Khanani Securities (Private) Limited
Financial Statements
For the year ended June 30, 2015

Khanani Securities (Private) Limited

Financial Statements

Index

Contents	Page No.

KHANANI SECURITIES (PVT.) LIMITED

Corporate Member :
THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

638, Stock Exchange Building,
Stock Exchange Road,
Karachi-Pakistan.

Off : 32410494
32421752
32430126
32413750
32460794
Res : 35681258

K-023

DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with the audited financial statement of the Company for the years June 30, 2015. The working results of the company for the said financial year are given as under:

Financial Results:	Rupees
Total Revenue	11,512,833
Operating expenses	(41,137,024)
Profit before taxation	**(29,624,190)**
Taxation- Current	(1,433,305)
Profit after taxation	**(31,057,495)**

Dividend:

The Directors do not recommended any dividend during the year due to cash flow requirement in next financial year.

Future Prospects:

The Directors expect future profitability to be increased.

Earnings per Share:

Earnings per share for the year ended 30th June 2015 was Rs. (3.450)

Auditors:

The auditors of the company Nasir Javaid Maqsood Imran – Chartered Accountants have retired and offer their services for the ensuing year.

On behalf of the board
For (Khanani Securities (Pvt) Ltd)

Karachi:
Dated: 16 SEP 2015

Chief Executive

njmi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

807, 8TH FLOOR, Q.M. HOUSE, PLOT NO. 11/2,
ELLANDER ROAD, OPP. SHAHEEN COMPLEX,
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Khanani Securities (Private) Limited** 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 accounts 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

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(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 there of 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, 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.

Nasir Javaid Maqsood Imran

Dated: 16 SEP 2015
Karachi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Audit Engagement Partner: M. Javaid Qasim

Khanani Securities (Private) Limited
Balance Sheet
As at June 30, 2015

	Note	Rupees 2015	Rupees 2014
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	928,560	1,077,146
Intangible Assets	8	15,000,000	24,543,000
Long Term Investments	9	40,073,830	65,457,000
Long-term Deposits	10	309,809	305,000
CURRENT ASSETS			
Trade Receivables	11	3,396,163	4,916,953
Advances, Deposits & Other Receivables	12	8,397,917	7,748,688
Cash & Bank Balances	13	28,745,083	19,769,195
		40,539,163	32,434,836
		96,851,363	123,816,982
CAPITAL AND LIABILITIES			
Authorized Capital			
20,000,000 Ordinary Shares of Rs. 10/- each		200,000,000	200,000,000
Issued, Subscribed and Paid-up capital	14	90,010,000	90,010,000
Unappropriated Profit		(22,608,805)	8,448,691
		67,401,195	98,458,691
Long Term Loan	15	5,452,000	5,452,000
CURRENT LIABILITIES			
Trade Payables		22,976,443	19,017,565
Accrued Expenses & Other Liabilities	16	1,021,725	888,726
		23,998,168	19,906,291
Contingencies and Commitments	17	-	-
		96,851,363	123,816,982

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi
Dated : 16 SEP 2015

Chief Executive **Director**

Khanani Securities (Private) Limited
Profit & Loss Accounts
For the year ended June 30, 2015

	Note	Rupees 2015	Rupees 2014
Revenue			
Operating Revenue	18	9,995,861	7,413,825
Operating Expenses			
Administrative Expenses	19	6,091,017	4,905,951
Financial Charges	20	11,484	8,453
		6,102,501	4,914,404
Operating Profit/ (Loss) before Taxation		3,893,361	2,499,421
Other Charges	21	35,034,523	-
Other Income	22	1,516,972	406,244
Net Profit/ (Loss) before Taxation		(29,624,190)	2,905,665
Taxation	23	1,433,305	831,642
Profit/ (Loss) after Taxation		(31,057,495)	2,074,023
Earning(/Loss) per share- basic & diluted	24	(3.450)	0.230

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi
Dated : 16 SEP 2015

Chief Executive

Director

Khanani Securities (Private) Limited
Statement of Comprehensive Income
For the year ended June 30, 2015

	Note	Rupees 2015	Rupees 2014
Profit / (Loss) after Taxation		(31,057,495)	2,074,023
Other Comprehensive Income		-	-
Total Comprehensive Income / (Loss) for the year		(31,057,495)	2,074,023

