

FINANCIAL STATEMENTS  
OF

AM CHAUDHARY SECURITIES  
(PVT.) LIMITED  
AS AT  
JUNE 30, 2015

## AUDITORS' REPORT

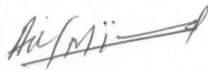
We have audited the annexed Balance Sheet of **AM CHAUDHARY SECURITIES (PVT.) LIMITED** as at **June 30, 2015** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state 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 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, statement of changes in equity together with notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the period was for the purpose of the company's business; and
  - (iii) the business conducted, investment made and the expenditure incurred during the period 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 standard 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 loss, for the period then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore: August 29, 2015



  
**PHINEHAS & CO.**  
(Chartered Accountants)  


**AM CHAUDHARY SECURITIES (PVT.) LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorized		70,000,000	70,000,000
700,000 ordinary shares of Rs.100 each			
Issued, subscribed and paid-up		10,000,000	10,000,000
100,000 ordinary shares of Rs.100 each fully paid in cash		(1,097,411)	(716,329)
Accumulated profits		8,902,589	9,283,671
Share Deposit Money		9,379,142	24,705,348
<b>NON CURRENT LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	1,091,100	4,259,123
Provision for Taxation		6,940	1,645
		1,098,040	4,260,768
		<u>19,379,771</u>	<u>38,249,787</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	304,430	378,800
Intangible assets	7	4,461,200	4,461,200
Long term investment	8	4,439,750	4,439,750
		9,205,380	9,279,750
<b>CURRENT ASSETS</b>			
Trade debts	9	4,869,560	16,257,009
Loans and advances	10	955,705	9,789,683
Cash and bank balances	11	4,349,125	2,923,345
		10,174,391	28,970,037
		<u>19,379,771</u>	<u>38,249,787</u>

The annexed notes (1-19) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**


  
**DIRECTOR**



**AM CHAUDHARY SECURITIES (PVT.) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
Brokerage receipts		693,974	164,536
Administrative expenses	12	1,275,587	961,441
Selling and distribution expenses		-	-
		1,275,587	961,441
Operating profit		(581,613)	(796,905)
Finance cost	13	2,397	2,177
Other operating expenses	14	-	-
		(584,010)	(799,082)
Other operating income	15	218,308	84,398
Loss before taxation		(365,702)	(714,684)
Taxation	16	15,380	1,645
Loss for the year		(381,082)	(716,329)
Earnings per share	17	(3.81)	(7.16)

The annexed notes (1-19) form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



AM CHAUDHARY SECURITIES (PVT.) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Profit/(Loss) for the year		(381,082)	(716,329)
Other comprehensive Income		-	-
Total comprehensive income/(loss)		(381,082)	(716,329)

The annexed notes (1-19) form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



**AM CHAUDHARY SECURITIES (PVT.) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before taxation		(365,702)	(714,684)
<b>Adjustment for non-cash items</b>			
Depreciation		74,370	51,700
Impairment		-	-
Amortization		-	-
		<u>74,370</u>	<u>51,700</u>
		(291,332)	(662,984)
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Trade debts		11,387,449	(16,257,009)
Loan and advances		8,833,978	(9,789,683)
		<u>20,221,427</u>	<u>(26,046,692)</u>
<b>Increase in current liabilities</b>			
Trade accrued and other payables		(3,168,023)	4,234,123
<b>Cash (utilized) in / generated from operations</b>		<u>16,762,072</u>	<u>(22,475,553)</u>
Income tax paid		(10,086)	-
<b>Net cash (used in) / generated from operating activities</b>		<u>16,751,986</u>	<u>(22,475,553)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property and equipment		-	(430,500)
Acquisition of intangibles		-	(50,000)
Long term deposits		-	-
<b>Net cash generated (used in) investing activities</b>		<u>-</u>	<u>(480,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term security deposits		(15,326,206)	15,765,598
Net cash generated from investing activities		(15,326,206)	15,765,598
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>1,425,780</u>	<u>(7,190,455)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>2,923,345</u>	<u>10,113,800</u>
<b>Cash and cash equivalents at the end of the year</b>	11	<u><u>4,349,125</u></u>	<u><u>2,923,345</u></u>

The annexed notes (1-19) form an integral part of these financial statements.

