IGI FINEX SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **IGI Finex Securities Limited ('the Company')** as at June 30, 2015 and the related profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company ;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 affairs as at June 30, 2015 and of the loss, its cash flows and changes in equity for the year then ended; and

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

The financial statements of the Company for the year ended June 30, 2014 were audited by another auditor who had expressed a qualified opinion vide their report dated September 29, 2014 highlighting that in the absence of certainty of future taxable profit against which unused tax losses and deductible temporary differences could be utilized they were unable to determine if any adjustment was required to the carrying amount of net deferred tax asset. This matter has been resolved in the current year by the management as explained in note 10.1 to the financial statements.

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Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: October 8, 2015
Karachi

IGI FINEX SECURITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015	2014
		---------- Rupees ----------	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	4	18,217,328	12,987,248
- Intangible assets	5	15,282,331	15,297,536
Investment property	6	-	7,848,215
Long-term investments	7	9,883,822	16,001,000
Long-term loan	8	69,859,738	-
Long-term deposits	9	4,339,473	4,534,664
Deferred tax asset - net	10	83,482,955	303,993,830
		201,065,647	360,662,493
Current assets			
Trade debts	11	45,722,276	121,422,877
Loans and advances	12	737,965	555,759
Trade deposits and short-term prepayments	13	140,133,607	117,921,597
Accrued mark-up	14	10,114,540	3,925,884
Other receivables	15	2,051,171	65,691,499
Taxation recoverable		35,676,649	29,992,785
Cash and bank balances	16	184,606,599	70,871,490
		419,042,807	410,381,891
TOTAL ASSETS		620,108,454	771,044,384
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
60,000,000 ordinary shares of Rs. 10/- each (2014: 60,000,000 ordinary shares of Rs. 10/- each)		600,000,000	600,000,000
Issued, subscribed and paid-up share capital	17	520,000,000	520,000,000
Accumulated losses		(871,092,591)	(658,087,532)
Advance against issue of preference shares	18	650,000,000	650,000,000
		298,907,409	511,912,468
Current liabilities			
Trade and other payables	19	321,201,045	259,131,916
TOTAL EQUITY AND LIABILITIES		620,108,454	771,044,384
CONTINGENCIES	20		

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		Rupees	
Operating revenue	21	95,536,707	80,270,822
Other operating revenue	22	31,312,463	20,388,881
Gain on sale of short term investments		2,621,424	96,941
		129,470,594	100,756,644
Administrative and operating expenses	23	(118,996,875)	(92,221,744)
Financial charges		(545,174)	(426,537)
		9,928,545	8,108,363
Other income	24	11,257,777	783,615
		21,186,322	8,891,978
(Provision) / reversal of provision against:			
- trade debts	11.2	115,860	2,909,567
- other receivables	15.1	(5,903,037)	4,055,568
		(5,787,177)	6,965,135
Impairment loss on investments	7.2	(6,117,178)	-
Profit before taxation		9,281,967	15,857,113
Taxation - current	25	(1,776,151)	(2,863,873)
- deferred		(220,510,875)	(5,272,069)
		(222,287,026)	(8,135,942)
(Loss) / Profit after taxation		(213,005,059)	7,721,171
(Loss) / Earnings per share - basic and diluted	26	(4.10)	0.15

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	Note	2015	2014
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,281,967	15,857,113
Adjustments for non-cash items			
Depreciation - property and equipment		3,959,229	2,907,892
Depreciation - investment property		143,563	400,004
Amortisation		55,205	82,982
Gain on disposal of property and equipment		(137,974)	(72,833)
Gain on disposal of investment property		(10,888,848)	-
Gain on sale of investments		(2,621,424)	(96,941)
Return on short term investments		(3,275,829)	(2,689,707)
(Reversal of provision) / provision against			
- Trade debts		(115,860)	(2,909,567)
- Other receivables		5,903,037	(4,055,568)
Impairment loss on investments		6,117,178	-
Dividend income		(1,767,678)	(952,360)
Profit on savings accounts		(11,999,279)	(4,981,796)
Income on deposit with Karachi Stock Exchange Limited		(3,931,296)	(4,851,024)
Income on deposit with Pakistan Mercantile Exchange Limited		(108,687)	(374,791)
Income from certificates of deposit		-	(3,699,452)
Income on term loan		(4,046,985)	-
Financial charges		545,174	426,537
		(22,170,474)	(20,866,624)
		(12,888,507)	(5,009,511)
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		75,816,461	180,782,221
Loans and advances		(182,206)	(8,852)
Trade deposits and short-term prepayments		(22,212,010)	12,005,916
Other receivables		57,737,291	(8,296,811)
		111,159,536	184,482,474
Increase / (decrease) in current liabilities			
Trade and other payables		62,069,129	(212,671,719)
		160,340,158	(33,198,756)
Finance cost paid		(545,174)	(426,537)
Income tax paid		(7,460,015)	(5,372,055)
Net cash generated from / (used in) operating activities		152,334,969	(38,997,348)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipment		(9,793,589)	(2,369,032)
Payment for purchase of intangible assets		(40,000)	-
Proceeds on disposal of property and equipment		742,254	1,068,060
Proceeds on disposal of investment property		18,593,500	-
Disbursement of long-term loan		(69,859,738)	-
Payment for purchase of short term investments		(300,937,693)	(358,817,587)
Proceeds on redemption of short term investments		60,000,000	-
Proceeds on disposal of short term investments		246,834,946	361,604,237
Long-term deposits		195,191	1,250,000
Dividend received		1,767,678	952,360
Interest received		13,897,591	12,463,819
Net cash (used in) / generated from investing activities		(38,599,860)	16,151,857
Net increase / (decrease) in cash and cash equivalents		113,735,109	(22,845,491)
Cash and cash equivalents at the beginning of the year		70,871,490	93,716,981
Cash and cash equivalents at the end of the year	27	184,606,599	70,871,490

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees	
(Loss) / Profit after taxation	(213,005,059)	7,721,171
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(213,005,059)	7,721,171

The annexed notes from 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

IGI FINEX SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up share capital	Advance against issue of preference shares	Accumulated losses	Total
	-----------------	-----------------	(Rupees)	-----------------
Balance as at July 1, 2013	520,000,000	650,000,000	(665,808,703)	504,191,297
Comprehensive income				
Profit after taxation for the year ended June 30, 2014	-	-	7,721,171	7,721,171
Other comprehensive income	-	-	-	-
	-	-	7,721,171	7,721,171
Balance as at July 1, 2014	520,000,000	650,000,000	(658,087,532)	511,912,468
Comprehensive income / (loss)				
Loss after taxation for the year ended June 30, 2015	-	-	(213,005,059)	(213,005,059)
Other comprehensive income	-	-	-	-
	-	-	(213,005,059)	(213,005,059)
Balance as at June 30, 2015	520,000,000	650,000,000	(871,092,591)	298,907,409

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI Finex Securities Limited (the Company) was incorporated in Pakistan on June 28, 1994 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Suite No. 701-713, 7th Floor, The Forum, G-20, Khayaban-e-Jami, Block-9, Clifton, Karachi. The Company is a Trading Right Entitlement Certificate (TREC) holder of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited and a corporate member of Pakistan Mercantile Exchange Limited. The Company is a wholly owned subsidiary of IGI Investment Bank Limited.