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi
Dated : 16 SEP 2015

Chief Executive

Director

Khanani Securities (Private) Limited
Cash Flow Statement
For the year ended June 30, 2015

	Note	Rupees 2015	Rupees 2014
Cash Flow from Operating activities			
Net Profit before taxation		**(29,624,190)**	**2,905,665**
Add : Items not involved in movement of fund:			
Depreciation		148,585	175,130
Impairment Loss		34,926,170	-
Financial Charges		11,484	8,453
		35,086,239	183,583
Operating Profit before working capital changes, Financial charges and taxes		**5,462,049**	**3,089,248**
Net Change in working capital	(a)	4,963,438	10,342,050
		10,425,487	**13,431,298**
Financial Charges paid		(11,484)	(8,453)
Taxes Paid		(1,433,305)	(487,977)
Net cash from operating activities		**8,980,698**	**12,934,868**
Cash Flow from Investing activities			
Long term deposit		(4,809)	-
Additions to Property, plant and equipment		-	(52,000)
Net Cash Inflow/ (Outflow) from investing activities		**(4,809)**	**(52,000)**
Cash Flow from Financing activities			
Long-term loan		-	(407,615)
Net Cash Inflow/ (Outflow) from financing activities		-	**(407,615)**
Net increase / (decrease) in cash and cash equivalents		**8,975,889**	12,475,253
Cash and cash equivalent at beginning of the year		19,769,195	7,293,943
Cash and cash equivalent at end of the year	13	**28,745,083**	**19,769,195**

(a) Statement of change in Working Capital

		Rupees 2015	Rupees 2014
(Increase) / decrease in current assets			
Trade Receivables		1,520,790	1,509,492
Advances, Deposits & Other receivable		(649,229)	2,672,067
		871,561	**4,181,559**
Increase / (decrease) in current Liabilities			
Trade Payables		3,958,878	6,615,838
Accrued Expenses & Other Liabilities		132,999	(455,347)
		4,091,877	**6,160,491**
Net Working Capital Changes		**4,963,438**	**10,342,050**

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi
Dated : 16 SEP 2015

Chief Executive **Director**

Khanani Securities (Private) Limited
Statement of Changes in Equity
For the year ended June 30, 2015

	Issued, Subscreibed and Paid-up Capital	Unappropriated Profit/ (Loss)	Total
	Rupees	*Rupees*	*Rupees*
Balance as at June 30, 2013	**90,010,000**	**6,374,668**	**96,384,668**
Profit / (Loss) after taxation	-	2,074,023	2,074,023
Balance as at June 30, 2014	**90,010,000**	**8,448,691**	**98,458,691**
Profit / (Loss) after taxation	-	(31,057,495)	(31,057,495)
Balance as at June 30, 2015	**90,010,000**	**(22,608,805)**	**67,401,195**

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi
Dated : 16 SEP 2015

Chief Executive **Director**

1 Legal Status and Nature of Business

Khanani Securities (Private) Limited (the Company) was incorporated in February 28, 2006 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 638, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. It is a Trading Right Certificate Holder of the Karachi Stock 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 such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) 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.

3 Basis of Measurement

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

3.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

4.1 The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	Effective from accounting period beginning on or after January 01, 2014
IAS 39 Financial Instruments: Recognition and measureemnt - Novation of derivatives and continuation of hedge accounting	Effective from accounting period beginning on or after January 01, 2014
IFRIC 21 - Levies	Effective from accounting period beginning on or after January 01, 2014

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

4.2 Property and Equipment

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life at rates given in note 7. Depreciation on additions is charged from the quarter in which asset is available for use and on disposals upto the quarter preceding the quarter of disposal. Normal repairs and maintenance costs are charged to income as and when incurred. Major renewals and improvements are capitalised. The assets residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end. Gain or loss on disposal of assets, if any, is recognized in the period of disposal.

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 exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

4.3 Intangible Assets

Intangible assets having definite life are stated at cost less accumulated amortization and impairment, if any.

Rooms and trading right entitlement certificate are considered to have an indefinite useful life and are stated at acquisition cost. The carrying amount of these assets is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gain and loss on disposal, if any, is taken to the profit and loss account.

