



ARSHAD & CO

Chartered Accountant

AUDITORS' REPORT TO THE MEMBERS

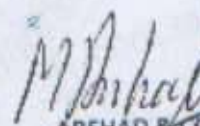
We have audited the annexed balance sheet of DARSON SECURITIES (PRIVATE) LIMITED as at June 30, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained 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 conduct 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 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 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, 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, 2014 and of the Profit, its cash flow 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).

LAHORE
September 30, 2014


ARSHAD & COMPANY
Chartered Accountant



DARSON SECURITIES (PRIVATE) LIMITED

BALANCE SHEET

AS AT JUNE 30, 2014

PROPERTY AND ASSETS

NON-CURRENT ASSETS

	Note	JUNE 30, 2014 RUPEES	JUNE 30, 2013 RUPEES
Property and equipment	5	8,918,387	7,471,259
Ro-oms	6	18,471,790	2,500,000
Intangible assets	7	25,600,275	25,600,275
Long-term investments	8	36,136,040	36,136,040
		<u>89,126,492</u>	<u>71,707,574</u>

CURRENT ASSETS

Trade receivable - Considered good		269,012,867	375,589,468
Short term deposits		17,798,621	6,758,396
Short term Investments	9	90,750,181	173,485,019
Other receivables	10	27,934,588	3,293,630
Cash and bank balances	11	52,477,394	49,632,370
		<u>457,973,651</u>	<u>608,758,883</u>

TOTAL ASSETS

	<u>547,100,143</u>	<u>680,466,457</u>
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SHARE CAPITAL AND RESERVES

Authorized Share Capital	200,000,000	200,000,000
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2,000,000 (2013:2,000,000) ordinary shares of Rupees 100 each

Issued, subscribed and paid up share capital	200,000,000	120,000,000
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2,000,000 (2013:1,200,000) ordinary shares of Rupees 100 each fully paid in cash

Share Deposit Money	-	40,000,000
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Accumulated profit	43,341,749	19,851,506
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	<u>243,341,749</u>	<u>179,851,506</u>
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NON CURRENT LIABILITIES

Loan from directors and their relatives	12	30,000,000	150,000,000
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CURRENT LIABILITIES

Short term borrowings	13	-	33,559,636
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Trade and other payables	14	273,536,079	316,835,904
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Accrued Markup		222,315	219,411
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	<u>273,758,394</u>	<u>350,614,951</u>
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CONTINGENCIES AND COMMITMENTS

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TOTAL EQUITY & LIABILITIES

	<u>547,100,143</u>	<u>680,466,457</u>
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The annexed notes form an integral part of these financial statements.

LAHORE

SEPTEMBER 30, 2014



CHIEF EXECUTIVE DIRECTOR



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

	Note	JUNE 30, 2014 RUPEES	JUNE 30, 2013 RUPEES
Brokerage income	16	22,694,732	11,818,012
Less:			
Operating expenses	17	29,426,110	23,902,903
Finance cost	18	2,115,013	6,458,240
		31,541,123	30,361,143
Profit/(Loss) from operations		(8,846,391)	(18,543,131)
Other income/ (charges)	19	36,197,070	112,155,037
Profit/(Loss) before taxation		27,350,679	93,611,906
Taxation		3,860,436	4,517,286
Profit/(Loss) after taxation		23,490,243	89,094,620
Other Comprehensive income		-	-
Total Comprehensive income/(loss) for the year		23,490,243	89,094,620