The principal activities of the Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

1.2 The board of directors of the Company has approved the proposed merger of IGI Finex Securities Limited with IGI Investment Bank Limited (parent company).

It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. The merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services.

Consummation of the proposed merger is subject to the receipt of relevant regulatory and corporate approvals, the finalisation of relevant documentation and the sanction of the proposed scheme of amalgamation by the High Court of relevant jurisdiction.

2 BASIS OF PREPARATION AND MEASUREMENT

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, and the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following amendments to existing standards have been published and are mandatory for the accounting period beginning on or after July 1, 2014:

- Amendment to IAS 32, "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the financial statements of the Company.

- IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 "Provisions." The interpretation addresses the obligating event that give rise to pay a levy and when a liability should be recognised. The amendment did not have a significant effect on the financial statements of the Company.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new and amended standards and interpretations to published approved accounting standards that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not detailed in these financial statements.

Further, the following new standards have been issued by the IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standards	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

2.4 Cost convention

These financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement".

2.5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Determination and measurement of useful life and residual value of fixed assets (notes 3.1.1 and 4);
ii) Amortisation of intangible assets (notes 3.1.2 and 5);
iii) Impairment of non-financial assets (note 3.2);
iv) Classification and valuation of investments (notes 3.3 and 7);
v) Provision against doubtful debts and other receivables (notes 3.7, 11 and 15); and
vi) Income taxes (notes 3.10, 10 and 25);

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Fixed assets

3.1.1 Property and equipment

These are stated at cost less accumulated depreciation or impairment losses, if any, except for capital work-in-progress which is stated at cost less impairment loss, if any. The cost of an item of fixed assets comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation on all fixed assets is calculated using the straight line method in accordance with the rates specified in note 4 to these financial statements after taking into account residual values, if significant. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the date the asset is available for use. For any disposal, depreciation is charged till the date of disposal.

Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

Gains or losses arising from derecognition of a fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss account when the asset is derecognised.

3.1.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual value, if any, at the rates specified in note 5 to these financial statements. Amortisation is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each balance sheet date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Intangible assets exchanged for a non-monetary asset or assets, or a combination of monetary and non-monetary assets is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measureable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the assets given up.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss account when the asset is derecognised.

3.1.3 Investment property

Investment properties are properties held to earn rentals and / or capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Investment property transferred from owner-occupied properties is recognised at its carrying amount on the date of transfer. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit and loss account applying the straight-line method in accordance with the rate specified in note 6 to these financial statements. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains or losses on disposals of investment property are taken to the profit and loss account in the period in which they arise.

Repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

3.2 Impairment of non-financial assets

The carrying amounts of the Company's assets other than deferred tax asset and intangible assets with indefinite useful life, are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying value exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognised as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.3 Financial assets

3.3.1 Classification

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard (IAS) 39; 'Financial Instruments: Recognition and Measurement' at the time of purchase of investment. The financial assets of the Company are categorised as follows:

a) **Financial assets 'at fair value through profit or loss - held for trading'**

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss - held for trading'.

b) **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity.

d) **Available for sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (b) loans and receivables, (c) held to maturity investments or (a) financial assets at fair value through profit or loss.

3.3.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

3.3.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets 'at fair value through profit and loss - held for trading'. Financial assets 'at fair value through profit and loss - held for trading' are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

3.3.4 Subsequent measurement

Subsequent to initial recognition, financial assets classified by the management as financial assets 'at fair value through profit and loss - held for trading' and available for sale that comprise of equity securities are valued on the basis of quoted market prices. Loans and receivables are carried at amortised cost. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment, if any.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment.

Net gains and losses arising on changes in the fair value of financial assets 'at fair value through profit and loss - held for trading' are taken to the profit and loss account.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in other comprehensive income is transferred to the profit and loss account.

3.3.5 Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, 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 or loss, is reclassified from other comprehensive income to profit and loss account.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised on equity instruments are not reversed through profit and loss.

3.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.4 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.5 Offsetting of financial assets and liabilities

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 there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.6 Securities under repurchase / resale agreement

Transactions of sale under repurchase (repo) of securities are entered into at contracted rates for specified periods of time. These securities are not derecognised from the financial statements and are continued to be recognised as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as interest / mark-up expense and accrued over the life of the repo agreement.

Transactions of purchase under resale (reverse-repo) of securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these arrangements are included in the financial statements as receivable against reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the life of the reverse repo agreement.

All purchases and sales of securities that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the asset.

3.7 Trade debts and other receivables

Trade debts are recognised initially at invoice value and subsequently measured at cost, less provision for impairment. A provision for impairment for trade debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable.

3.8 Trade and other payables

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

3.9 Provisions

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

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3.10 Taxation

3.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under normal tax regime after taking into account tax credits and rebates available, if any, or on turn over at the specified rate or Alternate Corporate Tax as defined in section 113C of Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

3.10.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they will be reversed, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

3.11 Revenue recognition

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

- Brokerage, consultancy and advisory fee, commission on commodity contracts and government securities etc. are recognised as and when such services are rendered.

- Income from reverse repurchase transactions, debt securities, loans and bank deposits is recognised at effective yield on time proportion basis.

- Dividend income is recorded when the right to receive the dividend is established.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

3.12 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends and transfers are approved.

3.13 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement include cash in hand, balances with banks in current and savings accounts, term deposits, short-term running finances under mark-up arrangements and other short-term highly liquid investments with original maturities of three months or less.

