RAHAT SECURITIES LIMITED

FINANCIAL STATEMENT JUNE 30, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **RAHAT SECURITIES LIMITED** as at June 30, 2012 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 conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of 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, 2012 and of the loss, 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.

LAHORE: October 02, 2012

147-Shadman-1, Lahore-Pakistan
Fazal Mahmood & Co.
Chartered Accountants

Fazal Mahmood &
FAZAL MAHMOOD & COMPANY
Chartered Accountants
(a member firm of JHI)
Engagement Partner: Fazal Mahmood

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RAHAT SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
NON - CURRENT ASSETS			
Property, Plant & Equipment	4.	2,946,162	3,389,006
Intangible Assets	4.	492,000	792,000
Room and membership card - at cost	5.	19,020,000	19,020,000
		22,458,162	23,201,006
Long term security deposits	6.	7,335,272	4,484,887
CURRENT ASSETS			
Trade debtors - Unsecured & Considered good		17,410,201	18,623,308
Financial Asset	7.	10,990,086	10,060,570
Advance tax - net		4,186,203	4,132,549
sh and bank balances	8.	19,753,695	13,941,444
		52,340,185	46,757,871
CURRENT LIABILITIES			
Trade and Other Payables	9.	22,296,028	12,740,383
		22,296,028	12,740,383
Net Current Assets		30,044,157	34,017,488
Net Total Assets		59,837,591	61,703,381
REPRESENTED BY:			
Authorized Capital			
5,000,000 ordinary shares of Rs. 10/- each		50,000,000	50,000,000
Issued, Subscribed and Paid up capital			
2,500,000 ordinary shares of Rs. 10/- each fully paid in cash		25,000,000	25,000,000
Un-appropriated profit		34,837,591	36,703,381
		59,837,591	61,703,381
CONTINGENCIES AND COMMITMENTS	10.	-	-
		59,837,591	61,703,381

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

CHIEF EXECUTIVE

DIRECTOR

RAHAT SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
REVENUE			
Brokerage Income		4,955,396	3,283,707
Capital Gain / (Loss)		1,475,086	(41,278)
Capital Gain (Commodity Trading)		-	78,832
Gain / (loss) on re-measurement of "held for trading" investments to fair value		33,962	(1,029,556)
Dividend		635,546	627,033
		7,099,990	2,918,738
Less:			
Operating expenses	11.	605,690	521,883
Operating profit		6,494,300	2,396,855
Less:			
Administrative expenses	12.	7,401,392	7,461,508
Bank charges		16,909	17,966
Depreciation & Amortization	4.	753,844	873,208
		8,172,145	8,352,682
		(1,677,845)	(5,955,827)
Other Income		9,118	146,623
(Loss) before Taxation		(1,668,727)	(5,809,204)
Taxation			
Current	13.	(197,063)	(75,806)
(Loss) after Taxation		(1,865,790)	(5,885,010)
Other comprehensive income		-	-
Total comprehensive income		(1,865,790)	(5,885,010)
Basic & Diluted (Loss) per share	14.	(0.75)	(2.35)

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

CHIEF EXECUTIVE

DIRECTOR

RAHAT SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		(1,668,727)	(5,809,204)
Adjustments for:			
Depreciation		753,844	873,208
Gain / (loss) on re-measurement of "held for trading" investments to fair value		33,962	(1,029,556)
Financial Charges		16,909	17,966
Loss on sale of tangible Assets		-	17,833
Operating (loss) before before working capital changes		(864,012)	(5,929,753)
Adjustments for working capital changes:			
(Increase)/ Decrease In Current Assets			
Trade debtors		1,213,107	(1,134,387)
Financial asset		(963,478)	(948,614)
		249,629	(2,083,001)
ecrease)/ Increase In Current Liabilities			
Trade and Other Payables		9,555,645	1,713,049
Cas generated from operating activities		9,555,645	1,713,049
Taxes paid		(250,716)	(243,594)
Long term security deposits		(2,850,385)	822,357
Financial Charges Paid		(16,909)	(17,966)
Net cash generated from / (utilized in) Operating Activities		5,823,251	(5,738,908)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(11,000)	(63,300)
Proceeds on sale of tangible Assets		-	240,000
Net Cash (outflow) / inflow from Investing Activities		(11,000)	176,700
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INFLOW / (OUT FLOW) OF CASH		5,812,251	(5,562,208)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		13,941,444	19,503,652
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8	19,753,695	13,941,444