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

LAHORE
 SEPTEMBER 30, 2014



 CHIEF EXECUTIVE DIRECTOR



DARSON SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	JUNE 30, 2014 RUPEES	JUNE 30, 2013 RUPEES
Cash flows from operating activities			
Profit/(Loss) before taxation		27,350,679	93,611,906
Adjustment for			
Depreciation		1,575,892	1,141,476
Finance cost		2,115,013	6,458,240
Unrealized capital (Gain)/ loss		2,642,771	-
Cash flow from operating activities before changes in working capital		<u>33,684,355</u>	<u>101,211,622</u>
(Increase)/decrease in current assets			
Trade receivables		106,576,601	107,709,992
Short term deposits		(11,040,225)	699,629
Short term investments		80,092,067	20,865,883
Other receivables		-	8,306,987
Increase/(decrease) in current liabilities			
Trade and other payable		(43,299,825)	(237,992,599)
Short term borrowings		(33,559,636)	(1,243,330)
Cash generated from operations		<u>132,453,337</u>	<u>(441,816)</u>
Financial charges paid		(2,112,109)	(8,204,363)
Income tax paid		(28,501,394)	(4,517,286)
Net cash generated from/ (used in) operating activities		<u>101,839,834</u>	<u>(13,163,465)</u>
Cash flows from investing activities			
Purchase of property plant & equipment		(3,023,020)	-
Addition in rooms		(15,971,790)	-
Net cash generated from investing activities		<u>(18,994,810)</u>	<u>-</u>
Cashflows from Financing Activities			
Increase in share capital		80,000,000	-
Repayment of loan		(120,000,000)	-
Share deposit money		(40,000,000)	40,000,000
Net cash used in financing activities		<u>(80,000,000)</u>	<u>40,000,000</u>
Increase/ (Decrease) in cash and cash equivalents		2,845,024	26,836,535
Cash and cash equivalents at the beginning of the year		49,632,370	22,795,835
Cash and cash equivalents at the end of the year	II	<u>52,477,394</u>	<u>49,632,370</u>

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

LAHORE
 SEPTEMBER 30, 2014



[Signature]
 DARS SECURITIES (PRIVATE) LIMITED
 CODE: 50
 M-LSE
CHIEF EXECUTIVE DIRECTOR

DARSON SECURITIES (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Note

1 STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan, as a private limited company on March 11, 2000. The company is a corporate member of Lahore and Karachi Stock Exchange (Guarantee) Limited. The principal activity of the company is to carry on the business of trading and brokerage in stocks and securities. The company has also acquired the membership of the National Commodity Exchange Limited.

2 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 Standard for Medium-Sized Entities (MSEs) 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.

3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except as other wise stated in the respective policies and notes given hereunder. These financial statements have been prepared on accrual basis of accounting except for the cash flow statement.

The preparation of financial statements is in conformity with the Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.01 Taxation

Provision for current taxation is based taxable income at rates of taxation after taking into account tax rebates and tax credits available, if any. The company provides for deferred taxation using liability method for all significant taxable temporary differences, if any.

4.02 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method at the rates specified in relevant note. Depreciation on additions and disposals during the year is charged on the basis of proportionate period of use. Normal repair and maintenance are charged to current year income as and when incurred. Gain or losses on disposal of assets are included in current year's income.

The company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount, if so, assets are written down to their recoverable amount and the resulting impairment loss is recognized in current income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized the depreciation charged is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.



JARSON SECURITIES (PRIVATE) LIMITED

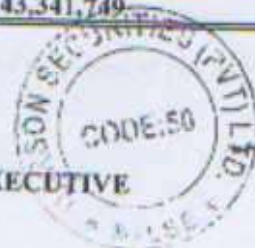
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

PARTICULARS	Share Capital	Un-appropriated profit / (Loss)	Share Deposit Money	TOTAL
	----- RUPEES -----			
Balance as on July 01, 2012	120,000,000	(69,243,114)	-	50,756,886
Total comprehensive income for the year	-	89,094,620		89,094,620
Share deposit money received during the year			40,000,000	40,000,000
Balance as on June 30, 2013	120,000,000	19,851,506	40,000,000	179,851,506
Balance as on July 01, 2013	120,000,000	19,851,506	40,000,000	179,851,506
increase in Share Capital	80,000,000			80,000,000
Total comprehensive income for the year	-	23,490,243		23,490,243
Share deposit money received during the year			(40,000,000)	(40,000,000)
Balance as on June 30, 2014	200,000,000	43,341,749	-	243,341,749

LAHORE
SEPTEMBER 30, 2014

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CHIEF EXECUTIVE



[Handwritten Signature]

DIRECTOR



4.3. Rooms

These are stated at acquisition cost less impairment loss, if any.