3.14 Earnings per share (EPS)

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

4 PROPERTY AND EQUIPMENT

	June 30, 2015						
	Renovation of office premises	Furniture and fixtures	Office equipment	Communica tion equipment	Computer equipment	Motor vehicles	Total
	Rupees						
As at July 1, 2014							
Cost	16,492,448	4,523,721	3,564,209	3,904,855	24,411,623	8,258,345	61,155,201
Accumulated depreciation	10,782,931	2,926,130	2,326,062	3,676,040	23,875,563	4,581,227	48,167,953
Net book value	5,709,517	1,597,591	1,238,147	228,815	536,060	3,677,118	12,987,248
Year ended June 30, 2015							
Opening net book value	5,709,517	1,597,591	1,238,147	228,815	536,060	3,677,118	12,987,248
Additions	1,847,840	38,334	105,780	118,130	1,481,330	6,202,175	9,793,589
Disposals - note 4.1							
Cost	191,480	1,578,089	580,850	-	-	-	2,350,419
Accumulated depreciation	126,687	1,225,238	394,214	-	-	-	1,746,139
	64,793	352,851	186,636	-	-	-	604,280
Depreciation charge for the year	1,653,931	327,578	419,030	144,568	648,506	765,616	3,959,229
Closing net book value	5,838,633	955,496	738,261	202,377	1,368,884	9,113,677	18,217,328
As at June 30, 2015							
Cost	18,148,808	2,983,966	3,089,139	4,022,985	25,892,953	14,460,520	68,598,371
Accumulated depreciation	12,310,175	2,028,470	2,350,878	3,820,608	24,524,069	5,346,843	50,381,043
Net book value	5,838,633	955,496	738,261	202,377	1,368,884	9,113,677	18,217,328
Depreciation rate % per annum	10	10	10	20	33	20	

	June 30, 2014						
	Renovation of office premises	Furniture and fixtures	Office equipment	Communica tion equipment	Computer equipment	Motor vehicles	Total
	Rupees						
As at July 1, 2013							
Cost	16,392,448	4,623,431	3,818,313	3,834,855	24,098,376	7,416,170	60,183,593
Accumulated depreciation	9,152,686	2,662,823	2,235,894	3,559,691	23,544,786	4,506,378	45,662,258
Net book value	7,239,762	1,960,608	1,582,419	275,164	553,590	2,909,792	14,521,335
Year ended June 30, 2014							
Opening net book value	7,239,762	1,960,608	1,582,419	275,164	553,590	2,909,792	14,521,335
Additions	100,000	-	10,785	70,000	313,247	1,875,000	2,369,032
Disposals							
Cost	-	99,710	264,889	-	-	1,032,825	1,397,424
Accumulated depreciation	-	87,320	193,296	-	-	121,581	402,197
	-	12,390	71,593	-	-	911,244	995,227
Depreciation charge for the year	1,630,245	350,627	283,464	116,349	330,777	196,430	2,907,892
Closing net book value	5,709,517	1,597,591	1,238,147	228,815	536,060	3,677,118	12,987,248
As at June 30, 2014							
Cost	16,492,448	4,523,721	3,564,209	3,904,855	24,411,623	8,258,345	61,155,201
Accumulated depreciation	10,782,931	2,926,130	2,326,062	3,676,040	23,875,563	4,581,227	48,167,953
Net book value	5,709,517	1,597,591	1,238,147	228,815	536,060	3,677,118	12,987,248
Depreciation rate % per annum	10	10	10	20	33	20	

4.1 Particulars of operating fixed assets having book value exceeding Rs 50,000 disposed of during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	Rupees					
Office Renovation						
Office renovation Nacon House	130,300	65,507	64,793	162,731	Negotiation	IGI Insurance Limited - related party
Furniture and fixtures						
Low back chairs	173,400	110,738	62,662	129,750	Negotiation	IGI Insurance Limited - related party
Work stations	216,000	146,052	69,948	84,000	Negotiation	
Sofa Set	294,539	243,537	51,002	68,000	Negotiation	
Total - 2015	814,239	565,834	248,405	444,481		
Total - 2014	995,000	86,517	908,483	1,000,000	Through bid	Mr. Akber Mirza

4.2 Cost and accumulated depreciation at the end of the year include Rs. 32,692,388 (2014: Rs 31,679,041) in respect of fully depreciated assets still in use.

5 INTANGIBLE ASSETS

	June 30, 2015				
	Membership card - note 5.1	Computer software	Club Membership	Trading Rights Entitlement Certificates (TREC) - note 5.2	Total
	Rupees				
As at July 1, 2014					
Cost	250,000	10,828,657	2,000,000	14,999,000	28,077,657
Accumulated amortisation / impairment	-	(10,780,121)	(2,000,000)	-	(12,780,121)
Net book value	250,000	48,536	-	14,999,000	15,297,536
Year ended June 30, 2015					
Opening net book value	250,000	48,536	-	14,999,000	15,297,536
Additions	-	40,000	-	-	40,000
Amortisation charge for the year	-	(55,205)	-	-	(55,205)
Closing net book value	250,000	33,331	-	14,999,000	15,282,331
As at June 30, 2015					
Cost	250,000	10,868,657	2,000,000	14,999,000	28,117,657
Accumulated amortisation / impairment	-	(10,835,326)	(2,000,000)	-	(12,835,326)
Net book value	250,000	33,331	-	14,999,000	15,282,331
Amortisation rate % per annum	-	33.33	50	-	

	June 30, 2014				
	Membership card - note 5.1	Computer software	Club Membership	Trading Rights Entitlement Certificates (TREC) - note 5.2	Total
	Rupees				
As at July 1, 2013					
Cost	250,000	10,828,657	2,000,000	14,999,000	28,077,657
Accumulated amortisation / impairment	-	(10,697,139)	(2,000,000)	-	(12,697,139)
Net book value	250,000	131,518	-	14,999,000	15,380,518
Year ended June 30, 2014					
Opening net book value	250,000	131,518	-	14,999,000	15,380,518
Additions	-	-	-	-	-
Amortisation charge for the year	-	(82,982)	-	-	(82,982)
Closing net book value	250,000	48,536	-	14,999,000	15,297,536
As at June 30, 2014					
Cost	250,000	10,828,657	2,000,000	14,999,000	28,077,657
Accumulated amortisation / impairment	-	(10,780,121)	(2,000,000)	-	(12,780,121)
Net book value	250,000	48,536	-	14,999,000	15,297,536
Amortisation rate % per annum	-	33.33	50	-	

	Note	2015	2014
		Rupees	
5.1 Membership card of Pakistan Mercantile Exchange Limited		250,000	250,000
5.2 Trading Right Entitlement Certificates (TREC) comprise of:			
TREC of Karachi Stock Exchange Limited		10,999,000	10,999,000
TREC of Lahore Stock Exchange Limited		4,000,000	4,000,000
	5.2.1	14,999,000	14,999,000

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5.2.1 These represent TRECs received in financial year ended June 30, 2013 pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (the Act).