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

CHIEF EXECUTIVE

DIRECTOR

RAHAT SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Paid up ordinary share capital	Un-appropriated Profit	Total
	Rupees	Rupees	Rupees
Balance at June 30, 2010	25,000,000	42,588,391	67,588,391
Total comprhensive (loss)			
Loss after taxation for the year	-	(5,885,010)	(5,885,010)
Other comprehensive income		-	-
	-	(5,885,010)	(5,885,010)
Balance at June 30, 2011	**25,000,000**	**36,703,381**	**61,703,381**
Total comprhensive (loss)			
Loss after taxation for the year	-	(1,865,790)	(1,865,790)
Other comprehensive income	-	-	-
		(1,865,790)	(1,865,790)
Balance at June 30, 2012	**25,000,000**	**34,837,591**	**59,837,591**

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

CHIEF EXECUTIVE

DIRECTOR

RAHAT SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Note

1. STATUS AND NATURE OF BUSINESS

The company is registered as a public limited company in Pakistan. The company is a corporate member of Lahore Stock Exchange (Guarantee) Limited and has also acquired membership of the National Commodity Exchange Limited. It is principally engaged in the business of brokerage, underwriting, buying and selling of stocks, shares, modaraba certificates 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain items of property, plant and equipment which are stated at revalued amounts and certain financial liabilities which are carried at amortized cost.

2.3 *Standard, amendments to approved accounting standards and interpretations to approved accounting standards that are effective in the current year*

Following are certain new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011, but are considered not to be relevant or did not have any significant impact on the Company's financial statements;

a) IAS 1 (Amendments), 'Presentation of Financial Statements' is effective for annual periods beginning on or after January 1, 2011. The amendment clarifies that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

b) IAS 24 (Revised), 'Related Party Disclosures', is effective for annual periods beginning on or after January 1, 2011. The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control.

c) IAS 34 (Amendment), 'Interim financial reporting', is effective for annual periods beginning on or after January 1, 2011. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets.

d) IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement', is effective for annual periods beginning on or after January 1, 2011. IFRIC 14 provides further guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of minimum funding requirement as an asset.

e) IFRS 7 (Amendment), 'Financial Instruments: Disclosure', is effective for annual periods beginning on or after January 1, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosure and the nature and extent of risks associated with financial instruments.

f) IFRS 7 (Amendment),' Financial Instruments: Disclosure', is effective for annual periods beginning on or after January 1, 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfer of financial assets, where financial assets are derecognized in their entirety, but where the entity has a continuing involvement in them (e.g. options or guarantees on the transferred assts) or where financial assets are not derecognized in their entirety.

g) IAS 32 (Amendment), 'Classification of rights issues', issued in October 2009. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

h) IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

2.4 *Standard, amendments to approved accounting standards and interpretations that are published and considered relevant but not yet effective*

Following new standards and amendments to existing standards have been published that are mandatory for accounting periods beginning on the dates mentioned below, however, these amendments are not expected have significant impact on the financial statements;

a) IFRS 9, 'Financial Instruments' (effective for the periods on or after January 1, 2015). This is the first standard issued as a part of a wider project to replace IAS 39, 'Financial Instruments: Recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (a) amortized cost and (b) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset.

b) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after July 1, 2012). The main change resulting from these amendments is a requirement for the entities to group items presented in "other comprehensive income" on the basis of whether they can be potentially reclassified to profit and loss subsequently (reclassification adjustments).

c) IAS 19 (Revised) 'Employee Benefits' (effective for the periods beginning on or after January 1, 2013). It eliminates the 'corridor method' for recognizing actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognized immediately and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

d) IAS 12 (Amendments), 'Deferred tax on investment property (effective for annual period beginning on or after 1 January 2012). The amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property.

e) IAS 32 (Amendments), 'Financial instruments: Presentation on offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments.

f) IFRS 7 (Amendments), 'Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

2.5 *Standard, amendments to approved accounting standards and interpretations that are not yet effective and are not considered relevant*

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However, these are not expected to affect materially the financial statements of the Company.