4.4. Intangible assets

Membership card

These are stated at acquisition cost less impairment loss, if any. The carrying amount is reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amounts, these are written down to their estimated recoverable amount.

4.5. Investments

The management determines the appropriate classification of its investments in accordance with the requirements of the Accounting and Financial Reporting Standards for Medium Sized Entities at the time of purchase and re-evaluates this classification on a regular basis. Investments are dealt as under:

At Fair Value Through Profit and Loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as investment at fair value through profit and loss.

These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments representing listed equity is determined on the basis of prevailing market prices.

4.6. Trade Debts

These are stated net of provision for the doubtful debts. Full provisions are made against the debts considered doubtful. This includes receivable from members of stock exchange, customers and others.

4.7. 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 comprise cash in hand, bank balances and liquid securities.

4.8. Borrowing Costs

Borrowing cost is charged to profit and loss account as incurred.

4.9. Revenue Recognition

Capital Gain or Loss

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Brokerage

Brokerage income is recognized as and when such services are provided.

Dividend

Dividend income is recognized when the right to receive payment is established. Whereas, on securities other than shares is recognized on accrual basis.

4.10. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exist, the asset or group of asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

4.11. Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

4.12. Off Setting of Financial Assets and Financial Liabilities

A financial asset and a financial liability is off set and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.



5 PROPERTY AND EQUIPMENT

	Furniture and Fixture	Office Equipment	Computers	Vehicles	TOTAL
At June 30, 2013					
Cost	5,796,214	3,093,923	4,234,000	8,684,812	21,808,949
Accumulated depreciation	(3,470,109)	(1,793,992)	(2,630,394)	(6,443,195)	(14,337,690)
Net Book Value	2,326,105	1,299,931	1,603,606	2,241,617	7,471,259
Year Ended June 30, 2014					
Opening net book value	2,326,105	1,299,931	1,603,606	2,241,617	7,471,259
Additions	-	-	-	3,023,020	3,023,020
Disposal during the year	-	-	-	-	-
Depreciation charge	(232,611)	(129,993)	(160,361)	(1,052,927)	(1,575,892)
Closing net book value	2,093,494	1,169,938	1,443,245	4,211,710	8,918,387
At June 30, 2014					
Cost	5,796,214	3,093,923	4,234,000	11,707,832	24,831,969
Accumulated depreciation	(3,702,720)	(1,923,985)	(2,790,755)	(7,496,122)	(15,913,582)
Net Book Value	2,093,494	1,169,938	1,443,245	4,211,710	8,918,387
Annual Rate of Depreciation	10%	10%	10%	20%	

Depreciation charge has been allocated as follows: -
Operating expenses

		JUNE 30, 2014	JUNE 30, 2013
		1,575,892	1,141,476
	Note	JUNE 30, 2014	JUNE 30, 2013
6	ROOFS		
	Roofs at Lahore Stock Exchange Building	-	-
	Roofs at Karachi Stock Exchange	-	-
	Roofs at PMEX	18,471,790	2,500,000
		<u>18,471,790</u>	<u>2,500,000</u>
7	INTANGIBLE ASSETS		
	Roofs at Lahore Stock Exchange Building	2,556,250	2,556,250
	Roofs at Karachi Stock Exchange	14,024,125	14,024,125
	Trading Right Entitlement Certificate		
	Karachi	7.1 6,210,000	6,210,000
	Lahore	7.1 1,809,900	1,809,900
	Membership Card Karachi Stock Exchange (G) Limited	-	-
	Membership Card Lahore Stock Exchange (G) Limited	-	-
	Membership of PMEX	1,000,000	1,000,000
		<u>25,600,275</u>	<u>25,600,275</u>