5.3 Cost and accumulated amortisation at the end of the year include Rs.12,579,718 (2014: Rs 12,579,718) in respect of fully amortised intangible assets still in use

6 INVESTMENT PROPERTY	Note	2015	2014
		Rupees	
Opening net book value		7,848,215	8,248,219
Disposals			
Cost	6.2.1	(14,000,000)	-
Accumulated depreciation		6,295,348	-
		(7,704,652)	-
Depreciation charge for the year		(143,563)	(400,004)
Closing net book value		-	7,848,215

6.1 Book value of investment property

	2015	2014
Cost	-	14,000,000
Accumulated depreciation	-	(6,151,785)
Net book value	-	7,848,215
Depreciation rate % per annum	5	5

6.2

	Note	2015 Book value	2015 Fair value	2014 Book value	2014 Fair value
		Rupees		Rupees	
7th Floor, Nacon House, MDM Wafai Road, Karachi	6.2.1	-	-	600,000	10,118,500
Room No. 302, Third Floor, Lahore Stock Exchange, Egerton Road, Lahore	6.2.1 & 6.2.2	-	-	7,248,215	8,500,000
		-	-	7,848,215	18,618,500

6.2.1 During the current year above mentioned properties, that were held by the Company in prior years for long term capital appreciation purposes, have been sold for Rs. 18.6 million to a related party.

6.2.2 This property was let out to M/s. Adeel and Nadeem Securities (Pvt.) Limited at a monthly rental of Rs 42,350. The rental income for the year from this property amounted to Rs. 182,105.

7 LONG-TERM INVESTMENTS	Note	2015	2014
		Rupees	
Available for sale - Unquoted			
Karachi Stock Exchange Limited 4,007,383 (2014: 4,007,383) ordinary shares of Rs. 10 each. Equity held 0.5% (2014: 0.5%). Break-up value of each ordinary share of Rs. 15.14 per ordinary share based on the audited financial statements for the year ended June 30, 2014	7.1	1,000	1,000
Lahore Stock Exchange Limited 843,975 (2014: 843,975) ordinary shares of Rs. 10 each. Equity held 0.66% (2014: 0.66%). Break-up value of each ordinary shares of Rs. 11.63 per ordinary share based on the audited financial statements for the year ended June 30, 2014	7.1 & 7.2	9,882,822	16,000,000
		9,883,822	16,001,000

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7.1 Pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act) during financial year ended June 30, 2013, the Company was allotted 4,007,383 and 843,975 of Karachi Stock Exchange Limited (KSE) and Lahore Stock Exchange Limited (LSE) respectively. 40% of the allotted shares were received by the Company and remaining 60% have been kept in a blocked CDC account maintained by KSE and LSE. Divestment of the blocked shares will be done by KSE and LSE under the Act, however, rights to proceeds of the shares, bonus / dividends vests with the Company, while voting rights attached to those shares are suspended.

		Note	2015	2014
7.2	Impairment loss		-------------- Rupees	-------------
	Carrying value of LSE shares at July 1		16,000,000	16,000,000
	Less : Impairment loss recognised during the year		(6,117,178)	-
	Carrying value of LSE shares at June 30		9,882,822	16,000,000
8	LONG-TERM LOAN			
	IGI Investment Bank Limited	8.1	69,859,738	-

8.1 During the year, the Company has entered into a long term loan agreement with IGI Investment Bank Limited (the Parent Company) for Rs. 85 million. Under the terms of the Loan Agreement, the loan is to be disbursed in multiple tranches, on such dates and in such amount as may be mutually agreed by the parties to the agreement. The loan carries markup rate at 1 month KIBOR + 2% and is repayable at the earlier of the expiry of 36 months from the date of disbursement of first tranche of the loan or upon occurrence of any change in the shareholding of the Parent Company or the board of directors of the Parent Company that would result in change of control of the Parent Company from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. The Parent Company may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date. As at June 30, 2015, the Company has disbursed Rs. 69.860 million out of the total amount of the loan i.e. Rs. 85 million.

		Note	2015	2014
9	LONG-TERM DEPOSITS		-------------- Rupees	-------------
	Deposits with:			
	Karachi Stock Exchange Limited		250,000	250,000
	Lahore Stock Exchange Limited		630,000	630,000
	National Clearing Company Pakistan Limited		200,000	400,000
	Pakistan Mercantile Exchange Limited		750,000	750,000
	NCEL Building Management (Private) Limited	9.1	2,500,000	2,500,000
	Karachi Stock Exchange Limited - Base Minimum Capital		4,809	-
	Others		4,664	4,664
			4,339,473	4,534,664

9.1 This represents advance given to NCEL Building Management (Private) Limited for acquiring office premises.

		Note	2015	2014
10	DEFERRED TAX ASSET - NET		-------------- Rupees	-------------
	Deductible temporary differences arising in respect of:			
	- Unused tax losses	10.1	31,063,910	60,506,510
	- Provision for doubtful debts and other receivables	10.1	52,652,424	203,662,218
	- Provision for doubtful accrued mark-up		-	28,835,848
	- Provision for leave encashment		608,955	781,871
	- Provision for doubtful other receivables		-	11,225,196
	Taxable temporary differences arising in respect of:			
	- Accelerated tax depreciation		(842,334)	(1,017,813)
			83,482,955	303,993,830

10.1 The Company has an aggregate amount of Rs. 149.50 million (2014: Rs 174.29 million) [including unabsorbed tax depreciation and amortisation in respect of available tax losses as at June 30, 2015 and has an aggregate amount of Rs 710.28 million (2014: Rs 704.40 million) in respect of deductible temporary differences arising on provisions made against doubtful receivables on the same date.

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The Company had recognised full amount of deferred tax asset on available tax losses and deductible temporary differences in prior years based on projections duly approved by the Board of Directors. The auditors of the Company had expressed a qualified opinion on the financial statements for the year ended June 30, 2014 highlighting that in the absence of certainty of future taxable profits against which these unused tax losses and deductible differences could be utilised they were unable to determine if any adjustment was required to the carrying amount of net deferred tax asset. While maintaining that deferred tax on deductible differences (provision for doubtful receivables) provides an opportunity for tax planning and the Company would be able to fully utilise them in the future years, management during the current year has decided to take a more conservative view on the balance of deferred tax recognised as an asset against deductible temporary differences in the financial statements of the Company. The Company, nevertheless, retains the right to consider and evaluate on an ongoing basis tax planning opportunities with respect to provision write offs. In addition the management has taken into consideration factors such as regulatory amendments introduced in 2015 by the Stock Exchanges requiring brokers to pass on profit earned on unutilised funds of clients to the respective clients out of the total profit accrued on such funds as mutually agreed in writing between the brokers and its clients, that will potentially impact the profitability of the Company in future years. Accordingly, on a conservative estimate basis the amount of deferred tax asset recognised against available tax losses and deductible temporary differences has been limited to Rs 83.48 million during the year.