4.4 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase as follows.

Held-to-maturity

Investment with fixed maturities where management has both the intent and ability to hold to maturity, are classified as held-to-maturity investments. These investments are carried at amortized cost.

Available-for-sale

These are investments intended to be held for an indefinite period to time, which may be sold in response to needs for liquidity or changes in equity prices. Subsequent to initial measurement, these are re-measured to fair value except for unquoted investments which are stated at cost. Net gains and losses arising on changes in fair value of these investments are recognized directly in equity. On derecognition or impairment in available-for-sale investments, the cumulative gain or loss previously recognized in equity is included in the profit and loss account for the year.

Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial recognition, these investments are remeasured at fair value and gains or losses are recognized in profit and loss account.

4.5 Repurchase / Resale Agreements

The Company enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reserve repos) are not recognised in the balance sheet. Amounts paid under these arrangements are included in reverse repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repos agreement.

4.6 Trade debts and fund placements

In accordance with good accounting practices the company provides fully against the trade debts and fund placements for which no security is available without prejudice to its right to take appropriate legal and commercial action for the recovery of the said trade debts and fund placements.

4.7 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.8 Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the realised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.10 Taxation

4.10.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any. For income covered under Final Tax Regime, taxation is based on applicable tax rates under such regime.

4.10.2 Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences, unused tax assets and unused tax losses can be utilised.

4.11 Revenue recognition

- Brokerage commission is recognized as and when services are provided.
- Income from placements of funds is recognized on time proportionate basis.
- Mark-up on over due balances is recognized on accrual basis.
- Underwriting commission is recognized when the agreement is executed.
- Dividend income is recognized when right to receive the same is established.
- Gain / loss arising on disposal of investments is included in income currently and is accounted for on the date at which the transaction takes place.
- Profit of bank accounts is recognized on accrual basis.
- Corporate Advisory Fee is recognized on accrual basis.

5 Accounting Estimates and Judgments

The preparation of financial statements requires management to make jundgements, 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 result of which forms the basis of making judgment about carrying values of assets and liablilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
IAS 27 (Revised 2011) - Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10
IAS 28 (Revised 2011) - Investments in Association and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
IFRS 10 - Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.
IFRS 11 - Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 - Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 - Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers

7 Property and Equipments

	Office Premises	Furniture & Fixtures	Computer & Allied	Air Conditioners	Vehicles	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis						
Year ended June 30, 2015						
Opening net book value (NBV)	522,500	78,458	87,587	12,292	376,308	1,077,145
Additions (at cost)	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(52,250)	(11,769)	(26,276)	(1,844)	(56,446)	(148,585)
Closing net book value (NBV)	**470,250**	**66,689**	**61,311**	**10,448**	**319,862**	**928,560**
Gross carrying value basis						
As at June 30, 2015						
Cost	577,500	202,678	621,148	38,000	1,435,500	2,874,826
Accumulated depreciation	(107,250)	(135,989)	(559,837)	(27,552)	(1,115,638)	(1,946,266)
Net book value (NBV)	**470,250**	**66,689**	**61,311**	**10,448**	**319,862**	**928,560**
Net carrying value basis						
Year ended June 30, 2014						
Opening net book value (NBV)	522,500	67,804	125,125	14,461	470,385	**1,200,275**
Additions (at cost)	27,500	24,500	-	-	-	**52,000**
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(27,500)	(13,846)	(37,538)	(2,169)	(94,077)	**(175,130)**
Closing net book value (NBV)	**522,500**	**78,458**	**87,587**	**12,292**	**376,308**	**1,077,146**
Gross carrying value basis						
As at June 30, 2014						
Cost	577,500	202,678	621,148	38,000	1,435,500	**2,874,826**
Accumulated depreciation	(55,000)	(124,220)	(533,561)	(25,708)	(1,059,192)	**(1,797,681)**
Net book value (NBV)	522,500	78,458	87,587	12,292	**376,308**	**1,077,146**
Depreciation rates (%)	10	15	30	15	15	

