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CHARTERED ACCOUNTANTS

FINANCIAL STATEMENTS

RAHAT SECURITIES LIMITED

JUNE 30, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **RAHAT SECURITIES 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 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, 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).

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

LAHORE: 30 September 2015

Fazal Mahmood
FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood

RAHAT SECURITIES LIMITED
BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
NON - CURRENT ASSETS			
Tangible assets			
Property and equipment	4	**2,027,125**	2,257,740
Long term investments	5	**7,072,000**	7,072,000
Long term security deposits	6	**3,684,637**	9,098,669
		12,783,762	18,428,409
Intangible assets			
License to use rooms	7	**37,570,000**	8,370,000
Membership card	8	**250,000**	250,000
Trading rights entitlement certificate	9	**3,328,000**	3,328,000
		41,148,000	11,948,000
CURRENT ASSETS			
Trade debts - unsecured and considered good		**10,032,533**	16,238,243
Financial asset	10	**29,693,073**	26,499,820
Taxation - net		**3,859,473**	3,474,774
Advances & deposits	11	**158,200**	-
Cash and bank balances	12	**40,017,836**	35,354,501
		83,761,115	81,567,338
Total assets		**137,692,877**	111,943,747
EQUITY AND LIABILITIES			
SHARE CAPIAL & RESERVES			
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		**80,841,477**	60,911,471
		105,841,477	85,911,471
CURRENT LIABILITIES			
Trade and other payables	13	**31,851,400**	26,032,276
		31,851,400	26,032,276
CONTINGENCIES AND COMMITMENTS	14	-	-
Total equity and liabiities		**137,692,877**	111,943,747

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 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
REVENUE			
Brokerage income		**10,265,655**	14,369,919
Capital gain on sale of securities - net		**16,251,355**	4,119,168
Gain on re-measurement of "held for trading" investments to fair value		**4,061,772**	12,392,149
Dividend		**1,065,822**	844,984
		31,644,604	31,726,220
Operating expenses	15	**(265,104)**	(672,392)
Operating profit		**31,379,500**	31,053,828
Administrative expenses	16	**(9,134,612)**	(8,086,423)
Finance cost	17	**(19,417)**	(12,905)
Depreciation	4	**(293,965)**	(326,462)
Amortization	4.1	**-**	(192,000)
		(9,447,994)	(8,617,790)
		21,931,505	22,436,038
Other income	18	**91,514**	81,767
Profit before taxation		**22,023,019**	22,517,805
Taxation - current	19	**(2,093,012)**	(1,120,108)
Profit after taxation		**19,930,007**	21,397,697
Basic and diluted earning per share	20	**7.97**	8.56

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

CHIEF EXECUTIVE **DIRECTOR**

RAHAT SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	2015 Rupees	2014 Rupees
PROFIT AFTER TAXATION	**19,930,007**	21,397,697
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	**19,930,007**	21,397,697

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 30 JUNE 2015

	Paid up ordinary share capital	Un-appropriated Profit	Total
	Rupees	Rupees	Rupees
Balance at 01 July 2013	**25,000,000**	**39,513,774**	**64,513,774**
Total comprhensive income			
Profit after taxation for the year	-	21,397,697	21,397,697
Other comprehensive income	-	-	-
Balance at 30 June 2014	**25,000,000**	**60,911,471**	**85,911,471**
Total comprhensive income			
Profit after taxation for the year	-	19,930,007	19,930,007
Other comprehensive income	-	-	-
Balance at 30 June 2015	**25,000,000**	**80,841,477**	**105,841,477**

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

CHIEF EXECUTIVE

DIRECTOR

RAHAT SECURITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**22,023,019**	22,517,805
Adjustments for:			
Depreciation		**293,965**	326,462
Amortization		**-**	192,000
Capital gain on sale of securities - net		**(16,183,573)**	(4,119,168)
Gain on re-measurement of "held for trading" investments to fair value		**(4,061,772)**	(12,392,149)
Financial Charges		**19,417**	12,905
Operating profit / (loss) before working capital changes		**2,091,057**	6,537,855
Adjustments for working capital changes:			
(Increase)/ decrease in current assets			
Trade debts		**6,205,710**	(4,731,603)
Financial asset - Short term invetments		**17,052,092**	5,688,100
Advances & deposits		**(158,200)**	-
		23,099,602	956,497
(Decrease)/ increase in current liabilities			
Trade and other payables		**5,819,123**	(10,963,383)
Cas generated from operating activities		**5,819,123**	(10,963,383)
Taxes paid		**(2,477,712)**	(403,799)
Long term security deposits		**5,414,032**	(2,237,853)
Finance cost paid		**(19,417)**	(12,905)
Net cash generated from operating activities		**33,926,685**	(6,123,588)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(29,263,350)**	-
Proceeds from sale of property, plant and equipment		**-**	-
Net Cash (outflow) from investing activities		**(29,263,350)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
NET INFLOW / (OUT FLOW) OF CASH		**4,663,335**	(6,123,588)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**35,354,501**	41,478,089
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12	**40,017,836**	35,354,501