In connection with the above, the Management has prepared financial projections which have been approved by the Board of Directors of the Company. These projections involve certain key assumptions underlying the estimation of future taxable profits. The determination of the future taxable profits takes into account various assumptions regarding the future business, economic and market conditions. Key assumptions include market share of the Company, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write offs etc. A significant change in the assumptions used may impact the realisability of the deferred tax asset.

		Note	2015	2014
11	TRADE DEBTS		---------------- Rupees	--------------
	Considered good			
	Receivable from clients against purchase of marketable securities and commodity contracts	11.1	25,753,029	53,047,144
	Commission receivable		334,289	320,244
	Clearing balance with National Clearing Company of Pakistan Limited		14,370,515	45,902,624
			40,457,833	99,270,012
	Considered doubtful			
	Receivable from clients against purchase of marketable securities and commodity contracts		594,272,867	611,277,149
	Provision against doubtful debts	11.2	(589,008,424)	(589,124,284)
			5,264,443	22,152,865
			45,722,276	121,422,877
11.1	This includes amounts due from related parties as under:			
	Parent company - IGI Investment Bank Limited		52,148	68,103
	Key management personnel		46,476	24,599
	Other related parties and associated undertakings		4,530,438	45,277,300
			4,629,062	45,370,002
11.2	**Provision against doubtful debts**			
	Balance as at July 1		589,124,284	592,033,851
	Charge for the year		-	596,465
	Reversal during the year		(115,860)	(3,506,032)
			(115,860)	(2,909,567)
	Balance as at June 30	11.2.1	589,008,424	589,124,284
11.2.1	This includes provision in respect of related parties as under			
	A related party		23,478	23,478
	An associated company		4,379,925	4,379,925
			4,403,403	4,403,403

11.2.2 Provision against doubtful debts has been made after considering the market value of listed equity securities amounting to Rs. 49.759 million (2014: Rs. 28.989 million) held in custody by the company against respective customers accounts

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12	LOANS AND ADVANCES	Note	2015	2014
			------------- Rupees -------------	
	Considered good			
	Advances to employees	12.1	387,712	167,382
	Others		350,253	388,377
			737,965	555,759

12.1 The advances to employees are given to meet personal and travelling expenses. These are granted to employees of the Company in accordance with their terms of employment and are recovered through deductions from salaries.

13	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	2015	2014
			------------- Rupees -------------	
	Exposure deposit with Karachi Stock Exchange Limited	13.1	134,750,000	108,350,000
	Pakistan Mercantile Exchange Limited-margin deposit		1,583,430	2,006,217
	Security deposits		2,766,923	4,470,929
	Prepayments		1,033,254	3,094,451
			140,133,607	117,921,597

13.1 This represents the deposit held at the year end against exposures arising out of trading in securities in accordance with the regulations of the Karachi Stock Exchange Limited. Interest is earned on the deposit at rates as determined by the Exchange. These deposits carry interest / mark-up at 5% (2014: 7.5%) as at year end.

14	ACCRUED MARK-UP	Note	2015	2014
			------------- Rupees -------------	
	Considered good			
	Accrued income on savings accounts, term and exposure deposits	14.1	10,114,540	3,925,884
			10,114,540	3,925,884
	Considered doubtful			
	Accrued mark-up income		69,947,808	69,947,808
	Accrued income on other receivables		12,440,328	12,440,328
			82,388,136	82,388,136
	Provision against doubtful accrued mark-up		(82,388,136)	(82,388,136)
			10,114,540	3,925,884

14.1 This includes markup receivable from IGI Investment Bank Limited (the Parent Company) of Rs. 4.047 million (2014: Nil).

15	OTHER RECEIVABLES	Note	2015	2014
			------------- Rupees -------------	
	Considered good			
	Receivable against sale of securities - parent company		15,000	6,967,624
	Others		2,036,171	2,687,348
			2,051,171	9,654,972
	Considered doubtful			
	Receivable against overdue reverse repurchase transaction	15.2	13,297,927	63,431,417
	Others		25,582,617	25,582,617
			38,880,544	89,014,034
	Provision against doubtful other receivables	15.1	(38,880,544)	(32,977,507)
			2,051,171	65,691,499

15.1	Provision against doubtful other receivables		
	Balance as at July 1	32,977,507	37,033,075
	Charge for the year	5,903,037	-
	Reversal during the year	-	(4,055,568)
	Balance as at June 30	38,880,544	32,977,507

15.2 This represents receivable against overdue reverse repurchase transaction with another brokerage house. During financial year ended June 30, 2013, the borrower entered into a Settlement Agreement with the Company under which it acknowledged its liability to pay Rs 114 million and the related mark-up and also paid Rs 50 million against the release of certain shares held as collateral. The opening balance of Rs 64 million was secured against certain shares listed on KSE and ten shops located at Fortress Stadium, Lahore. During the current year these collaterals were sold by the Company. The remaining balance which is unsecured has been fully provided.

		Note	2015	2014
16	CASH AND BANK BALANCES		------------- Rupees -------------	
	Cash in hand		13,680	50,000
	Cash at bank			
	Current accounts - non-interest bearing		29,660,371	6,220,262
	Savings accounts	16.1	154,932,548	64,601,228
			184,592,919	70,821,490
		16.2	184,606,599	70,871,490

16.1 The savings accounts carry interest / mark-up ranging from 5% to 8% (2014: 6% to 9.5%) per annum.

16.2 This includes an amount of Rs. 162.228 million (2014: Rs. 67.931 million) representing clients' funds.

17 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
Number of shares			------------- Rupees -------------	
52,000,000	52,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	520,000,000	520,000,000

17.1 The parent company, IGI Investment Bank Limited, hold 52,000,000 shares.

18 ADVANCE AGAINST ISSUE OF PREFERENCE SHARES

During the financial year ended June 30, 2012, the Company received Rs. 650 million in the form of interest free Subordinated Loan from Mr. Syed Babar Ali, Chairman – IGI Investment Bank Limited, the Parent Company, and a key sponsor of the Company. On June 29, 2012, the Company and Mr. Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the Subordinated Loan into Preference Shares to be issued by the Company to Mr. Syed Babar Ali.

The Subscription Agreement provides for issue of 65,000,000 preference shares at the rate of Rs 10 per share and these shares will be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, the Company is to take steps for issuance and allotment of preference shares to Mr. Syed Babar Ali and to complete all requisite formalities in that connection.

On April 18, 2014, the Company had signed an Addendum to the aforesaid Subscription Agreement to amend the terms for payment of dividend to the preference shareholder, as may be declared by the Company out of its distributable profits and the entitlement of preference shareholder in case of liquidation of the Company.