2.6 *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Pakistan Rupee (Rs).

2.7 *Critical Accounting Estimate & Judgments*

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amount of assets, 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 underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affect only that period, or in the period of revision in future period if the revision affects both current and future periods. Significant areas requiring the use of management estimates in the financial statements are useful lives of fixed assets, taxations, provisions etc.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant & equipment

These are stated at cost less accumulated depreciation. Cost of these assets consists of historical cost and directly attributable costs of bringing the assets to working condition. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economics benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Depreciation is charged on reducing balance method. Depreciation on additions and deletions is charged on the basis of number of months the asset remain in use. Normal repair and maintenance are charged to expenses as and when incurred. Gain or losses on disposal of assets are included in current income. Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note No.3 to the accounts to write off the cost over their estimated useful lives. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit are expected from its use or disposal. Any gain and losses on disposal or de-recognisation (calculated at the difference between the net disposal proceeds and carrying amount of the asset) is taken to profit and loss account.

3.2 Intangible assets

These are stated at cost less amortization and impairment ,if any. Amortization is calculated on straight line basis at rates given in note No. 3.1. Amortization on additions and deletions is charged on the basis of no. of months the asset remain in use.

3.3 Room and membership card

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

3.4 Financial assets

Financial Assets at fair value through Profit and Loss Account:

Investments which are acquired for the purpose of generating a profit from short term fluctuations in price or dealer margin is classified as "Held for trading". They are stated at their fair value with any resulting gains / losses recognized directly in the profit and loss account.

All purchases and sales of financial assets are made by using settlement date accounting and is applied consistently. The settlement date is the date that an asset is delivered to or by an enterprise. Any change in the fair value of the asset is recognized in the net profit or loss for assets classified as held for trading and it is recognized in net profit or loss.

The fair value of publicly traded investment is based on quoted market price at the balance sheet date.

3.5 Trade debts & other receivables

These are stated net of provision for doubtful debts. Full provisions are made against the debts considered doubtful. This includes receivable from members of stock exchange and customers. Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amount.

3.6 Trade & other payables

Liabilities for trade and other amounts payable 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.

3.7 Revenue recognition

Brokerage fee are recognized as and when services are provided. Capital gains or losses on sale of investment are taken to income in the year in which they arise. Dividend income is recognized when the right to receive the dividend is established. Return on securities other than shares is recognized as and when it is due on accrual basis.

3.8 Borrowing Cost

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

3.9 Taxation

Charge for current taxation is based on minimum tax at current rate of tax in accordance with Income Tax Ordinance, 2001.

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.10 Provisions

Provisions are recognized when the company has the 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 are reliable estimate of the amount can be made.

3.11 Dividend

Dividend is recognized as a liability in the period in which it is approved.

3.12 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.13 Impairment

a) *Financial Assets*

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) *Non- Financial Assets*

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.14 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.

3.15 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.

	2012 Rupees	2011 Rupees

4. PROPERTY, PLANT & EQUIPMENT

	2012	2011
Tangible operating assets	2,946,162	3,389,006
Intangible assets	492,000	792,000
	3,438,162	4,181,006