*Dejosi*  
**CHIEF EXECUTIVE**

*Dejosi*  


  
*[Signature]*

*Umer Arif*  
**DIRECTOR**

AM CHAUDHARY SECURITIES (PVT.) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Accumulate d Profit	Total
	Rupees	Rupees	Rupees
Balance as at July 01, 2013	10,000,000	-	10,000,000
Shares issued during the year	-	-	-
Total comprehensive income	-	(716,329)	(716,329)
Balance as at June 30, 2014	<u>10,000,000</u>	<u>(716,329)</u>	<u>9,283,671</u>
Balance as at July 01, 2014	10,000,000	(716,329)	9,283,671
Total comprehensive Income	-	(381,082)	(381,082)
Balance as at June 30, 2015	<u>10,000,000</u>	<u>(1,097,411)</u>	<u>8,902,589</u>

The annexed notes (1-19) form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



**AM CHAUDHARY SECURITIES (PVT.) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**1. THE COMPANY AND ITS OPERATION**

The company was incorporated as a (SMC) private limited company in Pakistan under the Companies Ordinance, 1984 on May 31, 2006. The company is a corporate member of the Lahore Stock Exchange Limited. Its principal activities include trading and brokerage for equities, underwriting of public issues etc.. The registered office of the company is located at Room no. 311, Lahore Stock Exchange building, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

Financial Reporting Standards for Medium-Sized Entities as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. These accounting standards are notified by the Securities and Exchange Commission of Pakistan. In case requirement differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values except investments in shares that have been measured at fair values.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency and presentation currency of the company and rounded off to the nearest rupees.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Taxation**

**Current**

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

**Deferred**

Deferred tax is accounted for 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 corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.



### 3.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

#### Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

### 3.3 Intangible assets

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. Subsequently expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

#### Leasehold

Room lease hold rights are stated at cost less impairments, if any. The carrying amount is reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

### 3.4 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### 3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term borrowings.

### 3.6 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

### 3.7 Borrowing costs

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

### 3.8 Provisions

Provisions are recognized when the Company has a 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 obligations and a reliable estimate of the amount can be made.

### 3.9 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

### 3.10 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

### 3.11 Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

### 3.12 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

### 3.13 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### 3.14 Investments

#### Available-for-sale

response to the need for liquidity or changes in interest rates are classified as available-for-sale

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly 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 recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

#### At fair value through profit or loss

Investments at fair value through profit and loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognized in income.

#### Investment in subsidiary

Investments in subsidiaries and associates are stated at cost and the carrying amount is adjusted for impairment, if any.

Subsidiary is an enterprise in which the Company directly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and / or appoint more than 50% of its directors. The existence and effect of potential voting right that are currently exercisable or convertible when assessing whether the group controls another entity.

### 3.15 Loans and advances

Loans and advances are recognized initially at cost and subsequently measured at amortized cost.

### 3.16 Revenue recognition

- Brokerage income is recognized as and when such services are rendered.
- Mark up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.



	Note	2015 Rupees	2014 Rupees
<b>9. TRADE DEBTS-Unsecured</b>			
Considered good		4,869,560	16,257,009
Considered doubtful		-	-
		4,869,560	16,257,009
Provision for doubtful debts		-	-
		<u>4,869,560</u>	<u>16,257,009</u>
<b>10. LOAN AND ADVANCES</b>			
Security deposit		780,000	780,000
Advance income tax		23,625	9,683
Advance to Director		-	9,000,000
Other Receivables		152,081	-
		<u>955,705</u>	<u>9,789,683</u>
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		2,207	60,866
Cash at bank - in current accounts		4,346,918	2,862,479
- in saving accounts		-	-
		4,346,918	2,862,479
		<u>4,349,125</u>	<u>2,923,345</u>
<b>12. OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Directors remuneration		-	-
Salaries, wages and benefits		698,856	478,000
L.S.E charges		1,121	435
C. D. C charges		103,647	44,415
NCCPL charges		11,638	60,131
Electricity		90,211	50,804
Legal and professional charge		32,700	68,575
Telephone and Postage		74,534	55,963
Fee and taxes		61,480	670
Entertainment		10,299	7,238
Repair and maintenance		27,400	40,650
Printing and stationary		3,153	3,260
Auditor's remuneration		75,000	75,000
Depreciation		74,370	51,700
Charity and Donations		10,000	10,000
Miscellaneous expenses		1,178	14,600
		<u>1,275,587</u>	<u>961,441</u>
<b>13. FINANCE COST</b>			
Bank charges		2,397	2,127
		<u>2,397</u>	<u>2,127</u>

	2015 Rupees	2014 Rupees
<b>14. OTHER OPERATING EXPENSE</b>	-	-
<b>15. OTHER OPERATING INCOME</b>		
Dividend income	218,308	84,398
<b>16. TAXATION</b>	218,308	84,398
Current		
for the year	6,940	1,645
for prior year	8,440	-
	15,380	1,645
	15,380	1,645

**17. EARNING PER SHARE**

**BASIC**

(Loss) / profit for the year	(381,082)	(716,329)
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Number of shares

Weighted average number of ordinary shares	100,000	100,000
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(Loss) / earnings per share	(3.81)	(7.16)
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**DILUTED**

There is no dilution effect on the basic earning per share of the company as the company has no such commitments.