Consequent to the above, the preference shareholder shall be first paid dividend up to 10% of par value until the aggregate amount of preferential dividend paid equals Rs. 650 million and thereafter, 0.1% of par value. Further, in case of liquidation of the Company, preference shareholder shall have priority over ordinary shareholder to the extent of par value of preference shares held, less dividends paid on preference shares.

Since the Company is yet to complete formalities for issuance of the said preference shares, the amount has been reported as advance against issue of preference shares.

		Note	2015	2014
19	TRADE AND OTHER PAYABLES		------------- Rupees -------------	
	Payable against sale of marketable securities	19.1	288,676,991	230,148,578
	Payable against profit on unutilised funds	19.2 & 19.4	1,447,359	-
	Payable to IGI Investment Bank Limited - parent company		-	3,989,818
	Payable to IGI Insurance Limited - related party	19.3	9,029,114	5,418,874
	Accrued expenses	19.5	4,037,300	2,092,644
	Provision for leave encashment		1,927,025	2,454,500
	Bonus Payable		1,642,164	1,447,325
	Commission payable		4,685,033	2,824,128
	Withholding tax payable		2,912,692	1,202,107
	Other payables		6,843,377	9,553,942
			321,201,045	259,131,916

		2015	2014
19.1	This includes amounts due to related parties as follows:	------- Rupees	-------
	Parent company - IGI Investment Bank Limited	-	124
	Key management personnel	744,875	84
	Other related parties and associated undertakings	-	678,760
		744,875	678,968

19.2 During the year, with effect from March 2015 the Company has been mandated by the Stock Exchange to pass on profit earned on unutilised funds of clients to the respective clients out of total profit accrued on such funds as may be mutually agreed in writing between the Company and its clients. While the Company is in the process of agreeing the same with its clients, the Company has recorded a liability based on management's best estimate of amount that may be eventually passed on to its clients.

19.3 This represents payables to related parties in relation to sharing of common expenses under Group Shared Services (GSS) agreement.

19.4 This includes profit payable to a related party of Rs. 0.16 million (2014: Nil).

19.5 This includes insurance expense payable to a related party of Rs. 0.641 million (2014: Nil).

20 CONTINGENCIES

20.1 During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to the Tax Year 2010 were concluded by the Deputy Commissioner Inland Revenue (DCIR) which led to an eventual tax demand of Rs. 6.672 million. The Company has filed an appeal with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner. During the year ended June 30, 2014, Commissioner (Appeals) passed an order under which the Company has been allowed certain expenses which were disallowed by DCIR in earlier assessment. DCIR has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the said order. Management has also filed second appeal before Appellate Tribunal Inland Revenue which is pending. Management and tax advisor of the Company are of the view that there is a reasonable probability that outcome of appeal shall be in favour of the Company.

20.2 During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against the Company in the High Court of Sindh for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, the Company had filed a counter affidavit against the application filed by the Complainant to seek an interim order. During the financial year ended June 30, 2013, the Company filed a written Statement in this lawsuit, while the Plaintiff has filed a rejoinder to the counter affidavit filed by the Company. The Company has also filed a lawsuit against the same brokerage house and an ex-official of the Company in the High Court of Sindh to recover the outstanding balance appearing in the Company's books of account before provision. The court has issued notices to the defendants. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.

20.3 During the financial year ended June 30, 2010, one of the customers of the company filed a lawsuit against the company before the High Court of Sindh for the recovery of Rs. 3.5 million along with damages of Rs. 100 million. The said lawsuit is counterblast to Company's suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honourable High Court of Sindh at Karachi, on company's a civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.

20.4 During the current year, one of the customers of the company has filed a lawsuit against the company in the Court of Senior Civil Judge Karachi, South for the recovery of Rs. 12.6 million along with mark-up thereon. The said lawsuit is counterblast to Company's suit for recovery of money, declaration and permanent injunction for recovery of Rs. 3.3 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2009 before the Honourable High Court of Sindh. The lawsuits are pending litigations and both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.

20.5 During the year ended June 30, 2009, a brokerage house filed suit before the Honourable Civil Judge, Lahore for declaration and permanent injunction against the Company. The brokerage house filed a contempt petition and a petition under section 33 of the Arbitration Act against the Company before the Honourable Civil Judge, Lahore. Furthermore the brokerage house also filed a civil revision before the Honourable Lahore High Court, Lahore Bench against order passed by the learned Civil Judge wherein the learned Civil Judge was pleased to dismiss the temporary injunction granted to the brokerage house, the said order was also affirmed in appeal. During the financial year ended June 30, 2014 the Company had filed claim of recovery amounting to Rs. 53.062 million alongwith liquidated damages against a brokerage house with the Lahore Stock Exchange. Both the management and legal counsel are of the view that there is a reasonable probability of Company's success in both lawsuits.

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20.6 During the financial year ended June 30, 2009, one of the employee of the Company has filed a petition under section 41 of the Industrial Relation Act, 2008 before Punjab Labour Court for illegal termination and reinstatement of service along with back benefits since termination. The petition is pending litigation, both the management and legal counsel are of the view that there is a reasonable probability of Company's success in the aforesaid petition.

21 OPERATING REVENUE

	Note	2015	2014
		Rupees	
Brokerage from equity operations		86,713,008	72,321,443
Brokerage from commodity operations		4,847,260	2,890,895
Advisory and consulting fee		3,515,578	4,478,848
Commission		460,861	579,636
		95,536,707	80,270,822

22 OTHER OPERATING REVENUE

	Note	2015	2014
Profit on saving accounts - net	22.1	11,999,279	4,981,796
Income on deposit with Karachi Stock Exchange Limited - net	22.1	3,931,296	4,851,024
Income on deposit with Pakistan Mercantile Exchange Limited		108,687	374,791
Income from certificates of deposit		-	3,699,452
Return on short term investments		3,275,829	2,689,707
Liquidated damages		4,104,812	1,696,466
Dividend income		1,767,678	952,360
CDC conversion charges and commission		2,077,897	1,143,285
Income on term loan		4,046,985	-
		31,312,463	20,388,881

22.1 PROFIT ON UNUTILISED FUNDS

	Note	2015			2014
		Profit on savings account	Income on deposit with stock exchange	Total	Total
		Rupees			
Gross revenue		13,155,260	4,222,674	17,377,934	-
Payable against profit on unutilized funds	19.2	1,155,981	291,378	1,447,359	-
Net revenue		11,999,279	3,931,296	15,930,575	-