		Note	Rupees 2015	Rupees 2014
8	**Intangibles**			
	Trading Right Entitlement Certificate - Karachi Stock Exchange Limited	9.1	24,543,000	24,543,000
	Less: Impairment Loss		(9,543,000)	-
			15,000,000	**24,543,000**
9	**Long Term Investments**			
	Available for sale - unquoted			
	Investment in shares of Karachi Stock Exchange Limited	9.1	65,457,000	65,457,000
	Less: Impairment Loss		(25,383,170)	-
			40,073,830	**65,457,000**

9.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act) the ownership in a Stock Exchange has been segregated from the right to trade on the Exchange. Accordingly, the Company has received equity shares of KSE and a Trading Right Entitlement (TRECs) in lieu of membership card of KSE. The company's entitlement in respect of KSE's shares is determined on the basis of valuation of assets and liabilities of KSE as approved by SECP and the Company has been allotted 4,007,383 shares of the face value of Rs. 10/- each, out of which 2,404,430 are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

Impairment loss have been recognised on carrying values of TREC which is brought to Rs. 15 Million being value assigned by KSE for BMC purpose and shares at face value of Rs 10 each.

		Note	Rupees 2015	Rupees 2014
10	**Long-term Deposits**			
	Karachi Stock Exchange Limited		104,809	100,000
	Central Depository Company		5,000	5,000
	National Clearing Company Pakistan Limited		200,000	200,000
			309,809	**305,000**
11	**Trade Receivables**			
	Unsecured considered good			
	- from clients		3,338,993	4,916,953
	-from Clearing House		57,170	-
			3,396,163	**4,916,953**
12	**Advances, deposit & other receivable**			
	Exposure Deposit in Karachi Stock Exchange Limited		7,000,000	6,000,000
	Advance Tax		1,397,917	1,018,466
	Other Receivables		-	730,222
			8,397,917	**7,748,688**
13	**Cash & Bank balances**			
	Cash In hand		39,969	24,960
	Cash at Bank		28,705,114	19,744,235
			28,745,083	**19,769,195**

	Note	Rupees 2015	Rupees 2014

14 Issued, subscribed & Paid-up-Capital

Ordinary Shares of Rs. 10 /- each

2015	2014		Rupees 2015	Rupees 2014
1,000	1,000	Ordinary shares of Rs. 10 each fully paid in cash	10,000	10,000
9,000,000	9,000,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.	90,000,000	90,000,000
9,001,000	**9,001,000**		**90,010,000**	**90,010,000**

The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

15 Long Term Loan

	Rupees 2015	Rupees 2014
From Director	5,452,000	5,452,000

The director have provided markup free loan to the company for which repayment terms have not been maintained.

16 Accrued Expenses and Other liabilities

	Rupees 2015	Rupees 2014
Accrued Expenses	66,521	55,911
Provision for Taxation	831,642	831,642
Workers' Welfare Fund Payable	108,353	-
Other Liabilities	15,209	1,173
	1,021,725	**888,726**

17 Contingencies and Commitment

There is no contingencies and commitment during the year. (2014 : Nil)

18 Operating Revenue

	Rupees 2015	Rupees 2014
Brokerage Commission	8,793,647	6,672,460
Dividend Income	1,202,215	741,366
	9,995,861	**7,413,825**

19 Administrative Expenses

	Rupees 2015	Rupees 2014
Directors' Remuneration	777,500	710,000
Staff Salaries & Allowances	1,722,000	1,544,600
Utilities & Communication	147,311	191,862
Rent, Rates & Taxes	29,800	-
Fees & Subscription	90,325	358,493
Service Transaction Charges	1,254,952	517,299
Audit Fee	100,000	60,000
Legal & Professional	54,150	164,240
Professional Tax	50,300	50,300
Printing and Stationary	46,980	17,238
Repair & Maintenance	126,250	154,450
Travelling & Conveyance	240,000	75,525
Entertainment	246,530	168,000
Postage & Courier	5,600	3,855
Vehicle Running	252,000	192,000
Insurance	-	42,000
Depreciation	148,585	175,129
Misc. & General	798,734	480,960
	6,091,017	**4,905,951**

