stock exchange and 100 shares of Innovative Investment Bank Limited which is not listed on stock exchange therefore has no market value.

12. CASH AND BANK BALANCES

	2015 Rupees	2014 Rupees
Cash in hand	83,140	90,581
Cash at banks on:		
- current accounts	1,157,656	44,925,076
- PLS saving account	46,802,888	1,069,596
	47,960,544	45,994,672
	48,043,684	46,085,253

13. ACCRUED AND OTHER LIABILITIES

Accrued expenses	245,754	227,181
Federal excise duty payable	711,387	357,327
Payable to brokers at KSE	663,883	7,127,265
	1,621,024	7,711,773

14. TAXATION - net

Opening balance	355,299	1,276,768
Add: provision made during the year for:		
- current	2,882,281	2,009,711
- prior year	(605,420)	(372,707)
	2,276,861	1,637,004
	(304,247)	(2,558,473)
Less: tax deducted at source during the year	2,327,913	355,299

14.1 Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 upto the year ended June 30, 2014.

15. CONTINGENCIES AND COMMITMENTS

There was no known contingent liability / commitment as at June 30, 2015 and June 30, 2014.

16. OPERATING REVENUE

	Note	2015 Rupees	2014 Rupees
Brokerage income		23,098,761	21,361,130
Dividend income		1,068,663	880,494
		<u>24,167,424</u>	<u>22,241,624</u>
17. OTHER INCOME			
Profit on saving accounts		2,943,040	2,545,673
Gain on sale of operating fixed assets		915,193	9,524
Rental income		546,395	136,000
		<u>4,404,628</u>	<u>2,691,197</u>

18. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and benefits		8,190,632	6,404,133
Director's remuneration		3,310,583	3,163,993
Rent, rates and taxes		418,340	223,098
Shares purchase transaction costs		269,549	-
Fees and subscription		286,688	-
Travelling and conveyance		104,040	1,961,873
Auditors' remuneration			
- statutory audit		65,800	80,000
- tax services and certification charges		37,500	-
		103,300	80,000
Printing and stationery		193,843	159,155
Repair and maintenance		1,344,406	1,000,563
Utilities		791,502	317,673
Entertainment		733,777	1,219,608
Postage and communication		174,091	695,840
CDC & clearing house charges		1,181,810	1,008,894
Depreciation	6	933,697	1,289,455
Professional charges		52,743	165,520
Insurance expenses		116,170	140,676
Donations		93,990	167,208
Others		1,001,588	1,014,367
		<u>19,300,749</u>	<u>19,012,056</u>

19. TRANSACTIONS WITH RELATED PARTIES

No transaction was executed with related parties during the year ended June 30, 2015.

20. REMUNERATION OF DIRECTORS

Remuneration paid to one of the director of the Company has been disclosed in note 18 to these financial statements.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**21.1 Financial Risk Factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

21.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company activities at present does not expose to any currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company activities at present does not expose it to any interest rate risk.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company's investment in shares of a quoted Company expose it to price risk due to change in the prices of shares of quoted company.

A change of 10% in the price of shares of quoted Companies at reporting date would have increased / decreased profit for before tax for the year by Rs.1,016,250 (2014: Rs.1,629,095).

21.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from due from clients, advances, investments and balances with banks. To manage exposure to credit risk in respect of due to clients, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2015 along with comparative is tabulated below:

	2015 Rupees	2014 Rupees
Long term investment	9,790,110	4,409,926
Security deposits	680,000	680,000
Due from clients	40,636,766	23,441,875
Advances	-	1,229,030
Short term investments	10,162,500	16,290,956
Bank balances	47,960,544	45,994,672
	<u>109,229,920</u>	<u>92,046,459</u>

21.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year
	----- Rupees -----		
June 30, 2015			
Due to clients	45,349,457	45,349,457	45,349,457
Accrued and other liabilities	1,621,024	1,621,024	1,621,024
	<u>46,970,481</u>	<u>46,970,481</u>	<u>46,970,481</u>
June 30, 2014			
Due to clients	36,002,825	36,002,825	36,002,825
Accrued and other liabilities	7,711,773	7,711,773	7,711,773
	<u>43,714,598</u>	<u>43,714,598</u>	<u>43,714,598</u>

21.5 Fair value hierarchy

The table below analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The following table presents the Company's assets that are measured at fair value as at the year end:

	Level 1	Level 2	Level 3
	----- Rupees -----		
June 30, 2015			
Assets			
Long term investment	-	-	9,790,110
Short term investments	<u>10,162,500</u>	<u>-</u>	<u>-</u>
June 30, 2014			
Assets			
Long term investment	-	-	4,409,926
Short term investments	<u>16,290,956</u>	<u>-</u>	<u>-</u>

21.6 Fair value of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

22. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

23. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2015 were 28 (2014: 34) and their average numbers during the years were same.

24. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in their meeting held on September 29, 2015, has proposed a final cash dividend of Rs.50 (2014: Rs.nil) per share amounting to Rs.1 million (2014: Rs.nil) for the year ended June 30, 2015. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on October 28, 2015.

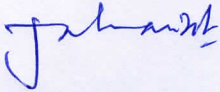
The financial statements for the year ended June 30, 2015 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending June 30, 2016.

25. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on **29 SEP 2015** by the board of directors of the Company.

26. GENERAL

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.



Chief Executive


Director