7.1 This represents trading rights in Lahore Stock Exchange Limited (LSE) and Karachi Stock Exchange Limited (KSE) which have replaced membership cards of stock exchanges pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Before demutualization the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore the membership cards have now been replaced by shares in the exchange representing ownership in the exchange and trading rights entitlement certificates (TREC) representing rights to trade in the exchange. As result 843,975 shares of Rs.10/- each in LSE and 4,007,383 shares of Rs. 10/- each in KSE have been allotted to the Company out of which 60% of the shares are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% are available to members with no condition on their future sale. 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 TREC can only be sold or transferred once, however once sold it would not be saleable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

Taking into account the above factors and in absence of an active market to determine the fair value of TREC and shares, the value of shares and TREC have initially been measured at the carrying amount of the membership card with which they have been exchanged. The membership card has been allocated to TREC and shares in the ratio of 32:68 for LSE and 27:73 for KSE which has been determined as mentioned below. Resultantly the shares have been recognized at Rs. 3,846,040 and TREC at Rs. 1,809,900 for LSE and recognized shares at Rs. 16,750,000 Million and TREC at Rs. 6,210,000 Million for KSE.

For the purpose of determining the above mentioned ratio the value of shares has been taken at Rs. 8.429 Million @ Rs. 10/ Share for LSE and at Rs. 40 Million @ Rs. 10/ for KSE being the par value of the shares determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchanges in accordance with the requirements of the Demutualization Act., while the value of TREC for the above purpose has been taken at Rs. 4.00 Million for LSE and at Rs. 15 Million for KSE being the value assigned to TREC for base minimum capital purposes by the BOD of the Lahore Stock Exchange.

8 Long Term Investment

4,007,383 number of shares in Karachi Stock Exchange Limited	Refer to note 7.1	16,750,000	16,790,000
843,975 number shares in Lahore Stock Exchange Limited	Refer to note 7.1	3,846,040	3,846,040
Other investment		15,500,000	15,500,000
		<u>36,136,040</u>	<u>36,136,040</u>

Karachi Stock Exchange

1,602,553 unblocked shares (refer note 7.1)

2,404,430 blocked shares (refer note 7.1)

Lahore Stock Exchange

337,590 unblocked shares (refer note 7.1)

506,385 blocked shares (refer note 7.1)

9 SHORT TERM INVESTMENTS

Investment at fair value through profit and loss
Investment in listed securities

90,750,181 173,485,019

10 OTHER RECEIVABLES

Advance Income Tax - net
National Cleaning Company of Pakistan Limited

8,099,502 3,293,630
19,835,086 -
27,934,588 3,293,630

11 CASH AND BANK BALANCES

Cash at bank - Current Accounts
Cash in hand

52,434,140 49,522,697
43,254 109,673
52,477,394 49,632,370

Note JUNE 30, 2014 JUNE 30, 2013

12 LOAN FROM DIRECTORS AND THEIR RELATIVES

Loan from directors and their relatives

12.1 30,000,000 150,000,000

12.1 This represent interest free unsecured loan obtained from sponsors. There is no fixed repayment schedule for these loans. In absence of availability of defined repayment schedule, the fair value of these loans is not determinable and hence they have been stated at cost.

12.2 During the year the company has converted Loan from Directors and their Relatives into share capital amounting to Rs 80 million. (8 million shares issued of Rs. 10/- each)



13 SHORT TERM BORROWINGS - Secured

Short term running finances
Bank Al Falah Limited-Lahore

13.01	-	33,559,636
	-	<u>33,559,636</u>

13.01 BANKAL FALAH LIMITED - CURRENT FINANCE

The company has obtained current finance facility with a limit of Rupees 40.00 Million (2012:40 million) and it is secured against pledge of shares in CDC with 40% margin as per the requirements of the State Bank of Pakistan and personal guarantees of all the directors of the company. It carries mark-up @ 3 months KIBOR + 3.0%

14 TRADE AND OTHER PAYABLES

Trade Creditors
Accrued Expenses

272,804,229	315,935,634
731,850	900,270
<u>273,536,079</u>	<u>316,835,904</u>

15 CONTINGENCIES AND COMMITMENTS

There is no contingencies and commitments at the balance sheet date.