	Tangible				Intangible	
	Furniture & fixtures	Office equipment	Computer	Vehicles	Software	Total
Net carrying value basis						
Year ended June 30, 2011						
Opening net book value (NBV)	549,739	2,332,596	461,444	812,968	1,092,000	5,248,747
Additions	16,300	-	47,000	-	-	63,300
Disposal						
Cost	-	-	-	(350,000)	-	(350,000)
Accumulated depreciation	-	-	-	92,167	-	92,167
	-	-	-	(257,833)	-	(257,833)
Depreciation / Amortization	(56,354)	(233,260)	(140,833)	(142,761)	(300,000)	(873,208)
Closing net book value (NBV)	509,685	2,099,336	367,611	412,374	792,000	4,181,006
Gross carrying value basis						
At June 30, 2011						
Cost	1,149,417	4,485,400	2,044,102	1,322,000	1,500,000	10,500,919
Accumulated depreciation / amortization	(639,732)	(2,386,064)	(1,676,491)	(909,626)	(708,000)	(6,319,913)
Net book value (NBV)	509,685	2,099,336	367,611	412,374	792,000	4,181,006
Net carrying value basis						
Year ended June 30, 2012						
Opening net book value (NBV)	509,685	2,099,336	367,611	412,374	792,000	4,181,006
Additions	11,000	-	-	-	-	11,000
Depreciation / amortization	(51,152)	(209,934)	(110,283)	(82,475)	(300,000)	(753,844)
Closing net book value (NBV)	469,533	1,889,402	257,328	329,899	492,000	3,438,162
Gross carrying value basis						
At June 30, 2012						
Cost	1,160,417	4,485,400	2,044,102	1,322,000	1,500,000	10,511,919
Accumulated depreciation / amortization	(690,884)	(2,595,998)	(1,786,774)	(992,101)	(1,008,000)	(7,073,757)
Net book value (NBV)	469,533	1,889,402	257,328	329,899	492,000	3,438,162
Annual Rate of Depreciation / Amortization (%)	10%	10%	30%	20%	20%	

	2012 Rupees	2011 Rupees

5. ROOMS AND MEMBERSHIP CARDS

	2012	2011
Room at LSE	5,870,000	5,870,000
LSE Membership Card	10,400,000	10,400,000
PMEX Membership	250,000	250,000
Room at PMEX	2,500,000	2,500,000
	19,020,000	19,020,000

6. LONG TERM SECUIRTY DEPOSITS

	2012	2011
LSE Building Deposits	423,842	423,842
Security Deposits	6,911,430	4,011,045
Others	-	50,000
	7,335,272	4,484,887

7. FINANCIAL ASSET

Investments classified as Held for trading through profit and loss account:

	2012	2011
Shares of listed companies - at fair value	10,990,086	10,060,570
	10,990,086	10,060,570

8. CASH AND BANK BALANCES

	2012	2011
Cash in hand	151,146	722,769
Cash at bank - current accounts	19,602,549	13,218,675
	19,753,695	13,941,444

		2012 Rupees	2011 Rupees

9. TRADE AND OTHER PAYABLES

	2012 Rupees	2011 Rupees
Members and Clients	21,091,359	11,917,677
Accrued Expenses	1,204,669	766,456
Payable to Supplier	-	56,250
	22,296,028	12,740,383

10. CONTINGENCIES AND COMMITMENTS

There are no contingencies & commitments as at June 30, 2012.

11. OPERATING EXPENSES

	2012 Rupees	2011 Rupees
L.S.E. - IPF, Service Charges etc.	61,460	39,235
CDC Service charges	289,129	312,963
NCCPL Charges	255,101	169,685
	605,690	521,883

12. ADMINISTRATIVE EXPENSES

	Note	2012 Rupees	2011 Rupees
Salaries and other benefits		4,183,679	4,220,050
Electricity & Power expenses		160,069	193,496
Traveling and conveyance		47,100	16,680
Telephone expenses		288,048	319,483
Auditors' remuneration	12.1	85,000	85,000
Legal and professional charges		20,000	30,000
Fees and subscription		60,000	109,300
Newspapers and periodicals		7,662	5,777
Printing and stationery		47,103	162,343
Repair and maintenance		72,053	120,251
Miscellaneous charges		125,337	111,769
Postage and telegram		6,679	5,049
Entertainment		207,491	384,935
Rent, rates and taxes		360,670	342,376
Vehicle Running and Maintenance		614,529	799,959
Computer repair & maintenance		571,990	309,070
Advertisement		17,350	65,607
Internet expenses		170,632	180,363
Donations		356,000	-
		7,401,392	7,461,508

12.1 Auditors' remuneration

	2012 Rupees	2011 Rupees
Statutory audit	85,000	85,000
	85,000	85,000

13. TAXATION

Current taxation represents minimum tax under the provisions of the Income Tax Ordinance, 2001. In view of the tax losses available deferred tax asset has not been recognized.