	Note	Rupees 2015	Rupees 2014
20 Financial Charges			
Bank Charges		11,484	8,453
		11,484	**8,453**
21 Other Charges			
Impairment Loss		34,926,170	-
Workers' Welfare Fund		108,353	-
		35,034,523	-
22 Other Income			
IPO Commission		865,360	-
Exposure income (KSE)		651,612	406,244
		1,516,972	**406,244**
23 Taxation			
Current		1,433,305	831,642
Prior		-	-
		1,433,305	**831,642**

23.1 Income tax returns of the company have been finalized upto and including the tax year 2014, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

24 Earning(/Loss) per share- basic & diluted	Rupees 2015	Rupees 2014
Profit/ (Loss) after taxation	(31,057,495)	2,074,023
Weighted average number of shares at the end of the year	9,001,000	9,001,000
	(3.450)	**0.23**

25 Remuneration of Directors and Chif Executive

	2015		2014	
	Chief Executive	Directors	Chief Executive	Directors
Remuneration	**420,000**	**357,500**	**360,000**	**350,000**
Number of person(s)	1	1	1	1

26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

26.1 Financial Instruments by category

26.1.1 Financial Assets

	2015			
	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Total
Long term loans, advances & deposits	-	-	309,809	309,809
Short term investments	-	-	-	-
Trade debts - unsecured	-	-	3,396,163	3,396,163
Short term deposits, advances & other receivables	-	-	8,397,917	8,397,917
Cash and bank balances	-	-	28,745,083	28,745,083
	-	-	**40,848,972**	**40,848,972**

	2014			
	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Total
Long term loans, advances & deposits	-	-	305,000	305,000
Short term investments	-	-	-	-
Trade debts - unsecured	-	-	4,916,953	4,916,953
Short term deposits, advances & other receivables	-	-	7,748,688	7,748,688
Cash and bank balances	-	-	19,769,195	19,769,195
	-	-	**32,739,836**	**32,739,836**

26.1.2 Financial Liabilities

	2015		
	Amortised cost	At fair value through profit or	Total
Creditors, accrued expenses and other liabilities	23,998,168	-	23,998,168
	23,998,168	-	**23,998,168**

	2014		
	Amortised cost	At fair value through profit or	Total
Creditors, accrued expenses and other liabilities	19,906,291	-	19,906,291
	19,906,291	-	**19,906,291**

27 Financial Risk Management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

27.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest Rate Risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by Rs. **Nil** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity Price Risk

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by Rs. **Nil** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

27.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2015					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Creditors, accrued expenses and other liabilities	23,998,168	23,998,168	23,998,168	-	-	-
	23,998,168	**23,998,168**	**23,998,168**	**-**	**-**	**-**

	2014					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Creditors, accrued expenses & other liabilities	19,906,291	19,906,291	19,906,291	-	-	-
	19,906,291	**19,906,291**	**19,906,291**	-	-	-

27.3 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 into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits 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 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 policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised 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. All transactions are settled / paid for upon delivery.The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2015	Rupees 2014
Long term loans, advances & deposits	309,809	305,000
Short term investments	-	-
Trade debts - unsecured	3,396,163	4,916,953
Short term deposits, advances & other receivables	8,397,917	7,748,688
Cash and bank balances	28,745,083	19,769,195
	40,848,972	**32,739,836**

27.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processess, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks suc as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

27.5 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets at fair value through profit and loss

	2015			
	Level 1	Level 2	Level 3	Total
Listed securities	-	-	-	-
	-	-	-	-
Available for sale				
Investment in shares of Karachi Stock Exchange Limited		-	40,073,830	40,073,830
	-	-	**40,073,830**	**40,073,830**

Financial assets at fair value through profit and loss

	2014			
	Level 1	Level 2	Level 3	Total
Listed securities	-	-	-	-
	-	-	-	-
Available for sale				
Investment in shares of Karachi Stock Exchange Limited		-	65,457,000	65,457,000
	-	-	**65,457,000**	**65,457,000**

27.6 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

28 **Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party a exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel, staff provident fund and financial institution having nominee on the Board of Directors.

29 **Date of Authorization For Issue**

These financial statements have been authorized for issue by the Board of Directors of the Company on 16 SEP 2015.

30 **General**

30.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

30.2 Figures have been rounded off to the nearest rupee.

Karachi
Dated : 16 SEP 2015

Chief Executive

Director