HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015	2014
		--- Rupees ---	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	1,517,781	349,272
Intangible asset	5	4,000,000	4,000,000
Long term advances	6	550,000	525,000
Long term investment	7	30,346,030	30,346,030
Deferred tax asset	8	(56,577)	-
		36,357,234	35,220,302
CURRENT ASSETS			
Investment in securities	9	8,683,663	-
Trade receivables	10	12,553,787	40,776,459
Advances & short term prepayments	11	789,036	24,628
Cash and bank balances	12	12,586,735	1,818,037
		34,613,221	42,619,124
		70,970,455	77,839,426
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
500,000 Ordinary Shares of Rupees 100/- each		50,000,000	50,000,000
Issued, subscribed and paid up share capital			
Paid up capital	13	10,000,000	10,000,000
Deposit against issuance of shares		6,200,000	6,200,000
Accumulated profit / (loss)		33,953,818	27,079,464
		50,153,818	43,279,464
CURRENT LIABILITIES			
Trade & other payables	14	20,692,732	34,479,861
Accrued Expenses		67,007	-
Income tax payable	15	56,898	80,101
		20,816,637	34,559,962
CONTINGENCIES & COMMITMENTS	16	-	-
		70,970,455	77,839,426

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

ISLAMABAD
PAKISTAN

OCTOBER 04, 2015

CHIEF EXECUTIVE

DIRECTOR

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		--- Rupees ---	
Brokerage Income	17	5,689,798	6,992,951
Operating expenses	18	(5,233,443)	(5,292,627)
Profit from operations		456,355	1,700,324
Finance cost	19	(496,440)	(1,477,623)
Other Income	20	6,971,337	370,146
Profit before taxation		6,931,252	592,847
Taxation	15	(56,898)	(80,101)
Profit after taxation		6,874,354	512,746
Other comprehensive Profit for the year		-	-
Total comprehensive Frofit / (Loss)		6,874,354	512,746
Basic Earning per share	21	69.85	5.13

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

OCTOBER 4, 2015

CHIEF EXECUTIVE

HAMZA FARHAD SECURITIES (PVT) LTD. ISLAMABAD PAKISTAN

DIRECTOR

HAMZA FARHAD SECURITIES (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1 STATUS AND NATURE OF BUSINESS

HAMZA FARHAD SECURITIES (PRIVATE) LIMITED was incorporated as a private limited company at Islamabad on April 27, 2011 under the Companies Ordinance, 1984 and is primarily engaged in the business of stock, brokerage, investment advisory-consultancy, portfolio management and in secondary capital market operations. It is also actively taking part in the Initial Public Offerings (IPO's) and providing all relative services to the general public to promote investment. and company does not hold assets in fiduciary capacity, and company does not hold assets in fiduciary capacity. Company head office is situated at stock exchange building Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance 1984. In case requirement differ, the provision 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 except otherwise stated in relevant notes

2.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Pakistan Rupee (Rs).

3 Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amounts of revenue and the associated cost incurred or to be incurred can be measured reliably.

(i) Brokerage commission is recognized upon settlement of trade.

(ii) sale of goods is recognized when the goods are delivered and the risks and rewards of ownership have passed to the customer.

(iii) services revenue is recognized by reference to the stage of completion of the transaction at the balance sheet date.

(iv) rental income is recognized on a time proportion basis over the lease terms:

(v) interest income is recognized on a time proportion basis taking in to account the principal outstanding and the interest applicable

(vi) dividend income is recognized when the shareholder's right to receive payment is established

3.1 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying assets. Such borrowing costs, if any are capitalized as part of the cost of the asset.

3.2 Foreign exchange

Foreign currency transactions are recognized at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupee using exchange rates applicable at the balance sheet date. Gains and losses on settlement and translation at the year end are recognized in the income statement.

3.3 Taxation

Income tax expense represents current tax expense. Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any.

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized 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.

Deferred tax is calculated at the rates that are expected or apply to the period when the differences reverse, based on tax rates that have been enacted.

3.4 Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except freehold land and capital work in progress, which are stated at cost. Cost comprises acquisition and other directly attributable costs.

Depreciation on operating fixed assets is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 4. Depreciation on additions in property, plant and equipment is charged from the date when the asset becomes available for use up to the date of its disposal. Surplus on revaluation of fixed assets relating to incremental depreciation (net of deferred tax) is transferred directly to inappropriate profit.

The assets' residual value and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to inappropriate profit.

Gains and losses on disposal of fixed assets are included in income currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappreciated profit.

Maintenance and repair are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off. Gains and losses on disposal on assets, if any are included in profit and loss account currently.

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The depreciable amount of an intangible asset is amortized on a systematic basis over their estimated useful lives using the straight-line method.

3.6 Investments

Investments available for sale

These are recognized at fair value. Gains or losses from changes in fair values are taken to equity until disposal at which time these are recycled to profit and loss account.