16 BROKERAGE INCOME

Total commissions
F.E.D on brokerage
Net brokerage income

27,017,538	14,069,062
(4,333,806)	(2,251,050)
<u>22,684,732</u>	<u>11,818,012</u>

17 OPERATING EXPENSES

L.S.E & K.S.E Charges
CDC and NCCPL charges
Salaries and other benefits
Utility expenses
Traveling and conveyance
Communication and postage
Auditors' remuneration
Legal and professional charges
Newspapers and periodicals
Printing and stationery
Repair and maintenance
Computer expenses
Entertainment
Rent, rates and taxes
Vehicle Running and Maintenance
Insurance
Advertisement
Miscellaneous charges
Depreciation

2,279,808	2,426,345
3,210,775	1,277,326
9,019,074	8,672,413
3,247,756	3,402,579
252,278	382,032
332,816	729,751
100,000	100,000
794,251	648,470
23,696	-
539,996	-
1,833,490	1,519,826
1,780,271	2,039,075
2,070,758	818,462
-	115,000
1,641,662	509,825
137,500	-
452,900	-
133,187	120,323
1,575,892	1,141,476
<u>29,436,110</u>	<u>23,902,903</u>



	Note	JUNE 30, 2014	JUNE 30, 2013
18	FINANCE COST		
	Interest on short term borrowings	2,040,182	6,458,240
	Bank charges	74,831	-
		<u>2,115,013</u>	<u>6,458,240</u>
19	OTHER INCOME/ (CHARGES)		
	Capital Gain on sale of shares	35,023,582	47,954,590
	Dividend Income	3,816,259	7,151,305
	Gain/(Loss) on re-measurement of investments through profit or loss	(2,642,771)	57,049,141
		<u>36,197,070</u>	<u>112,155,037</u>

20 FINANCIAL RISK MANAGEMENT

20.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

20.2 Financial assets and liabilities by category and their respective maturities

	JUNE 30, 2014	JUNE 30, 2013
<u>Financial Asset</u>		
Long-term investments	36,136,040	36,136,040
Trade receivable - Considered good	269,012,867	375,589,468
Short term deposits	17,798,621	6,758,396
Short term Investments	90,750,181	173,485,019
Other receivables	27,934,588	-
Cash and bank balances	52,477,394	49,632,370
	<u>494,109,691</u>	<u>641,601,293</u>
<u>Financial Liability</u>		
Loan from directors and their relatives	30,000,000	150,000,000
Short term borrowings	-	33,559,636
Trade and other payables	273,536,079	316,835,904
Accrued Markup	222,315	219,411
	<u>303,758,394</u>	<u>500,614,951</u>

20.3 Fair Values

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value except for loan from director which is stated at cost.

20.4 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk



Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability 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. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, short term investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients, the management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

Financial Asset	JUNE 30, 2014	JUNE 30, 2013
Long-term investments	36,136,040	36,136,040
Trade receivable - Considered good	269,012,867	375,589,468
Short term deposits	17,798,621	6,758,396
Short term Investments	90,750,181	173,485,019
Other receivables	17,934,588	3,293,630
Bank balances	52,434,140	49,522,697
	<u>494,066,437</u>	<u>644,785,250</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of the financial liabilities:

	RUPEES 2014	RUPEES 2013
	Within 1 year	Within 1 year
Loan from directors and their relatives	-	33,559,636
Short term borrowings	273,536,079	316,835,904
Trade and other payables	222,315	219,411
Accrued Markup		
	<u>273,758,394</u>	<u>350,614,951</u>



Market risk

Market risk means that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as, foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and price risk. The market risk associated with the company's business activities are discussed as under:

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The company's interest rate risk arises from short term cash finance facility. The company analyzes its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is not exposed to equity price risk since it has no investments in quoted equity securities.

21 DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 30, 2014 by the board of directors.

22 GENERAL

- Figures have been rounded off in the nearest rupee.
- Figures for the previous year have been re-arranged wherever necessary for comparison purposes.

LAHORE
SEPTEMBER 30, 2014

CHIEF EXECUTIVE

DIRECTOR