23 ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2015	2014
		Rupees	
Salaries, allowances and other benefits		51,877,441	43,466,533
Staff training		2,567,016	2,658,386
Commission expense		9,877,238	6,076,763
Insurance		1,527,453	864,241
Repairs and maintenance		2,916,745	640,061
Auditors' remuneration	23.3	1,198,000	437,996
Rent and rates		6,732,090	7,037,153
Legal and professional charges		3,713,427	1,776,261
Printing and stationery		1,878,252	1,007,723
Postage and telephone		4,007,096	3,436,598
Travelling and conveyance		1,699,235	339,048
Computer expenses		5,732,934	5,255,126
Utilities		2,545,265	2,349,428
Fees and subscription including stock exchange, clearing house and CDC charges		13,352,387	10,137,601
Advertisement		1,229,490	125,725
Entertainment		1,828,865	1,515,876
Depreciation - tangible assets	4	3,959,229	2,907,892
Amortisation - intangible assets	5	55,205	82,982
Depreciation - investment property	6	143,563	400,004
Others		2,155,944	1,706,347
		118,996,875	92,221,744

23.1 Certain common expenses (including salaries, allowances and other benefits, staff training, rentals, utilities, repair and maintenance and computer expenses) are charged to the Company, which are shown under respective administrative and operating expenses accounts; in accordance with the Group Shared Services (GSS) Cost Allocation Review Memorandum, between the Company, IGI Investment Bank Limited (Parent company) and IGI Insurance Limited (Associated company).

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		2015	2014
23.2	Number of employees at the end of the year	42	32
	Average number of employees during the year	37	32

		2015	2014
23.3	Auditors' remuneration	Rupees	
	Audit fee	350,000	350,000
	Special certifications and sundry services	756,000	-
	Out of pocket expenses	92,000	87,996
		1,198,000	437,996

24 OTHER INCOME

	2015	2014
Gain on disposal of property and equipment	11,026,822	72,833
Rental income from investment property	182,105	500,500
Others	48,850	210,282
	11,257,777	783,615

25 TAXATION - NET

	2015	2014
Current - for the year	1,776,151	2,863,873
Deferred	220,510,875	5,272,069
	222,287,026	8,135,942

25.1 Relationship between tax expense and accounting profit

The numerical reconciliation between tax expense and accounting loss has not been presented in these financial statements due to applicability of minimum tax under section 113 of Income Tax Ordinance, 2001.

26 EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2015	2014
Profit for the year (Rupees)		(213,005,059)	7,721,171
Weighted average number of ordinary shares outstanding		52,000,000	52,000,000
(Loss) / Earnings per share (Rupees)	26.1	(4.10)	0.15

26.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2015 and 2014.

27 CASH AND CASH EQUIVALENTS

	Note	2015	2014
		Rupees	
Cash and bank balances	16	184,606,599	70,871,490
		184,606,599	70,871,490

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	2015			2014		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Managerial remuneration	1,063,462	2,915,827	7,396,128	2,358,240	2,856,129	5,674,839
Reimbursements / other allowances	145,341	242,644	723,581	153,425	172,324	1,168,767
Housing	478,558	1,312,122	3,328,258	1,061,208	970,258	2,553,676
Utilities	257,692	291,583	739,613	561,442	215,612	567,483
Commission	-	-	847,931	-	-	402,997
	1,945,053	4,762,176	13,035,511	4,134,315	4,214,323	10,367,762
Number of persons*	1 **	1	6	1	2	6

* The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

** During the year, Chief Executive Officer of the Company resigned and the casual vacancy was filled. The current Chief Executive Officer is not drawing any remuneration from the Company.

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28.1 The Executive Director and certain Executives of the Company are provided with free use of Company owned and maintained vehicles.

28.2 No meeting fee was paid to any of the Directors for attending the Board meetings (2014: Nil)

29 RELATED PARTY TRANSACTIONS

The Company has related party relationships with its parent company, associated undertakings, directors and key management personnel.

The following transactions were carried out with related parties during the year.

	2015			2014		
	Parent company	Key management personnel	Other related parties and associated undertakings	Parent company	Key management personnel	Other related parties and associated undertakings
Nature of transactions	----------	----------	---------- Rupees	----------	----------	----------
Purchase of marketable securities for and on behalf of	-	61,480,105	202,180,604	-	2,464,055	1,025,870,598
Sale of marketable securities for and on behalf of	-	56,700,186	633,945,902	-	3,629,797	285,030,207
Brokerage income earned	-	93,541	3,223,936	-	25,478	3,979,862
Insurance expense paid to	-	-	886,501	-	-	808,241
Long-term loan disbursed	69,859,738	-	-			
Encashment of certificate of deposits from	-	-	-	70,000,000	-	-
Mark-up earned on certificate of deposits from	-	-	-	3,699,452	-	-
Advisory / consultancy income from	-	-	-	-	-	1,000,000
Purchase of fixed assets - at cost	-	3,000	557,500	-	-	2,044,000
Disposal of fixed assets - at cost	-	-	2,350,419			
Sale proceeds from disposals of fixed assets	-	-	742,254			
Remuneration paid to	-	15,825,108	-	-	15,236,405	-
Receipt from sale of property held as collateral	-	-	43,239,502	-	-	-
GSS expense	6,515,482	-	10,171,875	1,071,438	-	5,951,316

Particulars relating to the remuneration of the Chief Executive Officer and Directors who are key management personnel are disclosed in note 28 of these financial statements

The status of outstanding balances at year end of related parties is included in the respective notes to these financial statements

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30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Financial instruments by category

	June 30, 2015			
	At fair value through profit or loss - held for trading	Loans and receivables	Available for sale	Total
FINANCIAL ASSETS	---------- Rupees ----------			
Non-current assets				
Long-term investments	-	-	9,883,822	9,883,822
Long-term loan	-	69,859,738	-	69,859,738
Long-term deposits	-	4,339,473	-	4,339,473
	-	74,199,211	9,883,822	84,083,033
Current assets				
Trade debts	-	45,722,276	-	45,722,276
Loans and advances - considered good	-	737,965	-	737,965
Trade deposits	-	139,100,353	-	139,100,353
Accrued mark-up	-	10,114,540	-	10,114,540
Other receivables	-	2,051,171	-	2,051,171
Cash and bank balances	-	184,606,599	-	184,606,599
	-	382,332,904	-	382,332,904
	-	456,532,115	9,883,822	466,415,937

	June 30, 2015		
	Financial liabilities at amortised cost	At fair value through profit or loss	Total
FINANCIAL LIABILITIES	---------- Rupees ----------		
Trade and other payables	322,005,189	-	322,005,189