Investments held to maturity

Investments with fixed or determinable payments and fixed maturity, which the Company has the positive intent and ability to hold to maturity, are carried at amortized cost, using the effective interest rate method less impairment losses, if so determined.

losses, if so determined.

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as investments at fair value through profit or loss. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments representing listed equity securities are determined on the basis of prevailing market prices.

3.7 Impairment of assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.8 Lease

Leases that transfer substantially all the rewards and risks of ownership of assets to the company are accounted for as finance leases. At the inception of a finance lease, the cost of leased asset is capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and deduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. The lesser gives an option to purchase assets at the end of lease term.

Sale and leaseback transaction

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term. If a sale and leaseback transaction results in an operating lease and the transaction is established at fair value, a profit or loss is recognized immediately.

3.9 Trade and other receivables:

Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payments of a debt becomes doubtful a provision is made and charged to the income statement.

3.10 Provisions

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

3.11 Dividend

Dividend liability is recognized in the period in which it is approved.

3.12 Offsetting:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the company has legally enforceable right to setoff the recognized amounts and the company intends to settle on net basis, or realize the assets and settle the liabilities simultaneously.

3.13 Cash & cash equivalents:

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, in finances under markup arrangements.

3.14 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

PROPERTY AND EQUIPMENT

	Computers	Furniture & Fixtures	Office Equipment	Vehicles	Total
At July 01, 2013					
Cost	98,500	48,919	400,448	-	547,867
Accumulated depreciation	47,547	9,952	70,468	-	127,967
Net Book Value	**50,953**	**38,967**	**329,980**	-	**419,900**
Year Ended June 30, 2014					
Opening net book value	50,953	38,967	329,980	-	419,900
Additions/(Deletion)	-	-	-	-	-
Depreciation charge	15,286	5,845	49,497	-	70,628
Closing net book value	**35,667**	**33,122**	**280,483**	-	**349,272**
At 30 June 2014					
Cost	98,500	48,919	400,448	-	547,867
Accumulated depreciation	62,833	15,797	119,965	-	198,595
Net Book Value	**35,667**	**33,122**	**280,483**	-	**349,272**
Year Ended June 30, 2015					
Opening net book value	35,667	33,122	280,483	-	349,272
Additions/(Deletion)	-	-	-	1,308,000	1,308,000
Depreciation charge	10,700	4,968	42,072	81,750	139,491
Closing net book value	**24,967**	**28,154**	**238,411**	**1,226,250**	**1,464,531**
At 30 June 2015					
Cost	98,500	48,919	400,448	1,308,000	1,855,867
Accumulated depreciation	73,533	20,765	162,037	81,750	338,086
Net Book Value	**24,967**	**28,154**	**238,411**	**1,226,250**	**1,517,781**

	Note	2015	2014
		--- Rupees ---	

5 INTANGIBLE ASSET

This represents the cost oı (ISE) TREC Certificate		4,000,000	4,000,000

6 LONG TERM ADVANCES

CDC deposits ISE		100,000	100,000
NCSS deposits ISE		300,000	300,000
ISE clearing house deposit		100,000	100,000
ISE Exposure / Margin		50,000	25,000
		550,000	525,000

7 LONG TERM INVESTMENT

Available for sale

Shares in Islamabad Stock Exchange limited	7.1	30,346,030	30,346,030

7.1 These represent the shares received from Islamabad Stock Exchange (ISE) in pursuance of corporatization and demutualization of ISE as public company limited by shares in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration Act, 2012 (the Act.). In addition, the company has also received Trading Right Entitlement Certificate (TREC) from ISE. Accordingly, the company has been allotted 3,034,603 shares of ISE of Rs. 10/- each based on the valuation of their assets and liabilities as approved by the SECP. The company has received 40% equity shares i.e. 1,213,841 shares of ISE. The remaining 60% shares are transferred to CDC sub-account in company's name under ISE's participant IDs with the CDC which will remain blocked until these are divested to strategic investor's), general public and financial institutions.. As the fair value of both the asset transfer and assets obtain can not be determined with reasonable accuracy, the investment in shares has been recorded at the face value of Rs. 10/- each in the Company's book.

