

**HORIZON SECURITIES LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

HORIZON SECURITIES LIMITED

THE CERTIFICATE HOLDER: Lahore Stock Exchange Limited

Directors' Report

On behalf of the Board of Directors of Horizon Securities Limited, I am pleased to present the Audited Annual Financial Statements of your Company for the year ended on June 30, 2015 together with auditor's report thereon.

ECONOMIC REVIEW

During the Financial Year 2014-2015, Pakistan's GDP shown a growth of 4.24% compared to 4.03% in the last year. The key driver of economic growth was the services sector registering a growth of 4.98% against 4.50% in the same period last year making up 58% of the total GDP. Industrial sector lagged behind seeing miniscule growth of 3.6% against 4.45% last year. Agriculture was the slowest sector of all seeing a slight increase from last year from 2.7% to 2.9% for the year. In relation to this, the fiscal deficit inched a little higher at 5% compared to a target of 4.9% as the expenditure was reduced to 15.3% of the GDP. In terms of the expenditure, markup and defense was the heaviest burden on the budget followed by subsidies provided to different sectors. In terms of the external sector, the external deficit of the country fell to US\$2.3 billion due to reduction in services based imports and strong remittances for the period. With current account deficit steadily falling for the last couple of years, inflows and loans received by the government have improved the foreign exchange reserves of the country. In terms of inflation, the actual performance of 3.2% was lower than the market expectations and the 8.2% inflation seen last year. The CPI dipped to a decade low of 2.1% due to fall in fuel prices as crude oil saw a global meltdown in prices.

EQUITY MARKET REVIEW

During the year, the KSE-100 index saw a return of 16% for the financial year and a 5 year return of 30%. The index was able to show another year of double digit return despite the political tensions that were present in the country. This was the 5th consecutive year where the index saw double digit return. The index gained a total of 4,746 points during the year and the volume traded on the market increased by 27% based on year to year comparison. The key investments was seen in blue chip companies while certain side board scripts also saw interest from investors based on their improvement in performance. The index saw momentum gain based on last year's performance due to better foreign exchange reserves increasing to US \$18.5 billion compared to US \$14.1 billion last year.

The economy also saw the issuance of sukuk bonds in the international market and investment in infrastructure development which bodes well for the economy and the equity market. As the index saw a rise over the year, there was an outflow of international investors as they booked their profits in the period. The key sectors which saw growth for the year were automobile and parts which saw an increase of 94%, pharma and bio-tech which saw an

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increase of 73%, electricity saw an increase of 63% and construction and materials and chemicals which saw an increase of 47% and 41% respectively. The sectors which lagged behind included oil and gas due to the crude price breakdown seeing a negative return of -25%, telecom saw a return of -19% and banks which saw a return of -6% due to high tax levied on them. The index is reaching new all-time highs as it is still trading at an attractive forward P/E ratio of 9.2 times and a dividend yield of 5.4% compared to a regional P/E of 14 times and dividend yield of 2%. It can be expected that in the next financial year will reach 36,500 yielding a return of 20 to 25%.

Company's Financial Overview

Following are the comparative financial results for the year 2015 and 2014

	2015 Rs.	2014 Rs.
Gross Revenue / (Loss)	46,854,610	70,142,120
Profit / (Loss) before tax	16,348,971	44,112,510
Profit/ (Loss) after tax	16,981,940	37,293,026
Total Equity	91,749,159	74,615,304
Earning Per share	3.09	6.78

We report a decrease in the revenues of the Company that are Rs.46, 854,610 (2014: Rs 70,142,120). This decrease in revenue is due to loss on sale of investment which is Rs. 18,673,293 as compared to gain of Rs. 47,313,091 of last year. The admin and operating expenses are Rs. 24,362,995 (2014: Rs. 22,287,226). There is a also increase in financial charges which are 5, 794,721 (214: Rs. 3,742,384). Despite above We are pleased to report profit after tax as Rs. 16,981,940 (2014: 37,293,026) The Earning per share is of Rs. 3.09 as compared to Earning per share of Rs. 6.78 of last year

Future Outlook

On brokerage side we are continuously in the process of building a solid clientele base by adding the new clients and also enhancing the business volumes from the exiting clientele. On investment side we have built quality portfolio which will benefit the Company by dividends and capital gains both. The process of controlling and monitoring the expenses will remain one of our top priorities. We hope to have good revenues from brokerage, capital gains and dividends in next years and are confident for the bright future of the Company

Keeping in view the fund requirement of the Company the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves.

HORIZON SECURITIES LIMITED

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Corporate and Financial Reporting Framework

The directors are pleased to confirm that:

- The Financial Statements together with the notes thereon have been drawn up by the management of the company in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, results of its operations, cash flows and changes in equity.
- Proper Books of Account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- The auditor's report does not contain any reservation, observation, any qualification or any adverse remarks.
- The system of internal control is sound and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There is not material statutory payment outstanding on account of taxes, duties, levies and charges.
- The company has not made any default in the payments of its debts or obligations
- There have been no material changes since June 30, 2015 and the company has not entered into any commitment, which would affect its financial position at the date.
- The pattern of shareholding as on June 30, 2015 is attached

Auditors

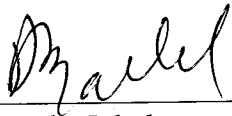
The present Auditors Messrs. Hameed Chaudhri & Co, Chartered Accountants, will retire on the conclusion of Annual General Meeting and being eligible, have offered themselves for reappointment. The BOD has recommended their reappointment as auditors of the Company for the year ending on June 30, 2016, at a fee to be mutually agreed.

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Acknowledgement

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We also record our appreciation and thanks to our Bankers & Financial Institution, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and the Management of Lahore Stock Exchange Limited for their continued support and guidance for the growth of the company.



Dr. Zafar Iqbal
Chairman & CEO

Place: Lahore

Date: Sep 29, 2015



HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HORIZON 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).

LAHORE; 29 SEP 2015

Audit Engagement Partner: Osman Hameed Chaudhri

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

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HORIZON SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Assets			
Non current assets			
Property, plant and equipment	4	6,516,045	8,415,978
Intangible assets	5	11,804,810	11,805,644
Long term investment	6	9,790,110	9,638,195
Security deposits	7	1,436,500	1,436,500
		<u>29,547,465</u>	<u>31,296,317</u>
Current assets			
Trade receivables	8	54,098,877	68,105,715
Advances and prepayments	9	2,313,376	2,259,776
Short term investments	10	199,587,525	154,799,592
Tax deducted at source, income tax refundable		2,981,554	667,104
Cash and bank balances	11	47,438,952	2,514,857
		<u>306,420,284</u>	<u>228,347,044</u>
Total Assets		<u>335,967,749</u>	<u>259,643,361</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
11,000,000 ordinary shares of Rs.10 each		<u>110,000,000</u>	<u>110,000,000</u>
Issued, subscribed and paid-up capital			
5,500,000 ordinary shares of Rs.10 each		55,000,000	55,000,000
Fair value loss on remeasurement of available-for-sale investments		(18,405,080)	(18,556,995)
Unappropriated profit		<u>55,154,239</u>	<u>38,172,299</u>
		<u>91,749,159</u>	<u>74,615,304</u>
Liabilities			
Non current liabilities			
Long term loan	12	3,700,000	-
Loans from related parties	13	102,460,600	111,360,600
Liabilities against assets subject to finance lease	14	1,760,937	305,309
		<u>107,921,537</u>	<u>111,665,909</u>
Current liabilities			
Current portion of liabilities against assets subject to finance lease	14	1,039,802	311,957
Trade payables	15	58,689,473	57,562,362
Accrued and other liabilities	16	9,749,281	4,283,252
Short term borrowings	17	66,818,497	10,346,881
Taxation	18	-	857,696
		<u>136,297,053</u>	<u>73,362,148</u>
Total Liabilities		<u>244,218,590</u>	<u>185,028,057</u>
Contingencies and commitments	19		
Total Equity and Liabilities		<u>335,967,749</u>	<u>259,643,361</u>

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


Chief Executive

HCC


Director


**HORIZON SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
Operating revenue	20	21,718,284	12,432,621
(Loss) / gain on sale of short term investments - net		(18,673,293)	47,313,091
Fair value gain on remeasurement of investments through profit or loss		41,729,471	10,396,408
Other income	21	2,080,148	-
		<u>46,854,610</u>	<u>70,142,120</u>
Administrative and operating expenses	22	(24,362,995)	(22,287,226)
Other expenses	23	(347,923)	-
Finance cost	24	(5,794,721)	(3,742,384)
Profit before taxation		<u>16,348,971</u>	<u>44,112,510</u>
Taxation			
Current	18	(1,052,457)	(6,724,424)
Prior year		1,685,426	(95,060)
		<u>632,969</u>	<u>(6,819,484)</u>
Profit after taxation		<u>16,981,940</u>	<u>37,293,026</u>
Earnings per share - basic	25	<u>3.09</u>	<u>6.78</u>

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


Chief Executive

HCC


Director

**HORIZON SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014
Note	Rupees	Rupees
Profit after taxation	16,981,940	37,293,026
Other Comprehensive Income / (Loss)		
Items that may be reclassified subsequently to profit and loss account		
Fair value gain / (loss) on remeasurement of available for sale investment	6 151,915	(18,556,995)
Total comprehensive income for the year	<u>17,133,855</u>	<u>18,736,031</u>

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


Chief Executive




Director

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

	2015 Rupees	2014 Rupees
Cash flow from operating activities		
Profit before taxation	16,348,971	44,112,510
Adjustments for non-cash charges and other items:		
Depreciation	1,374,093	489,162
Amortization	834	17,832
Fair value gain on remeasurement of investments through profit or loss	(41,729,471)	(10,396,408)
Finance cost	5,794,721	3,742,384
(Loss) / profit before working capital changes	(18,210,852)	37,965,480
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Trade receivables	14,006,838	(25,776,396)
Advances and prepayments	(53,600)	(1,669,000)
Short term investments - net	(3,058,462)	(86,000,905)
Increase in current liabilities:		
Trade payables	1,127,111	3,693,758
Accrued and other liabilities	4,706,568	2,304,639
	16,728,455	(107,447,904)
Cash used in operations	(1,482,397)	(69,482,424)
Income tax paid	(2,539,177)	(6,127,022)
Net cash used in operating activities	(4,021,574)	(75,609,446)
Net cash generated from / (used in) investing activities - fixed capital expenditure	525,840	(4,339,804)
Cash flow from financing activities		
Long term loan	3,700,000	-
Loans from related parties - obtained	-	80,000,000
- adjusted / repaid	(8,900,000)	(1,500,000)
Lease finances - net	2,183,473	(263,282)
Short term borrowings - net	56,471,616	7,272,888
Finance cost paid	(5,035,260)	(3,957,449)
Net cash generated from financing activities	48,419,829	81,552,157
Net increase in cash and cash equivalents	44,924,095	1,602,907
Cash and cash equivalents - at beginning of the year	2,514,857	911,950
Cash and cash equivalents - at end of the year	47,438,952	2,514,857

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


Chief Executive

HCC



Director

**HORIZON SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

	Share capital	Fair value (loss) / gain on remeasurement of available-for-sale investments	Unappropriated profit	Total
----- Rupees -----				
Balance as at June 30, 2013	55,000,000	-	879,273	55,879,273
Total comprehensive income for the year ended June 30, 2014				
Profit for the year	-	-	37,293,026	37,293,026
Other comprehensive loss	-	(18,556,995)	-	(18,556,995)
	-	(18,556,995)	37,293,026	18,736,031
Balance as at June 30, 2014	55,000,000	(18,556,995)	38,172,299	74,615,304
Total comprehensive income for the year ended June 30, 2015				
Profit for the year	-	-	16,981,940	16,981,940
Other comprehensive income	-	151,915	-	151,915
	-	151,915	16,981,940	17,133,855
Balance as at June 30, 2015	55,000,000	(18,405,080)	55,154,239	91,749,159

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


Chief Executive

HCC


Director

HORIZON SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND OPERATIONS

Horizon Securities Limited (the Company) was incorporated in Pakistan on January 08, 2007 as a Single Member Company under the Companies Ordinance, 1984. The Company was incorporated pursuant to the corporatisation policy of the Securities and Exchange Commission of Pakistan to enable the individual members of Stock Exchanges to transfer their membership along with all entitlements related thereto to a corporate entity. The status of the Company has been first converted into a Private Limited Company with effect from May 27, 2011 and then a Public Limited Company with effect from June 27, 2011.

The Company is a Trading Right Entitlement Certificate holder (formerly corporate member) of the Lahore Stock Exchange Limited (formerly Lahore Stock Exchange (Guarantee) Limited). The Company is principally engaged in shares brokerage & trading and consultancy services. The Company during the current year has changed its registered office address from HM House, 7-Bank Square, Off The Mall, Lahore to Suite. No. 22, 2nd Floor, Al-Hafeez View, 67 D-1, Sir Syed Road, Liberty Commercial Zone, Gulberg III, Lahore.

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) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Changes in accounting standards and interpretations

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2014:

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

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

- (a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.
- (b) IFRS 12 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.
- (c) IFRS 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.
- (d) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

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

2.5 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of depreciable assets and provision for impairment there against [note 3.1, 3.2 and 3.3];
- (ii) Classification and valuation of investments [note 3.4];
- (iii) Provision for taxation [note 3.8] and
- (iv) Provisions [note 3.9].

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income by applying reducing balance method at the rates specified in note 4.1. Depreciation on additions to fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

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

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

3.2 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rates stated in note 4.1 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to income currently.

3.3 Intangible assets

(a) Computer software

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight-line method over a period of three years.

Gain / loss on retirement / disposal of intangible assets is taken to profit and loss account.

(b) Trading Right Entitlement Certificate / Stock Exchange Membership Card

Previously Membership card with indefinite useful life was stated at cost less accumulated impairment losses, if any. The carrying amount of membership card was ascertained at each balance sheet date and any impairment loss identified was taken to the profit and loss account. However, during the financial year ended June 30, 2013, the stock exchange membership card was swapped under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 with the shares of Lahore Stock Exchange Limited and Trading Right Entitlement Certificate (note 5.2).

3.4 Investments

(a) Available for sale

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

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

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

(b) At fair value through profit and loss

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

3.5 Impairment losses

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

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

3.7 Trade and other payables

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

3.8 Taxation

(a) Current and prior year

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

(b) Deferred

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

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

3.9 Provisions

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

3.10 Borrowings and borrowing costs

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

3.11 Revenue recognition

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

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

3.12 Financial instruments

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

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

3.13 Off-setting of financial assets and liabilities

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	4.1	6,516,045	2,603,934
Work-in-progress - advance payments against:			
- building		-	3,188,280
- vehicle		-	2,623,764
		-	5,812,044
		6,516,045	8,415,978

4.1 OPERATING FIXED ASSETS - Tangible

Particulars	Cost			Rate	Depreciation			Book value as at June 30, 2015		
	As at June 30, 2014	Additions	(Deletions)		As at June 30, 2015	For the year	(Deletions)			
	----- Rupees -----			%	----- Rupees -----					
Owned:										
Buildings	-	4,263,280	(4,263,280)	-	-	-	-	-		
Furniture and fixtures	935,199	-	-	935,199	10	407,194	52,801	459,995	475,204	
Office equipment	954,451	-	-	954,451	10	376,013	57,844	433,857	520,594	
Electric installations	472,917	-	-	472,917	10	195,222	27,770	222,992	249,925	
Computers	888,250	144,600	-	1,032,850	30	695,499	85,900	781,399	251,451	
Vehicle	102,000	-	(102,000)	-	20	29,920	3,604	(33,524)	-	
Leased:										
Vehicles	1,963,332	5,210,080	-	7,173,412	20	1,008,367	1,146,174	-	2,154,541	5,018,871
2015	5,316,149	5,354,680	(102,000)	10,568,829		2,712,215	1,374,093	(33,524)	4,052,784	6,516,045
2014	5,288,149	28,000	-	5,316,149		2,223,053	489,162	-	2,712,215	2,603,934

5. INTANGIBLE ASSETS

	Note	2015 Rupees	2014 Rupees
Computer Software - at book value	5.1	-	834
Trading Right Entitlement Certificate	5.2	11,804,810	11,804,810
		11,804,810	11,805,644

5.1 Computer software

Opening book value	834	18,666
Amortisation for the year	(834)	(17,832)
Book value at June 30,	-	834
Gross carrying value at June 30,		
Cost	511,140	511,140
Accumulated amortisation	511,140	510,306
Book value	-	834
Amortisation rate - % per annum	33.33	33.33

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

6.	LONG TERM INVESTMENT - available for sale	2015	2014
		Rupees	Rupees
	Lahore Stock Exchange Limited (LSE)		
	843,975 ordinary shares of Rs.10 each	28,195,190	28,195,190
	Adjustment on remeasurement to fair value	(18,405,080)	(18,556,995)
		<u>9,790,110</u>	<u>9,638,195</u>
6.1	As at June 30, 2015, out of total shares, 506,385 shares have been kept in a blocked account as detailed in note 5.2.		
6.2	Shares have been valued on the basis of latest available net asset value per share of Rs.11.60 as at December 31, 2014. This value was determined by the Board of Directors of the LSE and circulated vide their notice no.2081 dated April 28, 2015.		
7.	SECURITY DEPOSITS	2015	2014
	Note	Rupees	Rupees
	Deposits with:		
	- LSE	880,000	880,000
	- Central Depository Company of Pakistan	100,000	100,000
	- National Clearing Company of Pakistan	300,000	300,000
	- Others	156,500	156,500
		<u>1,436,500</u>	<u>1,436,500</u>
8.	TRADE RECEIVABLES		
	Due from:		
	- director	1,744,801	413,485
	- related parties	7,449,226	9,258,856
	- other customers	44,904,850	58,433,374
		<u>54,098,877</u>	<u>68,105,715</u>
9.	ADVANCES AND PREPAYMENTS		
	Advances to employees	1,588,952	2,205,584
	Prepayments	724,424	54,192
		<u>2,313,376</u>	<u>2,259,776</u>
10.	SHORT TERM INVESTMENTS -		
	At fair value through profit or loss		
	Quoted	10.1 199,559,881	154,773,981
	Mutual fund	10.2 27,644	25,611
		<u>199,587,525</u>	<u>154,799,592</u>

10.1 At fair value through profit or loss - Quoted

No. of shares		Name of the Company	Market value	
2015	2014		2015	2014
			----- Rupees -----	
		Archroma Pakistan Ltd. (formerly Clariant Pakistan Ltd.)	9,136	6,330
20	20			
350	350	Arif Habib Ltd.	24,364	21,392
-	1,017,500	Askari Bank Ltd.	-	19,342,675
1,049,000	-	Askari General Insurance Ltd.	32,498,020	-
8,700	12,200	Attock Refinery Ltd.	1,987,515	2,596,892
-	2,000	Ayesha Steel Ltd. Pref. Shares	-	14,060
1,000	1,000	Dawood Hercules Chemicals Ltd.	116,770	71,510
-	90	Engro Fertilizers Ltd.	-	5,189
1,000	1,000	Engro Foods Ltd.	151,440	102,530
110	110	Engro Polymer & Chemicals Ltd.	1,077	1,507
-	154,000	Escorts Investment Bank Ltd.	-	423,500
100	100	Gadoon Textile Mills Ltd.	16,476	25,617
1,512	512	Ghani Gases Ltd.	42,790	12,769
525	525	Ghani Glasses Ltd.	45,575	27,048
500	500	Ibrahim Fibres Ltd.	38,425	35,930
-	283,000	International Steels Mills Ltd.	-	6,523,150
7,100,000	5,500,000	JS Bank Ltd.	52,398,000	30,305,000
-	4,000,000	K - Electric Ltd.	-	33,960,000
206,000	-	Mughal Steel	11,585,440	-
		MCB-Arif Habib Saving & Investment Ltd.	6,435,000	-
214,500	-			
35	55	Murree Brewery Co. Ltd.	32,550	50,600
-	499,000	NIB Bank Ltd.	-	1,102,790
989,500	-	Nishat Chunia Ltd.	36,344,335	-
7,800	-	Nishat Mills Ltd.	890,994	-
800	800	Nishat Power Ltd.	46,832	28,096
904,500	901,500	ORIX Leasing Pakistan Ltd.	55,825,740	30,596,910
-	200,000	Pak Electron Ltd.	-	5,080,000
500	1,000	Pakistan Gum & Chemicals Ltd.	83,190	145,810
22,500	100,000	Pakistan Intl. Bulk Terminal Ltd.	805,500	1,438,000
-	100,000	Pakistan Petroleum Ltd.	-	21,392,000
290	290	Pakgen Power Ltd.	8,703	5,382
-	600	Pakistan State Oil	-	231,150
-	22,500	Pioneer Cement Ltd.	-	1,049,850
28	20	Searle Pakistan Ltd.	8,979	3,617
51	51	Shell Pakistan Ltd.	12,901	14,417
500	500	Sitara Chemical Industries Ltd.	150,100	147,025
-	1,500	The Bank of Punjab	-	13,215
1	1	United Distributors Pakistan Ltd.	29	20
10,509,822	12,800,724		199,559,881	154,773,981

- 2,551,800 (2014: 8,366,255) shares are held by brokers as margin for trading.

- 6,119,390 (2014: 3,589,190) shares are pledged against short term borrowings.

10.2 At fair value through profit or loss - Mutual fund

2015 No. of units	2014 No. of units	Note	2015 Rupees	2014 Rupees
MCB Cash Management Optimizer				
256.110	156.698	Balance at the beginning of year	25,611	15,831
-	99,451.801	Units purchased during the year	-	10,000,000
16.704	16.499	Add: bonus	1,670	-
-	(99,368.888)	Less: units redeemed during the year	-	(10,000,000)
		Balance at the end of year	27,281	15,831
		Adjustment arising from remeasurement to fair value	363	9,780
<u>272.814</u>	<u>256.110</u>		<u>27,644</u>	<u>25,611</u>

11. CASH AND BANK BALANCES

Cash in hand		14,085	65,521
Cash at banks on:			
- current accounts		47,424,449	2,448,918
- PLS saving account		418	418
		47,424,867	2,449,336
		47,438,952	2,514,857

12. LONG TERM LOAN

During the current year the Company has entered into an agreement with Mrs. Maria Amir dated April 22, 2015 in respect of loan amounting to Rs.3,700,000. This loan carries mark-up at the rate of 15% per annum and is repayable in lump sum on expiry of 5 years after April 21, 2020.

13. LOANS FROM RELATED PARTIES

Due to:			
- Directors	13.1	102,460,600	102,460,600
- Others	13.2	-	8,900,000
		102,460,600	111,360,600

13.1 These loans have been obtained from the Company's directors and are interest free. All the loans are repayable after June 30, 2016.

13.2 Movement in the account of loans from other related parties is as follows:

Opening balance	8,900,000	8,900,000
Less: balance transferred to trading accounts	(8,900,000)	-
Closing balance	-	8,900,000