	June 30, 2014			
	At fair value through profit or loss - held for trading	Loans and receivables	Available for sale	Total
FINANCIAL ASSETS	---------- Rupees ----------			
Non-current assets				
Long-term investments	-	-	16,001,000	16,001,000
Long-term Loan	-	-	-	-
Long-term deposits	-	4,534,664	-	4,534,664
	-	4,534,664	16,001,000	20,535,664
Current assets				
Trade debts	-	121,422,877	-	121,422,877
Loans and advances - considered good	-	555,759	-	555,759
Trade deposits	-	114,827,146	-	114,827,146
Accrued mark-up	-	3,925,884	-	3,925,884
Other receivables	-	65,691,499	-	65,691,499
Cash and bank balances	-	70,871,490	-	70,871,490
	-	377,294,655	-	377,294,655
	-	381,829,319	16,001,000	397,830,319

	June 30, 2014		
	Financial liabilities at amortised cost	At fair value through profit or loss	Total
FINANCIAL LIABILITIES	---------- Rupees ----------		
Trade and other payables	257,531,917	-	257,531,917

30.2 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

30.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, bank balances, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. Except for provision made against the trade debts amounting to Rs. 589,008,424 (refer note 11.2), provision against accrued mark-up amounting to Rs. 82,388,136 (refer note 14.1) and provision against other receivable amounting to Rs. 38,880,544 (refer note 15.1), the Company does not expect to incur material credit losses on its financial assets. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was as follows:

	2015	2014
	----- Rupees -----	
Long-term Loan	69,859,738	-
Long-term deposits	4,339,473	4,534,664
Trade debts	45,722,276	121,422,877
Loans and advances	737,965	555,759
Trade deposits	139,100,353	114,827,146
Accrued mark-up	10,114,540	3,925,884
Other receivables	2,051,171	65,691,499
Bank balances	184,592,919	70,821,490
	456,518,435	381,779,319

30.3.1 The aging for trade debts, accrued markup and other receivables at the balance sheet date is as follows:

	2015			2014		
	Gross	Provision	Net	Gross	Provision	Net
	---------- Rupees ----------					
Past due 1-30 days	41,503,700	-	41,503,700	111,347,057	-	111,347,057
Past due 31 days -60 days	54,312	-	54,312	662,489	-	662,489
Past due 60 days -90 days	45,375	-	45,375	32,025	-	32,025
More than 90 days	726,561,704	(710,277,104)	16,284,600	783,488,616	(704,489,927)	78,998,689
	768,165,091	(710,277,104)	57,887,987	895,530,187	(704,489,927)	191,040,260

The provisions in respect of above debts have been made on debt amount exceeding the custody of equity securities held by the Company.

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30.3.2 Bank Balances

The analysis below summarizes the credit quality of the Company's bank balance

	2015	2014
	----- Rupees -----	
AAA	182,120,171	17,566,194
AA+	2,012,401	620,267
AA	376,323	261,739
AA-	27,707	26,677
A+	40,888	40,888
A	15,429	52,305,725
	184,592,919	70,821,490

30.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of the industrial sector analysis of the trade debts are as follows:

	2015		2014	
	Rupees	Percentage	Rupees	Percentage
Services (including insurance)	245,024	0.54%	51,027,826	42.02%
Banking, capital market and financial institutions	3,985,123	8.72%	2,901,241	2.39%
Individuals	27,383,254	59.89%	21,591,186	17.78%
Clearing house	14,108,875	30.85%	45,902,624	37.81%
	45,722,276	100%	121,422,877	100%

30.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2015				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
Financial liabilities		------ Rupees ------			
Trade and other payables	322,005,189	322,005,189	322,005,189	-	-

	2014				
	Total	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
Financial liabilities		------ Rupees ------			
Trade and other payables	257,531,917	257,531,917	257,531,917	-	-

On the balance sheet date, the Company has cash and bank balances of Rs 184,606,599 (2014: Rs. 70,871,490) as mentioned in note 16.

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30.5 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

30.5.1 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 its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

30.5.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate exposure arises from Long-term loan and bank balances in savings account.

At the balance sheet date, the interest rate risk profile of the Company's interest bearing financial instruments is:

	2015	2014	2015	2014
	Effective interest rate Percentage		Carrying amount ----- Rupees -----	
Financial assets				
Long-term loan	1 m KIBOR + 200 bps	-	69,859,738	-
Trade deposits and short-term prepayments	5 to 6.5	7.5 to 8	136,333,430	110,356,217
Bank balance in savings account	5 to 8	6 to 9.5	154,932,548	64,601,228
Total			361,125,716	174,957,445
Financial liabilities				
Trade and other payables	Non-interest bearing	Non-interest bearing	322,005,189	257,531,917

The management of the company estimates that a 1% increase in the market interest rate, with all factors remaining constant, would increase the Company's profit before tax by Rs. 3.611 million (2014: Rs. 1.75 million) and a 1% decrease would result in decrease in the Company's profit before tax by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

30.5.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company is exposed to equity price risk as at June 30, 2015 on their equity investments in KSE and LSE classified as available for sale. These investments have been carried at cost less accumulated impairment losses as they do not have a quoted market price and their fair value cannot be reliably measured. The management believes that a 10% increase or decrease in the carrying amount of these investments at June 30, 2015, with all other factors remaining constant, would result in an increase or decrease of Rs. 0.099 million of other comprehensive income during the year.

30.6 Operational risk

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

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

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

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

30.7 Fair value of financial instruments

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

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

Leve 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).

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

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

The Company does not account for any financial assets and liabilities at fair value through profit or loss and its investment in the shares of Karachi Stock Exchange and Lahore Stock Exchange classified as available for sale have been carried at cost less accumulated impairment loss as they do not have a quoted market price and their fair value cannot be reliably measured. Therefore, analysis of financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised is not presented.

30.8 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital. Net capital requirements of the Company are set and regulated by the Karachi Stock Exchange. These requirements are put into place to ensure sufficient solvency margins and are based on excess of current assets over liabilities.

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

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

31 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

a) The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain losses if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions in case of money market brokerage. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

b) The Company enters into security transactions on behalf of its customers involving future settlement. The Company has entered into transactions that gives rise to future settlement, the unsettled amount as on June 30, 2015 of these future transactions is Rs.39,614,135 (2014: Rs. 93,056,260). Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The credit risk for these transactions is limited to the unrealised market valuation losses which have been recorded in the statement of accounts of the customers. As explained above, credit risk is controlled through a variety of reporting and controls procedures.

32 GENERAL

32.1 Date of authorisation

These financial statements were authorised for issue on 02 OCT 2015 by the Board of Directors of the Company.

32.2 Comparative information

Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purposes of better presentation. Details are mentioned as follows:

Description	Note	Rupees	Reclassified From	Reclassified To
Human resource outsourcing fee	23	2,275,975	Legal and professional charges	Salaries, allowances and other benefits

32.3 Figures have been rounded off to the nearest rupee.

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CHIEF EXECUTIVE OFFICER

DIRECTOR