8 DEFERRED TAX ASSET

Debit balance arising on difference between accounting and tax depreciation and unused tax loss.		(56,577)	-

9 INVESTMENT IN SECURITIES

At fair value through profit or loss account held for trading

Quoted at Karachi Stock Exchange (G) Limited

Market Value as at June 30, 2015		8,683,663	-

10 TRADE RECEIVABLES - UNSECURED

Considered Good		12,553,787	40,776,459
Considered doubtful		-	-
		12,553,787	40,776,459
Less : Provision for doubtful debts		-	-
		12,553,787	40,776,459

11 ADVANCES & SHORT TERM PREPAYMENTS

Income Tax Deducted By NCC on Capital Gains		698,483	-
Advance Income Tax	11.1	90,553	24,628
		789,036	24,628

11.1 **Advance Income Tax**

Telephone		9,763	13,136
Electricity		7,200	6,251
Cash Withdrawal U/s 231A		6,268	5,241
Vehicle Purchased U/s 231B (3)		50,000	-
Vehicle Registration U/s 234		3,000	
Presumptive WHT @.01%		14,322	-
		90,553	24,628

	2015	2014
	--- Rupees ---	

12 CASH AND BANK BALANCES

Cash in hand	-	-
Cash at banks	12,586,735	1,818,037
	12,586,735	1,818,037

13 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

June 30, 2015	June 30, 2014			
No. of shares				
100,000	100,000	Ordinary shares of Rs.100/- each fully paid in cash	10,000,000	10,000,000
100,000	100,000		10,000,000	10,000,000

14 TRADE & OTHER PAYABLES

Creditors	12,498,927	28,190,286
Other payables	8,193,805	6,289,575
	20,692,732	34,479,861

	2015	2014
	--- Rupees ---	

15 PROVISION FOR TAXATION

Deferred	(56,577)	-
Current for the year	56,898	80,101
	321	80,101

16 CONTINGENCIES AND COMMITMENTS

There is no contingencies and commitments at the balance sheet date.

17 REVENUE

Brokerage Income	5,689,798	6,992,951
	5,689,798	6,992,951

18 OPERATING EXPENSES

Staff salaries		1,851,815	1,592,022
Director Remunerations		120,800	420,000
Office Rent		200,000	288,000
Utilities		32,159	194,855
Purchases KSE Exps		898,385	1,259,247
Entertainment		298,060	275,000
Printing and stationery		97,697	96,526
I.S.E charges		30,000	67,625
CDC charges		95,956	111,874
NCCPL charges		101,573	99,231
Traveling and lodging		224,000	246,000
Postage and courier		33,716	3,795
Laga charges		593,395	430,584
Fee and subscrption		50,950	33,650
Vehicle Registration Fee		27,984	-
Legal and professional charges		128,500	60,000
Repair and maintenance		93,910	1,600
Depreciation	4	139,491	70,628
Donations		60,000	33,020
Misc. expenses		155,052	8,970
		5,233,443	5,292,627

	2015	2014
	--- Rupees ---	

19 FINANCE COST

Financial charges for trading	478,706	1,477,623
Bank charges	17,734	-
	496,440	1,477,623

20 OTHER INCOME

Gain on exchange of asset (Less than 24 months)	7,337,208	370,146
Loss on exchange of asset (Less than 12 months)	(365,871)	
	6,971,337	370,146

21 BASIC (LOSS) PER SHARE

There is no dilutive effect on the basic loss per share of the company, which is based on :

Profit after taxation	6,874,354	512,746
Weighted average number of Ordinary shares	100,000	100,000
Profit per share (Rupees)	68.74	5.13

22 Related party transactions

Nature of relationship

The related parties include chief executive and directors of the company

Director remuneration	120,800	420,000

23 FINANCIAL RISK MANAGEMENT

23.1 *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

23.2 *Financial assets and liabilities by category and their respective maturities*

Financial Asset	June 30, 2015	
Long term deposits	550,000	525,000
Trade debts - unsecured & considered good	12,553,787	40,776,459
Bank balance	12,586,735	1,818,037
Total	25,690,522	43,119,496

Except long term security deposits none of the above financial assets had maturity above than 1 year.

Financial Liability	June 30, 2015	
Trade & other payables	20,692,732	34,479,861
Total	20,692,732	34,479,861

None of the above financial liabilities had maturity above than 1 year.

23.3 Fair Values

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value except for loan from director which is stated at cost.

23.4 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

23.5 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 to account of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would causes their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. 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.

Credit risk of the Company arises form deposits with banks and financial institutions, trade debts 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 net worth and proper margins are collected and maintained from the clients. the management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

The carrying amount of financial assets represent the maximum credit exposure, as specified below;

Financial Asset	June 30, 2015	
Long term deposits	525,000	525,000
Trade debts - unsecured & considered good	12,553,787	40,776,459
Bank balances	12,586,735	1,818,037
Total	25,665,522	43,119,496

23.6 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of the financial liabilities;

Financial Liability	June 30, 2015	
Trade & other payables (Maturity within 1 Year)	20,692,732	34,479,861
Total	20,692,732	34,479,861

23.7 MARKET RISK

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. The Company is not exposed to interest rate risk as it has no interest bearing borrowings.

Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is not exposed to equity price risk since it has no investments in quoted equity securities.

24 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors on October 04, 2015.

25 GENERAL

Figures have been rounded off to the nearest rupee.

OCTOBER 04, 2015

CHIEF EXECUTIVE

DIRECTOR