**18. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the board of Directors of the company in their meeting held on August 25, 2015.

**19 GENERAL**

- However, for the purpose of better comparison no material reclassification has been made.
- Figures in these financial statements has been rounded off to the nearest Rupee.

6. PROPERTY AND EQUIPMENT

	2015				
	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Net book value at the beginning of the year	135,800	126,000	117,000	-	378,800
Addition					
Depreciation for the year	(20,370)	(18,900)	(35,100)	0	(74,370)
<b>Net book value at the end of the year</b>	<b>115,430</b>	<b>107,100</b>	<b>81,900</b>	<b>0</b>	<b>304,430</b>
Cost	145,500	135,000	150,000	0	430,500
Accumulated depreciation	(30,070)	(27,900)	(68,100)	0	(126,070)
<b>Net book value at the 30 June 2015</b>	<b>115,430</b>	<b>107,100</b>	<b>81,900</b>	<b>0</b>	<b>304,430</b>
Depreciation rate (% per annum)	15%	15%	30%	15%	

	2014				
	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Net book value at the beginning of the year	-	-	-	-	-
Addition	145,500	135,000	150,000	-	430,500
Depreciation for the year	(9,700)	(9,000)	(33,000)	-	(51,700)
<b>Net book value at the end of the year</b>	<b>135,800</b>	<b>126,000</b>	<b>117,000</b>	<b>-</b>	<b>378,800</b>
Cost	145,500	135,000	150,000	-	430,500
Accumulated depreciation	(9,700)	(9,000)	(33,000)	-	(51,700)
<b>Net book value at the 30 June 2014</b>	<b>135,800</b>	<b>126,000</b>	<b>117,000</b>	<b>-</b>	<b>378,800</b>
Depreciation rate (% per annum)	10%	10%	33%	10%	

7. INTANGIBLE ASSETS

	2015				
	Computer software	Pre-operating Expenses	Trading Right Entitlement Certificate	Rooms at LSE	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Net book value at the beginning of the year	50,000	411,200	4,000,000	-	4,461,200
Addition	-	-	-	-	-
Transfer to long term investments - available for sale	-	-	-	-	-
<b>Net book value at the end of the year</b>	<b>50,000</b>	<b>411,200</b>	<b>4,000,000</b>	<b>0</b>	<b>4,461,200</b>
Cost	50,000	411,200	4,000,000	0	4,461,200
Accumulated amortization	-	-	-	-	-
Accumulated impairment	-	-	-	-	-
<b>Net book value at the 30 June 2015</b>	<b>50,000</b>	<b>411,200</b>	<b>4,000,000</b>	<b>0</b>	<b>4,461,200</b>
*Amortization rate (% per annum)	<b>30%</b>	<b>20%</b>	<b>N/A</b>	<b>N/A</b>	

It represents Trading Right Entitlement Certificate (TREC) received from Lahore Stock Exchange Limited (LSE) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act). The Company has also received shares of LSE after completion of demutualization process. For details, refer note 8.

	2014				
	Computer software	Pre-operating Expenses	Trading Right Entitlement Certificate	Rooms at LSE	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Net book value at the beginning of the year	-	411,200	4,000,000	0	4,411,200
Addition	50,000	-	-	-	50,000
Transfer to long term investments - available for sale	-	-	-	-	-
<b>Net book value at the end of the year</b>	<b>50,000</b>	<b>411,200</b>	<b>4,000,000</b>	<b>0</b>	<b>4,461,200</b>
Cost	50,000	411,200	4,000,000	0	4,461,200
Accumulated amortization	-	-	-	-	-
Accumulated impairment	-	-	-	-	-
<b>Net book value at the 30 June 2014</b>	<b>50,000</b>	<b>411,200</b>	<b>4,000,000</b>	<b>0</b>	<b>4,461,200</b>
Amortization rate (% per annum)	<b>30%</b>	<b>20%</b>	<b>N/A</b>	<b>N/A</b>	