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 30 JUNE 2015

1 **LEGAL STATUS AND NATURE OF BUSINESS**

The company is a public company incorporated in Pakistan under the Companies Ordinance, 1984. The company is a Trading Rights Entitlement Certificate Holder (TREC) of Lahore Stock Exchange Limited and has also acquired membership of the Pakistan Mercantile Exchange Limited. The registered office of the company is situated in room 617 - 618, Lahore Stock Exchange Building, 19 Khyaban-e-Aiwan-e-Iqbal Road, Lahore. 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance 1984. In case requirement differ, the provision 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 except otherwise stated in relevant notes.

2.3 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).

2.4 *New*

Following amendments to approved accounting standards became effective during the year which the Company has adopted, however, it did not have any significant impact on the Company's financial statements other than certain increased disclosures:

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 - Financial Instruments: Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non -Financial AssetsIFRS 3 - Bus

IAS 39 - Financial Instruments: Recognition and Measurements - (Amendment) - Novation of Derivatives and continuation of Hedge Accounting

IFRIC 21 - Levies

IFRS 2 - Share Based payment - (Improvement) - Definitions of vesting conditions

IFRS 3 - Business Combinations - (Improvement) - Scope exceptions for joint ventures

IFRS 8 - Operating segments - reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 - Fair value measurement - scope of paragraph 52 (portfolio exception)

IAS 16 - Property, Plant & Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortization

IAS 24 - Related party disclosures - key management

IAS 40 - Investment property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

New

Standard or Interpretation	**Effective Date (Annual periods begnning or after)**
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests In Other Entities and IAS 27 - Separate Financial Statements - Investment Entities (Amendment)	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests In Other Entities and IAS 27 - Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures - Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair value Measurement	01 January 2015

IAS - 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS - 16 Property, plant & Equipment and IAS 38 - Intangible assets- Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS - 16 Property, Plant & Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial statements - Equity Method in Separate Financial Statements	01 January 2016

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		**IASB Effective Date** (Annual periods begnning or after)
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2018

2.5 Use of Estimate & Judgment

The preparation of financial statements in conformity with International Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. 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. Significant areas requiring the use of management estimates in the financial statements relates to provision for doubtful balances, provision for income taxes, useful life and residual values of property plant and equipment. However, assumptions and judgment 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 next year.

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 if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied 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.

3.1 Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost less accumulated depreciation and impairment loss, if any. Cost of these assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Depreciation on addition and deletion is charged on the basis of number of months the asset remains in use of the company. Assets' residual values, useful life's and depreciation rates are reviewed and adjusted, if appropriate, at each balance sheet date. Any impairment loss, or its reversal, is also charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' carrying amount less the residual value over its estimated useful life. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit and loss account.

3.2 Intangible assets

Finite useful life

These are measured on initial recognition at cost. Following initial recognition these are carried at cost less accumulated amortization and accumulated impairmemnt losses, 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. Intangible assets are amortized using the straight line method over a period of five years.

Infinite useful life

These are measured on intial recognition at cost. Following initial recognition these are carried at cost less accumulated impairment, if any. Cost on intial recognition in an acquisition transaction is determined as the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of asset acquisition. When there is an exchange of assets and the fair value of neither the asset received nor the asset given up can be reliably measured, the cost of the asset received should be measured at the carrying amount of the asset given up. 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.

3.3 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current.

Long term investments available for sale - at cost

These are initially recognised at cost. These represent shares in Lahore Stock Exchange Limited, a public unlisted company, therefore they have been stated at cost. The cost of investments acquired in an exchange transaction is measured at the carrying value of the asset with which it has been exchanged.

Short term investments available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to profit and loss account.

3.4 Trade Receivables

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

3.5 Other receivables

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 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.

3.7 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.