14. BASIC & DILUTED (LOSS) PER SHARE

There is no dilutive effect on the basic earning per share of the company.

	2012 Rupees	2011 Rupees
(Loss) after taxation	(1,865,790)	(5,885,010)
Weighted average number of issued shares	2,500,000	2,500,000
Basic (Loss) per share (in Rupees)	(0.75)	(2.35)

15. REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

The aggregate amount charged in the accounts during the year for remuneration including benefits to Chief Executive and Directors is as follows:

	June 30, 2012		June 30, 2011	
	Chief Executive	Director	Chief Executive	Director
Remuneration	180,000	540,000	180,000	540,000
	180,000	540,000	180,000	540,000
Number of Persons	1	3	1	3

No meeting fee has been paid to any director of the company during the year (2011: Rs. Nil).

16. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risk including capital risk, credit risk, liquidity risk and market risk. The objective of financial risk management is to minimize potential adverse effects on the financial performance of the company. The company finances its operation through equity, borrowings and management of working capital with a view to maintain reasonable mix between the various sources of finance to minimize risk. 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.

Financial assets and liabilities by category and their respective maturities

	June 30, 2012		June 30, 2011	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
Financial Assets				
Long term security deposits	-	7,335,272	-	4,484,887
Trade debtors - Unsecured & Considered good	17,410,201	-	17,410,201	-
Financial Asset	10,990,086	-	10,990,086	-
Cash and bank balances	19,753,695	-	19,753,695	-
	48,153,982	7,335,272	48,153,982	4,484,887
Financial liabilities				
Trade and Other Payables	22,296,028	-	12,740,383	-
	70,450,010	7,335,272	60,894,365	4,484,887

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.

16.1 *Financial Risk Factors*

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

- Credit Risk
- Liquidity Risk
- Market Risk

16.1.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. The company believes that it is not expose to major concentration of credit risk. To manage exposure to credit risk, company applies credit limits and deal with credit worthy parties.

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

	2012 Rupees	2011 Rupees
Long term security deposits	7,335,272	4,484,887
Trade debtors - Unsecured & Considered good	17,410,201	17,410,201
Financial Asset	10,990,086	10,990,086
Bank balances	19,753,695	19,753,695
	55,489,254	52,638,869

No provision has been made against trade debts as these are considered good.

16.1.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet it's commitments associated with financial instruments. The company manages its liquidity risk exposure by having diversified funding sources and assets are managed with liquidity in mind. To ensure adequate liquidity, the maturity profile is monitored on continuous basis.

The following are the contractual maturities of the financial liabilities;

	2012 Maturity up to One Year Rupees	2011 Maturity up to One Year Rupees
Trade and Other Payables	22,296,028	12,740,383
	22,296,028	12,740,383

16.1.3 **MARKET RISK**

Market risk means that fair value of future cash flows of a financial instrument with 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:

Foreign Exchange Risk Management

The company does not obtain any forward exchange cover, furthermore, the company is not making any transaction in foreign currencies, therefore, the company is not exposed to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that value of financial instrument or future cash flow of a financial instrument will fluctuate due to changes in interest rates. The company is not exposed to interest risks.

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 expose to equity price risk since it has investments in quoted equity securities amounting to Rs. 10.990 Million (2011: Rs. 10.060) Million at the balance sheet date. The company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

17. CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders: and to maintain strong capital base to support the development of its business.

The company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the company may adjust amount of dividend paid to shareholders or issue new shares. The company is not subject to externally imposed capital requirements.

18. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 02, 2012 by the Board of Directors of the company.

19. FIGURES

- Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR