



KPMG Taseer Hadi & Co.
Chartered Accountants

Taurus Securities Limited

Financial Statements
For the year ended
31 December 2014



KPMG Taseer Hadi & Co.
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed Balance Sheet of **Taurus Securities Limited** ("the Company") as at December 31, 2014 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 the 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 except for the change referred in the note 2.6 of these financial statements with which we concur;
 - 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 December 31, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and



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- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980, (XVIII of 1980).

Date: 27 March 2015

Karachi

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KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Taurus Securities Limited

Balance Sheet

As at December 31, 2014

	Note	2014 ----- (Rupees) -----	2013 -----
ASSETS			
Non-Current Assets			
Property and equipment	4	11,300,211	17,233,445
Intangible assets	5	1,738,382	88,803
Investment in shares of Karachi Stock Exchange Limited	6	11,000,000	11,000,000
Long term loans	7	13,000	2,183
Long term deposits	8	2,230,408	1,308,608
Deferred tax asset - net	9	2,017,389	1,773,229
		<u>28,299,390</u>	<u>31,406,268</u>
Current Assets			
Trade debts	10	61,836,603	477,603,827
Loans and advances	11	1,358,078	1,741,644
Deposits, prepayments and other receivables	12	18,865,517	70,408,401
Accrued interest income	13	2,680,363	1,633,632
Investments	14	161,211,996	178,613,509
Receivable against margin trading		5,519,225	3,177,294
Taxation - net	15	6,915,865	1,134,638
Cash and bank balances	16	134,093,308	79,815,878
		<u>392,480,955</u>	<u>814,128,823</u>
		<u>420,780,345</u>	<u>845,535,091</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	18	135,023,060	135,023,060
Reserves		164,240,669	173,733,150
Unrealised gain on re-measurement of available-for-sale investments		91,542	246,416
		<u>299,355,271</u>	<u>309,002,626</u>
Non-current Liabilities			
Liabilities against assets subject to finance lease	19	743,824	1,046,926
Current Liabilities			
Trade and other payables	20	120,377,040	505,415,443
Short term running finance	21	-	29,802,181
Current portion of liabilities against assets subject to finance lease	19	304,210	267,915
		<u>120,681,250</u>	<u>535,485,539</u>
		<u>420,780,345</u>	<u>845,535,091</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 35 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

Taurus Securities Limited
 Profit and Loss Account
 For the year ended December 31, 2014

	Note	2014 ----- (Rupees) -----	2013 -----
INCOME			
Brokerage and commission		82,929,424	92,432,807
Other operating income	23	<u>29,240,843</u>	<u>27,086,187</u>
		<u>112,170,267</u>	<u>119,518,994</u>
EXPENSES			
Administrative expenses	24	<u>(90,604,776)</u>	<u>(80,080,690)</u>
Other operating expenses	25	<u>(873,107)</u>	<u>(1,840,659)</u>
Finance cost	26	<u>(1,467,857)</u>	<u>(1,556,717)</u>
		<u>(92,945,740)</u>	<u>(83,478,066)</u>
PROFIT BEFORE TAXATION		<u>19,224,527</u>	<u>36,040,928</u>
Taxation	27	<u>(3,301,799)</u>	<u>(9,706,598)</u>
PROFIT FOR THE YEAR		<u>15,922,728</u>	<u>26,334,330</u>
Earnings per share - basic and diluted	28	<u>1.18</u>	<u>1.95</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR

Taurus Securities Limited
Statement of Comprehensive Income
For the year ended December 31, 2014

	2014	2013
	----- (Rupees) -----	
Profit for the year	15,922,728	26,334,330
<i>Other comprehensive income</i>		
<i>Items to be reclassified to profit or loss in subsequent periods</i>		
Unrealised gain / (loss) on re-measurement of available-for-sale investments	(232,523)	211,083
Deferred tax on re-measurement of available-for-sale investments	77,649	(70,145)
	(154,874)	140,938
<i>Items that will never be reclassified to profit or loss</i>		
Remeasurements of defined benefit asset / (liability)	(3,673,566)	1,041,658
Current tax charge	1,212,277	(354,164)
	(2,461,289)	687,494
Total comprehensive income for the year	<u>13,306,565</u>	<u>27,162,762</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

Taurus Securities Limited
Statement of Cash Flows
For the year ended December 31, 2014

	2014	2013
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,224,527	36,040,928
Adjustments for:		
Depreciation	4,442,971	4,867,082
Amortisation	107,671	68,204
Actuarial gain / (loss) recognized in other comprehensive income	(3,673,566)	1,041,658
Gain on disposal of property and equipment	(45,729)	(600,914)
Finance cost	1,467,857	1,556,717
Profit on bank deposits and term deposit receipts	(12,529,783)	(12,444,278)
Unrealized (gain) / loss on investments classified as fair value through profit and loss	(182,037)	1,119,840
	<u>(10,412,616)</u>	<u>(4,391,691)</u>
Operating profit before working capital changes	8,811,911	31,649,237
(Increase) / decrease in operating assets:		
Trade debts	415,767,224	(367,691,641)
Loan and advances	383,566	(578,018)
Deposits, prepayments and other receivables	51,542,884	(32,938,910)
Receivable against margin trading	(2,341,931)	5,174,893
	<u>465,351,743</u>	<u>(396,033,676)</u>
	474,163,654	(364,384,439)
Increase / (decrease) in operating liabilities:		
Trade and other payables	(385,038,403)	384,499,757
Net Cash flows from operations	89,125,251	20,115,318
Tax paid	(8,037,260)	(9,027,071)
Financial charges paid	(1,467,857)	(1,556,717)
	<u>(9,505,117)</u>	<u>(10,583,788)</u>
Net cash flows from operating activities	79,620,134	9,531,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	17,351,027	(43,788,660)
Addition to property and equipment	(3,167,667)	(5,270,354)
Profit received on bank deposits and term deposit receipts	11,483,052	13,227,742
Long term loans to employees	(10,817)	21,200
Long term deposits paid	(921,800)	(235,200)
Sale proceeds from disposal of property and equipment	2,946,409	2,397,715
Net cash used in investing activities	<u>27,680,204</u>	<u>(33,647,557)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(266,807)	(192,159)
Short term running finance	(29,802,181)	-
Dividends paid	(22,953,920)	(6,751,153)
	<u>(53,022,908)</u>	<u>(6,943,312)</u>
Net increase / (decrease) in cash and cash equivalents	54,277,430	(31,059,339)
Cash and cash equivalents at beginning of the year	79,815,878	81,073,036
Cash and cash equivalents at end of the year	<u>134,093,308</u>	<u>50,013,697</u>
Cash and cash equivalents comprise		
Cash and bank balances	134,093,308	79,815,878
Short term running finance	-	(29,802,181)
	<u>134,093,308</u>	<u>50,013,697</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

Taurus Securities Limited
Statement of Changes in Equity
For the year ended December 31, 2014

	Issued, subscribed and paid-up capital	Reserves	Unrealised gain on remeasurement of available-for- sale investments	Total
	(Rupees)			
Balance as at January 01, 2013	135,023,060	153,462,479	105,478	288,591,017
<i>Total comprehensive income for the year</i>				
Profit for the year ended December 31, 2013	-	26,334,330	-	26,334,330
<i>Other comprehensive income</i>				
Unrealized gain on re-measurement of available-for-sale investments - net of tax	-	-	140,938	140,938
Remeasurements of defined benefit asset / (liability) - net of tax	-	687,494	-	687,494
	-	27,021,824	140,938	27,162,762
<i>Transactions with owners, recorded directly in equity</i>				
Dividend @ Rs. 0.5 per share		(6,751,153)		(6,751,153)
Balance as at December 31, 2013	135,023,060	173,733,150	246,416	309,002,626
<i>Total comprehensive income for the year</i>				
Profit for the year ended December 31, 2014	-	15,922,728	-	15,922,728
<i>Other comprehensive income</i>				
Unrealized gain / (loss) on re-measurement of available-for-sale investments - net of tax	-	-	(154,874)	(154,874)
Remeasurements of defined benefit asset / (liability) - net of tax	-	(2,461,289)	-	(2,461,289)
	-	13,461,439	(154,874)	13,306,565
<i>Transactions with owners, recorded directly in equity</i>				
Final cash dividend paid at Rs. 1.2 per share for the year ended December 31, 2013	-	(16,202,767)	-	(16,202,767)
Interim cash dividend paid at Rs. 0.5 per share	-	(6,751,153)	-	(6,751,153)
	-	(22,953,920)	-	(22,953,920)
Balance as at December 31, 2014	135,023,060	164,240,669	91,542	299,355,271

The annexed notes 1 to 35 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

Taurus Securities Limited
Notes to the Financial Statements
For the year ended December 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

Taurus Securities Limited (the Company) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984. The registered office of the Company is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. The Company is a subsidiary of National Bank of Pakistan, which holds 58.32% (2013: 58.32%) of the shareholding of the Company. The Company is engaged in the business of stock brokerage, investment counselling and fund placements. The Company holds a Trading Rights Entitlement (TRE) Certificate from Karachi Stock Exchange Limited (KSEL).

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 Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or directives issued there under differ with the requirements of IFRS and IFAS, the requirements of the Companies Ordinance, 1984 and said directives shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for available-for-sale investments, investments at fair value through profit and loss and commitments in respect of derivative financial instruments that are carried at fair value.

2.3 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2015:

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after July 01, 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of

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depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after January 01, 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after January 01, 2016.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 01, 2016.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 01, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after January 01, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 01, 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a
limited

remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [Amendments to IFRS 10 and IAS 28] (effective for annual periods beginning on or after January 01, 2016). The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual periods beginning on or after July 01, 2014). The new cycle of improvements contain amendments to the following standards:
 - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
 - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
 - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
 - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
 - IAS 24 'Related Party Disclosures'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
 - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

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- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above interpretation and amendments are not likely to have significant impact on the financial statements of the Company.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment relate to property and equipment (note 3.1), classification and valuation of investments and impairment there against, if any (note 3.6), employee benefit scheme (note 17) and taxation (note 3.4).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

3.1.1 Owned Assets

These are stated at cost less accumulated depreciation and accumulated impairment, if any.

Depreciation is charged applying the straight line method at the rates specified in Note 4 to these financial statements, which are considered appropriate to write off the cost of the assets over their useful economic lives.

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Proportionate depreciation is charged in respect of additions and disposals made during the year. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are determined by comparing the sale proceeds with the carrying values and are charged to profit and loss account.

3.1.2 Assets subject to finance lease

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. The related obligations under the lease are accounted for as liabilities. Depreciation is charged by applying the straight line method at the rate given in respective note to the financial statements. The finance charge is calculated at the rate implicit in the lease.

3.2 Intangible assets

These represent computer software, website developed and Trading Rights Entitlement (TRE) Certificate.

Computer software and website developed are recognized in the financial statements, if and only if, it is probable that the future economic benefits that are attributable to the assets will flow to the Company; and the cost of the assets can be measured reliably. These are carried at cost less accumulated amortization and impairment, if any. Amortization of computer software and website developed is charged to profit and loss account for the year on a straight line basis at the rates specified in note 5. The amortization period and the amortization method for intangible assets with finite useful are reviewed, and adjusted if appropriate, at each balance sheet date.

TRE Certificate is recorded at nil value as explained in note 5.

3.3 Ijarah

The Company accounts for assets under ijarah arrangements in accordance with IFAS-2 "Ijarah" whereby periodic ijarah payments for such assets are recognized as an expense in profit and loss account on straight line basis over the ijarah term.

3.4 Taxation

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any.

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Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.5 Trade debts and other receivables

Debts originated by the Company are recognized and carried at original invoice amount (which generally equals the fair value) less any amount written off or provision made for debts considered doubtful.

3.6 Investments

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account. All regular way purchases and sales of investments are recognized / derecognized on the trade date. These are classified and measured as follows:

Investments at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuations in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are re-measured at fair value. Gains or losses on re-measurement of these investments are recognized in the profit and loss account currently.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity. After initial recognition, these are measured at amortized cost less any provision for impairment.

Available-for-sale

Investments which are not classified in any of the preceding categories are classified as available-for-sale investments. After initial recognition, these investments are re-measured at fair value. Surplus / deficit arising from re-measurement are taken to other comprehensive income until the investments are sold / disposed-off or until the investments are determined to be impaired, at which time, cumulative gain or loss previously reported in the other comprehensive income is included in the current year's profit and loss account.

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3.6.1 Impairment of financial assets

Equity Securities

The Company assesses at each reporting date whether there is objective evidence that the financial asset is impaired. In case of equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired. If any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss account is reclassified from other comprehensive income to profit and loss account.

Debt Securities

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated recoverable amount. The recoverable amount represents present value of future cash flows discounted at original rate of return. An impairment is recognised in profit and loss account whenever the carrying value of asset exceeds its recoverable amount.

Non-Financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.7 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the profit and loss account.

3.8 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of securities are entered into at contracted rates for specified periods of time. These are considered to be financing transaction instead of real sale and purchase of securities and are accounted for as follows:

Repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in funds

under repurchase agreements. The difference between sale and repurchase price is treated as mark-up on repo transactions of quoted investments and accrued over the life of the repo agreement.

Reverse repurchase agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet as investments. Amounts paid under these agreements are recorded as 'Financing under reverse repo'. The difference between purchase and resale price is treated as mark-up on reverse repurchase transactions, as the case may be, and accrued over the life of the reverse repo agreement.

3.9 Securities under margin trading

Securities purchased under margin trading are included as 'receivable against margin trading' at the fair value of the consideration given. All margin trading transactions are accounted for on the settlement date. Income on margin trading is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

3.10 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

3.11 Revenue recognition

Brokerage and other income is accrued as and when earned.

Gain or loss on disposal of securities is taken to income in the period in which it arises.

Dividend income is recorded when the Company's right to receive payment is established.

Mark-up / interest from margin trading, reverse repurchase transactions and term deposit receipts is recognised on a time proportionate basis.

Other revenues are recognised on accrual basis.

3.12 Provision

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

3.13 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company and accordingly are not included in these financial statements.

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3.14 Staff retirement benefits

Accounting policy of defined benefit plans is as follows:

Gratuity scheme

The Company operates an approved and funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service of 5 years. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the balance sheet date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account.

Provident fund

The Company operates an approved funded provident fund scheme covering all its employees. Equal monthly contributions @ 10% of the basic salary are made by the Company and employees to the fund in accordance with the fund rules.

3.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of the cost of that asset.

3.16 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 instruments. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets or portion of financial assets, while a financial liability or part of financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and liabilities is taken to income currently.

3.17 Offsetting

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 recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

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4. PROPERTY AND EQUIPMENT

Net carrying value basis as at
December 31, 2014

	Owned					Leased Vehicles	Total
	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment		
Opening net book value	11,955,275	1,272,582	647,847	1,275,143	766,347	1,316,251	17,233,445
Additions / Transfer in	-	-	134,500	314,808	961,109	-	1,410,417
Disposals / write-off							
Cost	(7,136,429)	-	(26,035)	(337,970)	(145,816)	-	(7,646,250)
Accumulated depreciation	4,310,409	-	21,489	318,146	95,526	-	4,745,570
	(2,826,020)	-	(4,546)	(19,824)	(50,290)	-	(2,900,680)
Depreciation charge	(3,123,454)	(79,550)	(213,769)	(322,617)	(402,181)	-	(4,442,971)
Closing net book value	6,005,801	1,193,032	564,032	1,247,510	1,274,985	1,014,851	11,300,211
Cost	11,982,542	1,591,000	5,063,627	5,914,837	10,204,571	156,612	34,913,189
Accumulated depreciation	(5,976,741)	(397,968)	(4,499,595)	(4,667,327)	(8,929,586)	(156,612)	(24,627,829)
Net book value	6,005,801	1,193,032	564,032	1,247,510	1,274,985	1,014,851	11,300,211
Rate of depreciation (%)	20	5	10	20	33	20	20

Gross carrying value basis as at
December 31, 2014

	Owned					Leased Vehicles	Total
	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment		
Opening net book value	13,821,649	1,352,132	949,483	407,472	689,238	-	17,219,974
Additions / Transfer in	3,649,929	-	-	1,072,825	447,600	-	5,170,354
Disposals / write-off							
Cost	(5,000,940)	-	(96,300)	(135,250)	(9,000)	-	(5,241,490)
Accumulated depreciation	3,238,517	-	63,300	133,872	9,000	-	3,444,689
	(1,762,423)	-	(33,000)	(1,378)	-	-	(1,796,801)
Depreciation charge	(3,753,880)	(79,550)	(268,636)	(203,776)	(370,491)	-	(4,676,333)
Closing net book value	11,955,275	1,272,582	647,847	1,275,143	766,347	1,316,251	17,233,445

Gross carrying value basis as at
December 31, 2013

Cost	19,118,971	1,591,000	4,955,162	5,937,999	9,389,278	156,612	41,149,022
Accumulated depreciation	(7,163,696)	(318,418)	(4,307,315)	(4,662,856)	(8,622,931)	(156,612)	(25,231,828)
Net book value	11,955,275	1,272,582	647,847	1,275,143	766,347	1,316,251	17,233,445
Rate of depreciation (%)	20	5	10	20	33	20	20

* Building

The rights to occupy room no. 618 at Karachi Stock Exchange building were acquired through lease and license agreement for the purpose of the Company's business. The Karachi Stock Exchange Limited as the lessee of the building has sub-leased the said room in favour of the Company.

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4.1 Detail of disposal of property and equipment having net book value in excess of Rs. 50,000 each.

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyer	Mode of disposal
Vehicles						
Honda City i-vtec	1,404,190	1,124,121	280,069	280,069	Mr. Usman Taufeeq	Company policy
Toyota ISIS	2,060,167	650,850	1,409,317	1,409,317	Mr. Aftab Afroz	Company policy
Toyota Vitz	1,303,992	408,257	895,735	895,735	Mr. Aftab Afroz	Company policy
Suzuki Cultus	864,600	692,154	172,446	172,446	Mr. Masood Hussain	Company policy
Suzuki Cultus	879,750	811,298	68,452	68,452	Mr. Fahad Fazal	Company policy

5. INTANGIBLE ASSETS

	Trading Rights Entitlement (TRE) Certificate*	Computer Software	Total
	(Rupees)		
<i>Net carrying value basis as at December 31, 2014</i>			
Opening net book value	-	88,803	88,803
Additions during the year	-	1,757,250	1,757,250
Amortisation for the year	-	(107,671)	(107,671)
Closing net book value	-	1,738,382	1,738,382
<i>Gross carrying value basis as at December 31, 2014</i>			
Cost	-	6,280,707	6,280,707
Accumulated amortisation	-	(4,542,325)	(4,542,325)
Net Book Value	-	1,738,382	1,738,382
Rate of amortization (%)	-	33%	
<i>Net carrying value basis as at December 31, 2013</i>			
Opening net book value	-	57,007	57,007
Additions during the year	-	100,000	100,000
Amortisation for the year	-	(68,204)	(68,204)
Closing net book value	-	88,803	88,803
<i>Gross carrying value basis as at December 31, 2013</i>			
Cost	-	4,523,457	4,523,457
Accumulated amortisation	-	(4,434,654)	(4,434,654)
Net Book Value	-	88,803	88,803
Rate of amortisation (%)	-	33%	

*The TRE Certificate acquired on surrender of Stock Exchange Membership Card is stated at Nil value. For details please refer to Note 6.

According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto December 31, 2019, a Stock Exchange shall offer for issuance, 15 TRE Certificates each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificates. The Company has marked lien on TRE certificate in favour of the KSEL to fulfil the requirement of Base Minimum Capital.

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6. INVESTMENT IN SHARES OF KARACHI STOCK EXCHANGE LIMITED - Available-for-sale	Note	2014	2013
		(Rupees)	
Investment in shares of Karachi Stock Exchange Limited	6.1	<u>11,000,000</u>	<u>11,000,000</u>

6.1 This represents shares of Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of KSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of KSEL is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of KSEL is equally distributed among 200 members (termed as "initial shareholders" of the exchange after corporatization) of KSEL by issuance of 4,007,383 shares to each initial shareholder in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under KSEL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceeds against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale.

The shares of KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of KSEL.

The above shares and TRE Certificate were received against surrender of Stock Exchange Membership Card. As the fair value of both the asset transferred and asset obtained can not be determined with reasonable accuracy and the value of TRE Certificate is estimated to be not material in view of the conditions described in Note 5, the entire carrying value of Stock Exchange Membership Card in Company's books has been allocated to shares of KSEL. No gain or loss has been recorded on the exchange. The Company has pledged the shares with KSEL to fulfil the requirement of Base Minimum Capital.

7. LONG TERM LOANS	Note	2014	2013
		(Rupees)	
Secured - considered good			
Employees (other than executives)	7.1	39,183	11,183
Current portion	11.	<u>(26,183)</u>	<u>(9,000)</u>
		<u>13,000</u>	<u>2,183</u>

7.1 This represents interest-free loans provided to employees who have completed at least one year service with the Company. The facility is granted for purchase of motor cycle and is repayable in 60 monthly instalments deducted from the salary. These loans are secured against registration of motor cycle in the Company's name.

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8. LONG TERM DEPOSITS	Note	2014	2013
		(Rupees)	
Security deposits against rental property		342,498	300,598
Karachi Stock Exchange Limited (KSEL) / National Clearing Company of Pakistan Limited (NCCPL)	8.1	400,000	400,000
Security deposits against asset acquired under Ijarah agreement / finance lease		1,385,100	505,200
Other deposits		102,810	102,810
		<u>2,230,408</u>	<u>1,308,608</u>

8.1 This represents deposit with KSEL / NCCPL for trading in ready and future market.

9. DEFERRED TAX ASSET - net

Deferred tax assets arising in respect of			
Provision for doubtful debts		1,147,941	1,115,143
Accelerated tax depreciation allowance		555,375	494,891
Provision for impairment in value of investments		244,448	237,464
Excess of accounting book value of lease liabilities over leased assets		11,614	(479)
Revaluation of investments at fair value through profit and loss		107,303	53,151
		<u>2,066,681</u>	<u>1,900,170</u>
Deferred tax liabilities arising in respect of			
Revaluation of available-for-sale investments		(49,292)	(126,941)
		<u>2,017,389</u>	<u>1,773,229</u>

9.1 Movement in temporary differences during the year

	At January 1, 2013	Recognized in Profit and Loss Account	Recognized in other comprehensive income	At December 31, 2013	Recognized in Profit and Loss Account	Recognized in other comprehensive income	At December 31, 2014
Deferred tax assets arising in respect of:							
Provision for doubtful debts	1,147,941	(32,798)	-	1,115,143	32,798	-	1,147,941
Accelerated tax depreciation allowance	240,823	254,068	-	494,891	60,484	-	555,375
Provision for impairment in value of investments	244,448	(6,984)	-	237,464	6,984	-	244,448
Excess of accounting book value of lease liabilities over leased assets	-	(479)	-	(479)	12,093	-	11,614
Revaluation of investments at fair value through profit and loss	(7,538)	60,689	-	53,151	54,152	-	107,303
	<u>1,625,674</u>	<u>274,496</u>	<u>-</u>	<u>1,900,170</u>	<u>166,511</u>	<u>-</u>	<u>2,066,681</u>
Less: Deferred tax liabilities arising in respect of							
Revaluation of available-for-sale investments	(56,796)	-	(70,145)	(126,941)	-	77,649	(49,292)
Net deferred tax assets	<u>1,568,878</u>	<u>274,496</u>	<u>(70,145)</u>	<u>1,773,229</u>	<u>166,511</u>	<u>77,649</u>	<u>2,017,389</u>

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10. TRADE DEBTS	Note	2014 ----- (Rupees) -----	2013 -----
Secured - considered good			
Due from clients against trading of securities		61,410,118	50,985,462
Due from National Clearing Company of Pakistan Limited		-	426,055,531
Due from associated companies / persons against trading of securities		426,485	562,834
		<u>61,836,603</u>	<u>477,603,827</u>
Unsecured - considered doubtful			
		3,279,831	3,279,831
		<u>65,116,434</u>	<u>480,883,658</u>
Provision for doubtful debts			
		<u>(3,279,831)</u>	<u>(3,279,831)</u>
		<u>61,836,603</u>	<u>477,603,827</u>

11. LOANS AND ADVANCES

Secured - considered good

Executives	11.1	298,050	888,500
Employees (other than executives)	11.1	1,033,845	844,144
Current portion of long term loans	7	26,183	9,000
		<u>1,358,078</u>	<u>1,741,644</u>

11.1 This represents interest-free loans to executives and employees whose recovery is made in 12 equal monthly instalments. The facility is secured against retirement benefits of the respective executives and employees.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Prepayments		3,113,715	3,362,879
Deposit - Karachi Stock Exchange Limited (KSEL) / National Clearing Company of Pakistan Limited (NCCPL)	12.1	15,630,909	64,510,158
Unrealized gain on futures contract		-	963,515
Receivable from gratuity scheme		-	1,494,209
Receivable from provident fund scheme		10,908	-
Others		109,985	77,640
		<u>18,865,517</u>	<u>70,408,401</u>

12.1 This represents deposits maintained with KSEL and NCCPL in respect of future, ready and margin trading transactions.

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13. ACCRUED INTEREST INCOME

Note	2014 ----- (Rupees) -----	2013 -----
On term deposit receipts	1,956,164	1,624,383
On savings accounts	697,626	-
On margin trading	26,573	9,249
	<u>2,680,363</u>	<u>1,633,632</u>

14. INVESTMENTS

Held-to-maturity	14.1	50,000,000	50,000,000
Available for sale - in shares	14.2.1	194,836	123,146
- in mutual funds	14.2.2	-	20,304,213
Fair value through profit and loss - in shares	14.3	111,017,160	108,186,150
		<u>161,211,996</u>	<u>178,613,509</u>

14.1 Held-to-maturity

This represents PLS Term Deposit Receipts (TDRs) with MCB Bank Limited for a period of six months amounting to Rs. 50 million (2013: 50 million). These carry mark-up at 8.40% per annum (2013: 7.70% per annum). These TDRs will mature on January 15, 2015 (2013: January 31, 2014) and have been pledged against guarantee facilities as referred to in note 26.1.

14.2 Available-for-sale

14.2.1 Detail of investment in listed shares

This represents shares acquired from National Clearing Company of Pakistan Limited (NCCPL), under the CFS MK II square up scheme (the scheme) signed up by the Company with NCCPL, on December 28, 2008. Under the provisions of the scheme, the Company as Financier had purchased 30% of the shares financed under CFS MK II, and the remaining 70% had been received in cash from NCCPL after completion of the squaring up process, as full and final settlement of all amounts receivable to the Company, as Financier, against open CFS II release transaction.

2014	2013	Name of investee	2014		2013
Number of Shares			Cost	Market Value	Market Value
			----- (Rupees) -----		
INVESTMENT COMPANY					
13,400	13,400	Jahangir Siddiqui & Company Limited	752,426	194,836	123,146
			<u>752,426</u>	<u>194,836</u>	<u>123,146</u>
		Provision for impairment in value of investments	(698,424)		
		Unrealized gain on re-measurement of investment	140,834		
		Carrying value	<u>194,836</u>		

14.2.2 Detail of investment in mutual funds

2014	2013	Name of investee	2014		2013
Number of Units			Cost	Market Value	Market Value
			----- (Rupees) -----		
-	202,938	MCB Cash Management Optimizer	-	-	20,304,213
			<u>-</u>	<u>-</u>	<u>20,304,213</u>

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14.3 Fair value through profit and loss

2014	2013		2014		2013
Number of Shares		Name of investee	Cost	Market Value	Market Value
			----- (Rupees) -----		
		OIL AND GAS			
-	161,000	Pakistan Petroleum Limited	-	-	34,447,560
46,500	134,000	Pakistan State Oil Company Limited	16,824,704	16,642,815	44,517,480
		FOOD PRODUCERS			
95,000	-	Engro Foods Limited	10,006,280	10,311,300	-
		CHEMICALS			
379,500	184,500	Engro Corporation Limited	84,004,139	84,063,045	29,221,110
			-	-	-
			<u>110,835,123</u>	<u>111,017,160</u>	<u>108,186,150</u>
		Unrealised gain on re-measurement to fair value	182,037		
		Carrying value	<u>111,017,160</u>		

14.3.1 These shares have been sold under futures contracts. The total value of the contract and corresponding unrealized gain is mentioned in note 22 and 23 respectively.

14.4 The following shares are appearing in Company's House Account No. 39 which were purchased by the Company on behalf of the customers under Group Account. The owners of such shares are untraceable and these shares are unclaimed and remained parked in the House Account of the Company. The matter has been referred to Central Depository Company of Pakistan Limited and on resolution the shares shall be transferred to the appropriate account.

Name of Investee	Number of shares	Market value 2014
Bawany Sugar Mills Limited	500	Not available
Ideal Spinning Mills Limited	1,000	14,750
Innovative Investment Bank Limited	15	Not available
National Bank of Pakistan	11,404	792,122
Sui Northern Gas Pipelines Limited	73	2,096

15. TAXATION - net	Note	2014	2013
		----- (Rupees) -----	
Opening balance		1,134,638	2,442,825
Provision for taxation - recognised in profit and loss	27	(3,468,310)	(9,981,094)
- recognised in other comprehensive income		1,212,277	(354,164)
Advance tax		8,758,079	9,688,826
Adjustment against WWF payable		(720,819)	(661,755)
		<u>6,915,865</u>	<u>1,134,638</u>

16. CASH AND BANK BALANCES		2014	2013
Savings accounts	16.1	129,442,471	77,699,667
Current accounts		4,629,997	2,102,404
Cash in hand		20,840	13,807
		<u>134,093,308</u>	<u>79,815,878</u>

16.1 These carry profit rates ranging between 6% to 8.50% per annum (2013: 6% to 8.50% per annum).

16.2 Balances held with associated undertakings in current and savings accounts amount to Rs. 2,952,350 (December 2013: Rs. 626,443) and Rs. 15,759 (December 2013: Rs. 16,494) respectively.

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17. EMPLOYEE BENEFITS

17.1 Gratuity fund

The Company operates an approved funded gratuity scheme for all its permanent employees who have completed the qualifying period. Actuarial valuation of the fund was carried out as at December 31, 2014.

17.1.1 Actuarial assumptions	2014	2013
	---- (Per cent per annum) ----	
Financial assumptions		
Discount rate	11.25	13.24
Expected rate of increase in salaries		
- First year following valuation	8.00	8.00
- Second year following valuation	8.00	8.00
- Third year following valuation	8.00	8.00
- thereafter	8.00	8.00
Demographic assumptions		
Mortality Rates (for death in service)	LIC 94-96, Rated down 3 years for females	LIC 94-96, Rated down 3 years for females
Rates of employee turnover	2% per annum upto age 40, Nil thereafter	2% per annum upto age 40, Nil thereafter
17.1.2 Reconciliation of (receivable) / payable to defined benefit plan	2014	2013
	----- (Rupees) -----	
Present value of defined benefit obligation	9,677,976	7,192,719
Fair value of plan assets	(6,881,757)	(8,686,928)
Net obligation / (asset)	<u>2,796,219</u>	<u>(1,494,209)</u>
17.1.3 Movement in present value of defined benefit obligation		
Opening net liability	7,192,719	7,092,905
Expense for the year	1,864,346	1,799,686
Contribution / benefits paid during the year	(2,534,686)	-
Other comprehensive income (OCI)	3,155,597	(1,699,872)
At end of the year	<u>9,677,976</u>	<u>7,192,719</u>
17.1.4 Movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	8,686,928	6,918,182
Interest income on plan assets	1,131,128	1,030,359
Actual contribution by employer	116,356	1,396,601
Actual benefits paid during the year	(2,534,686)	-
Other comprehensive income (OCI)	(517,969)	(658,214)
Fair value of plan assets at end of the year	<u>6,881,757</u>	<u>8,686,928</u>

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	2014	2013
	----- (Rupees) -----	
17.1.5 Movement in net defined benefit liability / (asset)		
Asset / (liability) at beginning of year	(1,494,209)	174,723
Net periodic benefit cost / (income) for the year	733,218	769,327
Employer's contribution during the year	(116,356)	(1,396,601)
Remeasurement recognised in other comprehensive income	3,673,566	(1,041,658)
Asset / (liability) at end of year	<u>2,796,219</u>	<u>(1,494,209)</u>
17.1.6 Defined benefit cost for the year		
<i>Cost recognised in profit and loss for the year</i>		
Current service cost	796,486	838,165
Interest cost on defined benefit obligation	1,067,860	961,521
Interest income on plan assets	(1,131,128)	(1,030,359)
Net interest cost	(63,268)	(68,838)
Cost recognised in profit and loss account	<u>733,218</u>	<u>769,327</u>
<i>Remeasurements recognised in other comprehensive income during the year</i>		
Actuarial (gain) / loss on obligation	3,155,597	(1,699,872)
Return on plan assets over interest income	517,969	658,214
Total remeasurements recognised in other comprehensive income	3,673,566	(1,041,658)
Total defined benefit cost for the year	<u>4,406,784</u>	<u>(272,331)</u>
17.1.7 Remeasurements recognised in other comprehensive income during the year		
Re-measurements: Actuarial gain / (loss) on obligation:		
Gain / (loss) due to change in financial assumptions	(2,216,479)	1,176,498
Gain / (loss) due to change in experience adjustments	(939,118)	523,374
	<u>(3,155,597)</u>	<u>1,699,872</u>
Re-measurements: Net return on plan assets over interest income:		
Actual return on plan assets	613,159	372,145
Interest income on plan assets	(1,131,128)	(1,030,359)
Net return on plan assets over interest income	(517,969)	(658,214)
Net remeasurements recognised in OCI during the year	<u>(3,673,566)</u>	<u>1,041,658</u>
17.1.8 Composition of fair value of plan assets		
Cash and cash equivalents		
- Not quoted	6,881,757	7,673,437
Debt instruments		
- Not quoted	-	1,013,491
Total fair value of plan assets	<u>6,881,757</u>	<u>8,686,928</u>

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17.1.9 Maturity profile of the defined benefit obligation	2014	2013
	-----Years-----	
Weighted average duration of the defined benefit obligation	15.93	15.68
Distribution of timing of benefit payments (in years)	-----Percent per annum-----	
1	3.4%	4.3%
2	1.1%	1.3%
3	0.9%	1.3%
4	0.9%	1.2%
5	1.0%	1.2%
6-10	6.4%	6.9%
11-15	19.4%	22.3%
16-20	48.6%	47.1%
20+	18.2%	14.3%

17.1.10 Sensitivity analysis on significant actuarial assumptions: Actuarial Liability

Discount Rate +0.5%	-6.5%	-6.3%
Discount Rate -0.5%	7.0%	6.8%
Long Term Salary Increases +0.5%	7.2%	7.1%
Long Term Salary Increases -0.5%	-6.7%	-6.5%
Withdrawal Rates: Light	-0.6%	-1.6%
Withdrawal Rates: Heavy	1.7%	4.1%

17.2 Provident fund	December 31, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)
Net assets of the fund	<u>4,819,237</u>	<u>4,563,500</u>
Cost of investments made (actual investment made)	<u>4,401,365</u>	<u>4,115,257</u>
Cost of investment / net assets of the fund	<u>91.33%</u>	<u>90.18%</u>
Fair value of investments	<u>4,401,365</u>	<u>4,115,257</u>
Break-up of investments of provident fund		
Musharaka Certificate - held to maturity investment	-	500,000
Cash at Bank	<u>4,401,365</u>	<u>3,615,257</u>
	<u>4,401,365</u>	<u>4,115,257</u>

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

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18. SHARE CAPITAL

18.1 Authorised Share capital

2014 (Number of shares)	2013		2014 ----- (Rupees) -----	2013 ----- (Rupees) -----
<u>40,000,000</u>	<u>40,000,000</u>	Ordinary shares of Rs. 10 each	<u>400,000,000</u>	<u>400,000,000</u>

18.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs. 10 each fully paid in cash	2014 <u>135,023,060</u>	2013 <u>135,023,060</u>
	<u>13,502,306</u>	<u>13,502,306</u>		

18.3 Pattern of shareholding of the Company is as follows:

	Number of shares	% holding
National Bank of Pakistan (Holding Company)	7,875,002	58.32
The Bank of Khyber (Associated Company)	4,050,374	30.00
Saudi Pak Industrial and Agricultural Investment Company Limited	1,125,001	8.33
The Bank of Khyber - Employee Gratuity Fund	449,627	3.33
Other Individual Shareholders	2,302	0.02
	<u>13,502,306</u>	<u>100</u>

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Period	2014		2013	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
	----- (Rupees) -----		----- (Rupees) -----	
Upto one year	387,744	304,210	383,892	267,915
One year to three years	786,080	743,824	1,165,157	1,046,926
	<u>1,173,824</u>	<u>1,048,034</u>	<u>1,549,049</u>	<u>1,314,841</u>
Finance charges allocated to future periods	(125,790)	-	(234,208)	-
Present value of minimum lease payments	<u>1,048,034</u>	<u>1,048,034</u>	<u>1,314,841</u>	<u>1,314,841</u>
Current maturity shown under current liabilities	-	(304,210)	-	(267,915)
	<u>1,048,034</u>	<u>743,824</u>	<u>1,314,841</u>	<u>1,046,926</u>

The company has entered into lease agreement with NBP Leasing Ltd. for leased vehicle. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the bases of discount factor applied at the rate of six months KIBOR+3.5% per annum. At the end of the lease the ownership of the assets shall be transferred to the company on payment of residual value (to be settled against lease key money paid to leasing company) amounting to Rs. 301,400.

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20. TRADE AND OTHER PAYABLES

	2014	2013
	----- (Rupees) -----	
Due to clients against trading of securities	82,989,211	497,456,469
Due to National Clearing Company of Pakistan Limited	27,925,698	-
Accrued and other liabilities	5,714,274	6,341,754
Unrealized loss on futures contract	488,616	-
Payable to Workers' Welfare Fund	386,674	723,002
Payable to gratuity scheme	2,796,219	-
Due to associated companies / persons against trading of securities	76,348	894,218
	<u>120,377,040</u>	<u>505,415,443</u>

21. SHORT TERM RUNNING FINANCE FACILITY

Running finance facility of Rs. 240 million (2013: Rs. 240 million) has been obtained by the Company from National Bank of Pakistan (Holding Company) which is secured against hypothecation of amounts due from customers. The mark-up is payable quarterly. During the year, mark-up structure of the facility was on floating rate which is KIBOR plus 250 basis points (based on timely payment rebate ranges from 50 to 10 basis points) per annum.

22. CONTINGENCIES AND COMMITMENTS

	2014	2013
	----- (Rupees) -----	

22.1 Commitments

For sale of quoted securities under future contracts against counter commitments

	<u>111,860,125</u>	<u>110,161,555</u>
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22.2 IJARAH AGREEMENT

The Company has obtained vehicles under Ijarah agreement from Standard Chartered Modaraba for a period of four years. Financial charges included in rentals are determined on the basis of discount factor applied at the rate of six months KIBOR+3.25% per annum.

The total Ijarah payments under ijarah are as follows:

	2014	2013
	----- (Rupees) -----	

Not later than one year
Later than one year and not later than five years

	531,204	259,632
	1,063,548	692,352
	<u>1,594,752</u>	<u>951,984</u>

23. OTHER OPERATING INCOME

Mark-up income on bank PLS deposits
Income on margin trading system
Profit on term deposit receipts
Unrealized gain on futures contracts
Unrealized gain on investments classified as fair value through profit and loss
Capital gain on sale of securities
Capital gain on mutual funds
Profit on cash margin with Karachi Stock Exchange Limited / National Clearing Company of Pakistan Limited
Dividend income
Gain on disposal of property and equipment
Miscellaneous income

	8,809,576	9,434,141
	1,077,923	1,431,856
	3,720,207	3,010,137
	-	963,515
	182,037	-
	10,754,278	9,560,501
	2,217,571	1,008,488
	1,355,053	549,544
	841,550	510,973
	45,729	600,914
	236,919	16,118
	<u>29,240,843</u>	<u>27,086,187</u>

Rs. in million

24. ADMINISTRATIVE EXPENSES	Note	2014	2013
		----- (Rupees) -----	
Salaries, benefits and allowances		51,450,328	43,240,997
Staff retirement benefits	24.1	3,202,859	3,205,334
Rent		3,409,879	3,114,331
Telephone and fax		1,814,605	1,695,902
Karachi Stock Exchange Limited service charges		4,764,933	4,195,474
Depreciation	4	4,442,971	4,867,082
Electricity and utilities		1,845,597	1,952,831
Vehicle running expenses		3,309,162	3,067,876
Insurance		1,631,709	1,809,611
Legal and professional		2,009,382	2,059,215
Central Depository Company charges		1,657,095	1,566,956
Repairs and maintenance		1,540,504	1,565,661
Amortisation	5	107,671	68,204
Printing and stationery		601,809	607,284
Entertainment		834,572	806,474
Postage / courier		615,813	595,260
Umrah facility to employees		641,026	556,580
Subscriptions		2,910,270	2,639,090
SECP transactions fees		623,026	714,061
Office supplies		974,848	543,911
Auditor's remuneration	24.2	418,000	320,801
Ijarah charges		442,821	142,399
Computer expenses		130,392	120,117
Travelling and conveyance		572,855	336,898
Professional tax		208,250	211,696
Advertising and business promotion		326,930	-
Library and periodicals		60,819	38,245
Seminar and training		56,650	38,400
		<u>90,604,776</u>	<u>80,080,690</u>
24.1	This includes charge for defined benefit plan Rs. 733,218 (2013: Rs. 769,327) as referred to in note 17, contribution to staff provident fund amounting to Rs. 1,962,877 (2013: Rs. 1,965,193) and contribution to E.O.B.I. and S.E.S.S.I amounting to Rs. 506,764 (2013: Rs. 470,814).		
24.2	Auditor's remuneration	2014	2013
		----- (Rupees) -----	
	Audit fee	300,000	300,000
	Fee for the review of statement of compliance with the Code of Public Sector Entities	50,000	-
	Sindh Sales Tax	29,250	-
	Out-of-pocket expenses	38,750	20,801
		<u>418,000</u>	<u>320,801</u>
25.	OTHER OPERATING EXPENSES		
	Unrealized loss on futures contracts	488,616	-
	Unrealized loss on investments classified as fair value through profit and loss	-	1,119,840
	Workers' Welfare Fund	384,491	720,819
		<u>873,107</u>	<u>1,840,659</u>
26.	FINANCE COST		
	Mark-up on short term running finance	760,878	864,707
	Finance lease charges	119,974	96,066
	Bank charges	287,005	295,944
	Guarantee commission charges	300,000	300,000
		<u>1,467,857</u>	<u>1,556,717</u>

- 26.1 Guarantee of Rs. 50 million (2013: Rs. 50 million) has been obtained by the Company from MCB Bank Limited in favour of Karachi Stock Exchange Limited which is secured against the pledge of term deposit receipts of Rs. 50 million. The term of the facility is one year which shall remain valid till October 1, 2015. The rate of guarantee commission was fixed at 0.15% (2013: 0.15%) per quarter.

27. TAXATION	Note	2014	2013
		(Rupees)	
Current tax expense		3,468,310	9,981,094
Deferred	9.1	(166,511)	(274,496)
		<u>3,301,799</u>	<u>9,706,598</u>

27.1 Relationship between income tax expense and accounting profit

Profit before taxation		<u>19,224,527</u>	<u>36,040,928</u>
Tax at the applicable tax rate of 33% (2013: 34%)		6,344,094	12,253,916
Tax effect of lower tax rate on capital gain / dividend		(2,980,085)	(2,664,360)
Tax effect of permanent differences		-	70,594
Others		(62,210)	46,448
		<u>3,301,799</u>	<u>9,706,598</u>

27.2 Status of tax assessments

The income tax assessments upto assessment year 2002 - 2003 corresponding to the accounting year June 30, 2002 have been finalized.

The return for the tax years 2003 - 2014 were filed under section 120 of the Income Tax Ordinance, 2001 according to which the return filed is deemed assessment order.

28. EARNINGS PER SHARE - BASIC AND DILUTED

	2014	2013
	(Rupees)	
Profit for the year	<u>15,922,728</u>	<u>26,334,330</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>13,502,306</u>	<u>13,502,306</u>
	(Rupees)	
Earnings per share - Basic and diluted	<u>1.18</u>	<u>1.95</u>

29. REMUNERATION OF CHIEF EXECUTIVE / DIRECTORS AND EXECUTIVES

	Chief Executive		Chairman / Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)							
Managerial remuneration	4,750,000	4,560,000	550,000	600,000	15,998,417	15,715,200	21,298,417	20,875,200
Bonus*	3,661,818	1,500,000	-	-	4,157,121	1,709,091	7,818,939	3,209,091
Other benefits	-	-	450,000	125,000	2,134,224	1,119,007	2,584,224	1,244,007
Retirement benefits	287,879	276,364	-	-	967,418	952,436	1,255,297	1,228,800
Commission	-	-	-	-	1,609,512	2,017,834	1,609,512	2,017,834
	<u>8,699,697</u>	<u>6,336,364</u>	<u>1,000,000</u>	<u>725,000</u>	<u>24,866,692</u>	<u>21,513,568</u>	<u>34,566,389</u>	<u>28,574,932</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>12</u>	<u>12</u>	<u>19</u>	<u>19</u>

*This represents bonus for 2013 and 2014, paid to CEO and other executives.

- 29.1 The chief executive and certain executives are provided with free use of the Company's maintained cars / cash in lieu of cars and mobile phones (subject to limits authorized by the Company) in accordance with the terms of employment.

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30. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent company, its subsidiaries and associated companies, directors and their related concerns and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under the terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Details of transactions and balances with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2014	2013
	----- (Rupees) -----	
Holding Company -		
National Bank of Pakistan		
<i>Transactions</i>		
Brokerage earned	<u>3,966,559</u>	<u>4,376,922</u>
Borrowings	<u>1,035,000,000</u>	<u>1,260,000,000</u>
Repayment of borrowings	<u>1,065,000,000</u>	<u>1,230,000,000</u>
Financial charges on running finance	<u>760,878</u>	<u>864,707</u>
<i>Balances</i>		
Trade debts	<u>41,132</u>	<u>163,445</u>
Associated Companies -		
The Bank of Khyber, First Credit Investment Bank Limited and First National Bank Modaraba, NAFA Funds		
<i>Transactions</i>		
Brokerage earned	<u>3,048,280</u>	<u>2,884,874</u>
Bank charges	<u>11,418</u>	<u>9,777</u>
<i>Balances</i>		
Trade debts	<u>385,353</u>	<u>399,389</u>
Trade payable	<u>76,348</u>	<u>894,218</u>
Chairman / Directors and Chief Executive		
<i>Transactions</i>		
Brokerage earned	<u>232,628</u>	<u>110,496</u>
<i>Balances</i>		
Trade debts	<u>-</u>	<u>298</u>
Trade payable	<u>240,526</u>	<u>45,619</u>

31. FINANCIAL RISK MANAGEMENT

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

The Company's risk management policies are established to identify and analyse 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.

32. Risk Management Framework

The Company is exposed to the following risks in respect of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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32. Risk Management Framework

The Company is exposed to the following risks in respect of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Company's policy is to enter into financial contracts in accordance with the risk management framework. Out of total assets of Rs. 419 million (2013: Rs. 846 million) the financial assets which are subject to credit risk amounted to Rs. 274 million (2013: Rs. 703 million). The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	Note	2014 ----- (Rupees) -----	2013 ----- (Rupees) -----
Long term loans		13,000	2,183
Long term deposits		2,230,408	1,308,608
Trade debts	32.1.1	61,836,603	477,603,827
Loans and advances		1,358,078	1,741,644
Deposits and other receivables		15,751,802	67,045,522
Accrued interest income		2,680,363	1,633,632
Investments - term deposit receipts	32.1.2	50,000,000	70,304,213
Receivable against margin trading		5,519,225	3,177,294
Cash and bank balances	32.1.2	134,072,468	79,802,071
		<u>273,461,947</u>	<u>702,618,994</u>

32.1.1 The ageing analysis of the trade debts is as follows:

	2014				
	Carrying amount		Provision held	Total	Amount secured
	Amount outstanding	Impaired			
----- (Rupees) -----					
Not yet due	47,685,443	-	-	47,685,443	47,685,443
Upto 3 months	13,218,232	-	-	13,218,232	13,218,232
3 to 6 months	97,148	-	-	97,148	97,148
More than 6 months	4,115,611	3,279,831	(3,279,831)	835,780	835,780
	<u>65,116,434</u>	<u>3,279,831</u>	<u>(3,279,831)</u>	<u>61,836,603</u>	<u>61,836,603</u>
	2013				
	Carrying amount		Provision held	Total	Amount secured
	Amount outstanding	Impaired			
----- (Rupees) -----					
Not yet due	39,472,383	-	-	39,472,383	39,472,383
Upto 3 months	10,365,826	-	-	10,365,826	10,365,826
3 to 6 months	330,536	-	-	330,536	330,536
More than 6 months	4,659,382	3,279,831	(3,279,831)	1,379,551	1,379,551
	<u>54,828,127</u>	<u>3,279,831</u>	<u>(3,279,831)</u>	<u>51,548,296</u>	<u>51,548,296</u>

32.1.2 The term deposits and balances with banks are held with banks which are rated A1+ or A1.

32.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. 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 commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	2014					
	Carrying Amount	Contractual cash flows	Maturity not later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years
Trade and other payables	119,990,366	119,990,366	119,990,366	-	-	-
Short term running finance	1,048,034	1,048,034	23,800	48,418	231,992	743,824
Liabilities against assets subject to finance lease	121,038,400	121,038,400	120,014,166	48,418	231,992	743,824

	2013					
	Carrying Amount	Contractual cash flows	Maturity upto one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years
Trade and other payables	504,692,441	504,692,441	504,692,441	-	-	-
Short term running finance	29,802,181	29,802,181	29,802,181	-	-	-
Liabilities against assets subject to finance lease	1,314,841	1,314,841	21,029	42,743	204,143	1,046,926
	535,809,463	535,809,463	534,515,651	42,743	204,143	1,046,926

32.3 Market risk

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

32.3.1 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

2014

	Effective yield / interest rate percent	Interest / mark-up bearing				Non interest / mark-up bearing	Total
		Maturity not later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years		
(Rupees)							
On Balance Sheet Assets							
Financial Assets							
Long term loans	-	-	-	-	13,000	13,000	
Long term deposits	-	-	-	-	2,230,408	2,230,408	
Trade debts	-	-	-	-	61,836,603	61,836,603	
Loans and advances	-	-	-	-	1,358,078	1,358,078	
Deposits and other receivables	-	-	-	-	15,751,802	15,751,802	
Accrued interest income	-	-	-	-	2,680,363	2,680,363	
Investments	8.40%	50,000,000	-	-	111,211,996	161,211,996	
Receivable against margin trading	13%-15%	-	5,519,225	-	-	5,519,225	
Cash and bank balances	6%-7.75%	129,442,471	-	-	4,650,837	134,093,308	
		179,442,471	5,519,225	-	199,733,087	384,694,783	
Financial Liabilities							
Trade and other payables	-	-	-	-	120,377,040	120,377,040	
Short term running finance	-	-	-	-	-	-	
Liabilities against assets subject to finance lease	13.69%	-	-	-	743,824	743,824	
Current portion of liabilities against assets subject to finance lease	13.69%	23,800	48,418	231,992	-	304,210	
On Balance Sheet Gap							
Non financial net assets		179,418,671	5,470,807	(231,992)	(743,824)	79,356,047	263,269,709
Total net assets							36,085,562
							299,355,271

Effective yield / interest rate percent	Interest / mark-up bearing				Non interest / mark-up bearing	Total
	Maturity later than one month	Maturity later than one month and not later than three months	Maturity later than three months and not later than one year	Maturity later than one year and not later than five years		
-	-	-	-	-	2,183	2,183
-	-	-	-	-	1,308,608	1,308,608
-	-	-	-	-	477,603,827	477,603,827
-	-	-	-	-	1,741,644	1,741,644
-	-	-	-	-	67,045,522	67,045,522
-	-	-	-	-	1,633,632	1,633,632
7.70%	-	50,000,000	-	-	128,613,509	178,613,509
10%-16%	-	3,177,294	-	-	-	3,177,294
6%-7.75%	77,699,667	-	-	-	2,116,211	79,815,878
	77,699,667	53,177,294	-	-	680,065,136	810,942,097

On Balance Sheet Assets**Financial Assets**

Long term loans	-	-	-	-	2,183	2,183
Long term deposits	-	-	-	-	1,308,608	1,308,608
Trade debits	-	-	-	-	477,603,827	477,603,827
Loans and advances	-	-	-	-	1,741,644	1,741,644
Deposits and other receivables	-	-	-	-	67,045,522	67,045,522
Accrued interest income	-	-	-	-	1,633,632	1,633,632
Investments	-	50,000,000	-	-	128,613,509	178,613,509
Receivable against margin trading	-	3,177,294	-	-	-	3,177,294
Cash and bank balances	77,699,667	-	-	-	2,116,211	79,815,878
	77,699,667	53,177,294	-	-	680,065,136	810,942,097

Financial Liabilities

Trade and other payables	-	-	-	-	505,415,443	505,415,443
Short term running finance	29,802,181	-	-	-	-	29,802,181
Liabilities against assets subject to finance lease	-	-	-	1,046,926	-	1,046,926
Current portion of liabilities against assets subject to finance lease	21,029	42,743	204,143	-	-	267,915

On Balance Sheet Gap

Non financial net assets	47,876,457	53,134,551	(204,143)	(1,046,926)	174,649,693	274,409,632
Total net assets						34,592,994
						309,002,626

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32.3.2 Price risk

Price risk is the risk of unfavourable changes in the fair value of securities as a result of changes in the value of individual shares / net asset value of units. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. The Company's policy is to manage price risk through selection of blue chip securities.

The Company's investments in quoted equity securities and units of mutual funds amount to Rs. 111.212 million (2013: Rs 128.614 million) at the balance sheet date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

In case of available-for-sale investments, a 10% increase / decrease in share prices and net asset value at year end would have increased / decreased the other comprehensive income of the Company by increasing / decreasing surplus on revaluation of such investment by the amounts given below. Investments at fair value through profit and loss are currently not exposed to any price risk since the Company has entered into future sale contract in respect of these securities.

	2014	2013
	----- (Rupees) -----	
Effect on profit or loss (impairment loss)	-	-
Effect on other comprehensive income	<u>19,484</u>	<u>2,042,736</u>
Effect on investments	<u>19,484</u>	<u>2,042,736</u>

32.3.3 Currency risk

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, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

32.4 Fair value of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in arm's length transaction. The table below analyses financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

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).

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Fair value of the financial assets that are traded in active markets are based on quoted market prices. Since investment in Karachi Stock Exchange Limited (KSEL) is not listed on any stock exchange, a quoted market price is not available and the fair value of such investment can not be determined with reasonable accuracy. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for investment in KSEL and financial assets and financial liabilities not measured at fair value. These financial assets and financial liabilities are short term and their fair value approximates their carrying value.

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Investments				
- Available-for-sale	194,836	-	-	194,836
- Fair value through profit and loss	111,017,160	-	-	111,017,160

32.5 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios 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. Furthermore, the Company finances its operations through equity and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

33. NUMBER OF EMPLOYEES

The details of number of employees are as follows:

	2014	2013
Average number of employees during the year	55	56
Number of employees at year end	55	56

34. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs. NIL per share (2013: Rs. 1.2 per share) amounting to Rs. NIL million (2013: Rs. 16.203 million) at its meeting held on 27-03-2015 for approval of the members at the annual general meeting to be held on 22-04-2015. These financial statements do not reflect this appropriation which will be accounted for in the financial statements for the year ended December 31, 2015.

35. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 27 MAR 2015.

KPMG


CHIEF EXECUTIVE


DIRECTOR