3.8 Foreign Currency Translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in profit and loss account for the year.

3.9 Trade and 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.

3.1 Taxation

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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.

3.11 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.

3.12 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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. 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.

3.13 Dividend & Appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognized in the financial statements in the period in which these are approved.

3.14 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.

3.15 Earning per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.16 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.

3.17 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.

4 PROPERTY AND EQUIPMENT

	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
Net carrying value basis					
Year ended June 30, 2015					
Opening net book value (NBV)	370,422	1,579,091	183,637	124,591	2,257,740
Additions (at cost)	-	-	63,350	-	63,350
Disposals	-	-	-	-	-
Depreciation	(37,042)	(157,909)	(74,096)	(24,918)	(293,965)
Closing net book value (NBV)	**333,380**	**1,421,181**	**172,891**	**99,673**	2,027,125
Gross carrying value basis					
At June 30, 2015					
Cost	1,149,417	4,543,400	2,198,236	727,000	8,618,053
Accumulated depreciation / amortization	(816,037)	(3,122,219)	(2,025,345)	(627,327)	(6,590,928)
Net book value (NBV)	**333,380**	**1,421,181**	**172,891**	**99,673**	2,027,125
Annual Rate of Depreciation %	**10%**	**10%**	**30%**	**20%**	
Net carrying value basis					
Year ended June 30, 2014					
Opening net book value (NBV)	411,580	1,754,545	262,338	155,739	2,584,202
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Depreciation	(41,158)	(175,455)	(78,701)	(31,148)	(326,462)
Closing net book value (NBV)	**370,422**	**1,579,091**	**183,637**	**124,591**	2,257,740
Gross carrying value basis					
At June 30, 2014					
Cost	1,149,417	4,543,400	2,134,886	727,000	8,554,703
Accumulated depreciation	(778,995)	(2,964,310)	(1,951,249)	(602,409)	(6,296,963)
Net book value (NBV)	**370,422**	**1,579,091**	**183,637**	**124,591**	2,257,740

		2015 Rupees	2014 Rupees
5 LONG TERM INVESTMENTS			
Available for sale investments - at cost			
Rs 10 Ordinary shares of Lahore Stock Exchange Limited:			
337,590 unblocked shares (refer note 9.1)		**2,828,800**	2,828,800
506,385 blocked shares (refer note 9.1)		**4,243,200**	4,243,200
		7,072,000	7,072,000
6 LONG TERM SECUIRTY DEPOSITS			
LSE Building Deposits		**423,842**	423,842
Security Deposits		**3,260,795**	8,674,827
		3,684,637	9,098,669
7 LICENSE TO USE ROOMS			
Lahore Stock Exchange Limited		**5,870,000**	5,870,000
Pakistan Mercantile Exchange Limited		**2,500,000**	2,500,000
License to Use Rooms		**29,200,000**	-
		37,570,000	8,370,000
8 MEMBERSHIP CARD - INFINITE USEFUL LIFE			
Lahore Stock Exchange Limited		-	-
Pakistan Mercantile Exchange Limited		**250,000**	250,000
		250,000	250,000
9 TRADING RIGHTS ENTITLEMENT CERTIFICATE - INFINITE USEFUL LIFE			
Lahore Stock Exchange Limited	9.1	**3,328,000**	3,328,000
		3,328,000	3,328,000

9.1 This represents trading rights in Lahore stock exchange limited 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 were 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 a result 843,975 shares of Rs.10/- each were allotted to the Company out of which 60% of the shares were 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% were available to members with no condition on their future sale. The Institute of Chartered Accountants of Pakistan in its 'selected opinion' 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 sellable / 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).

Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stressed that any subsequent measurement of the shares and / or TREC would only be possible where reliable fair values can be measured. This would most likely happen when the blocked shares are sold to the strategic investor or to the general public through an IPO and an active market develops for the TREC.

Taking to account the above factors and in the absence of an active market for determining fair value of TREC and shares, the value of the TREC and shares have thus been initially measured at the value of the membership card with which they have been exchanged and subsequently carried at cost. For this purpose, the value of the membership card has first been allocated to shares @ Rs.10/- per share being the par value of shares with the remaining value being allocated to TREC. Resultantly the shares have been recognized at Rs. 7.072 million and TREC at Rs. 3.328 million.
In order to comply with the Base Minimum Capital requirements, the company has mortgaged TREC and has pledged 40% - 337,590 shares of LSE amounting to Rs 4,000,000 & Rs 3,821,181 respectively, being the values assigned to these assets by LSE for Base Minimum Capital purpose.

In the notice No. 2081 dated April 28, 2015 the Lahore Stock Exchange intimated to all TREC holders that it has received Auditor's review report on the half-yearly accounts for the period ended December 31, 2014. Accordingly, for the purpose of calculation of Base Minimum Capital of LSE brokers the notional value of TREC is Rs. 4.1 Million and Net Asset Value per share of LSE is Rs. 11.60.

Institute of Chartered Accountants of Pakistan further in its 'selected opinion' stated that the apportioned carrying value would be required to be tested for impairment as per IAS 36, if any. When the management and the auditor conclude that there is no impairment, they may continue to use the apportioned carrying value.

		Note	2015 Rupees	2014 Rupees
10	**FINANCIAL ASSET**			
	Investments classified as Held for trading through profit and loss account:			
	Shares of listed companies - at fair value		**29,693,073**	26,499,820
11	**ADVANCES & DEPOSITS**			
	Advances to employees		**158,200**	-
12	**CASH AND BANK BALANCES**			
	Cash in hand		**102,573**	257,652
	Cash at bank - current accounts		**39,914,114**	35,095,761
	Cash at bank - PLS saving account	12.1	**1,150**	1,088
			40,017,836	35,354,501

12.1 Rate of profit on bank deposit is 6 % per annum. (2014: 6%)

		2015 Rupees	2014 Rupees
13	**TRADE AND OTHER PAYABLES**		
	Members and Clients	**30,695,658**	24,932,930
	Accrued Expenses	**1,076,255**	1,045,455
	Other payables	**79,487**	53,891
		31,851,400	26,032,276

14 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2015 (2014: Nil)

		2015 Rupees	2014 Rupees
15	**OPERATING EXPENSES**		
	L.S.E. - IPF, Service Charges etc.	**1,304**	5,455
	CDC Service charges	**129,306**	426,236
	NCCPL Charges	**134,494**	240,701
		265,104	672,392

		Note	2015 Rupees	2014 Rupees
16	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits		**5,919,009**	4,838,861
	Electricity and power expenses		**203,031**	205,634
	Travelling and conveyance		**2,000**	64,510
	Telephone expenses		**272,088**	281,293
	Auditors' remuneration	16.1	**100,000**	100,000
	Legal and professional charges		**45,000**	53,500
	Fees and subscription		**31,000**	17,500
	Newspapers and periodicals		**5,120**	5,136
	Printing and stationery		**103,782**	55,721
	Repair and maintenance		**93,365**	105,730
	Miscellaneous charges		**128,997**	147,275
	Postage and telegram		**65,087**	21,698
	Entertainment		**318,168**	275,984
	Rent, rates and taxes		**543,910**	518,173
	Vehicle running and maintenance		**421,500**	459,209
	Computer repair and maintenance		**483,230**	453,528
	Advertisement		**66,000**	4,900
	Internet expenses		**237,325**	227,771
	Donations		**96,000**	250,000
			9,134,612	8,086,423
	16.1 Auditors' remuneration			
	Statutory audit		**100,000**	100,000
			100,000	100,000
17	**FINANCE COST**			
	Bank charges		**19,417**	12,905
			19,417	12,905

18 OTHER INCOME

		2015	2014
Bank Profit		**48,867**	61,074
Physical shares conversation charges into CDC		**-**	20,693
IPO commission		**42,647**	-
		91,514	81,767

19 TAXATION

Current	19.1	**2,093,012**	1,120,108

19.1 Relationship between tax expenses and accounting profit

Profit before taxation	**22,023,019**	22,517,805
Current taxation:		
Tax at applicable tax rate 17% (Alternative Corporate tax)	**3,743,913**	3,828,027
Income exempt for tax purposes	**(690,501)**	(2,106,665)
Income chargeable to tax at lower rate	**(2,943,920)**	(843,906)
Others	**1,983,521**	242,653
	2,093,012	1,120,108

19.2 The provision for income tax was based on Alternative Corporate Tax under section 113(C) of the Income Tax Ordinance, 2001.

19.3 Returns for the tax year upto 2014 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001, however the CIT has power to re-assess any of the five preceding tax years.

19.4 In view of the tax losses available deferred tax asset has not been recognized.

20 BASIC AND DILUTED EARNING PER SHARE

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

	2015 Rupees	2014 Rupees
Profit after taxation	**19,930,007**	21,397,697
Weighted average number of issued shares	**2,500,000**	2,500,000
Basic earning per share (in Rupees)	**7.97**	8.56

21 REMUNERATION OF CHIEF EXECUTIVE & DIRECTORS

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

	2015		2014	
	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 (2014: Rs. Nil).

22 FINANCIAL RISK MANAGEMENT

22.1 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.

22.2 Financial assets and liabilities by category and their respective maturities

	30 June 2015		**30 June 2014**	
	Maturity up to one year	**Maturity after one year**	Maturity up to one year	Maturity after one year
Financial Assets				
Long term investments	-	**7,072,000**	-	7,072,000
Long term security deposits	-	**3,684,637**	-	9,098,669
Trade debts - unsecured and considered good	**10,032,533**	-	16,238,243	-
Financial asset	**29,693,073**	-	26,499,820	-
Advances & deposits	**158,200**	-	-	-
Cash and bank balances	**40,017,836**	-	35,354,501	-
	79,901,642	**10,756,637**	78,092,564	16,170,669

Financial liabilities

Trade and other payables	**31,851,400**	-	26,032,276	-
	31,851,400	-	26,032,276	-

22.3 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.

22.4 Financial Risk Factors

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

- Credit Risk
- Liquidity Risk
- Market Risk

22.4.1 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 worth counterparties thereby mitigating any significant concentrations of credit risk.

Credit risk of the Company arises form deposits with banks and financial institutions, trade debts, shorts 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:-

	2015 **Rupees**	2014 Rupees
Long term investments	**7,072,000**	7,072,000
Long term security deposits	**3,684,637**	9,098,669
Trade debts - unsecured and considered good	**10,032,533**	16,238,243
Financial asset	**29,693,073**	26,499,820
Bank balances	**39,915,263**	35,096,849
	90,397,506	94,005,581

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

22.4.2 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:	**2015** **Maturity up to** **One Year** **Rupees**	2014 Maturity up to One Year Rupees
Trade and other payables	**31,851,400**	26,032,276
	31,851,400	26,032,276

It is not expected that the cash flow included in the maturity analysis could occur significantly earlier or at significantly different amounts.

22.4.3 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

Currency Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly expose to currency risk as the company does not maintain bank accounts in foreign currencies.

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 accounts 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 expose to equity price risk since it has investments in quoted equity securities amounting to Rs. 29.693 Million (2014: Rs. 26.499 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.

23 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.

24 NUMBER OF EMPLOYEES

Number of employees at year end	**21**	21
Average number of employees during the year	**22**	22

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 30 September 2015 by the Board of Directors of the company.

26 FIGURES

- Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

NOTE NO. 4. SCHEDULE OF PROPERTY, PLANT & EQUIPMENT - TANGIBLE

PARTICULARS	COST			DEPRECIATION				Written Down Value as at 30/06/2015
	As at 01/07/2014	Additions/ (Deletions)	As at 30/06/2015	RATE	Accumulated upto 01/07/2014	Charged for the Year	Accumulated upto 30/06/2015	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Furniture and fixture	1,149,417	-	**1,149,417**	10	778,995	37,042	816,037	**333,380**
Office equipment	4,543,400	-	**4,543,400**	10	2,964,310	157,909	3,122,219	**1,421,181**
Computer	2,134,886	63,350	**2,198,236**	30	1,951,249	74,095.98	2,025,345	**172,891**
Vehicle	727,000	-	**727,000**	20	602,409	24,918	627,327	**99,673**
Total Rs. 2015	**8,554,703**	**63,350**	**8,618,053**		**6,296,963**	**293,965**	**6,590,928**	**2,027,125**
Total Rs. 2014	8,554,703	-	8,554,703		5,970,501	326,462	6,296,963	2,257,740

NOTE NO. 4.1 SCHEDULE OF INTANGIBLE ASSETS

PARTICULARS	COST			DEPRECIATION				Written Down Value as at 30/06/2015
	As at 01/07/20144	Additions/ (Deletions)	As at 30/06/2015	RATE	Accumulated upto 01/07/20144	Charged for the Year	Accumulated upto 30/06/2015	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Softwares	1,500,000	-	**1,500,000**	20	1,500,000	-	1,500,000	-
Total Rs. 2015	**1,500,000**	-	**1,500,000**		**1,500,000**	-	**1,500,000**	-
Total Rs. 2014	1,500,000	- -	1,500,000		1,308,000	192,000	1,500,000	-