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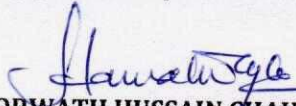

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FALKI CAPITAL (PRIVATE) LIMITED**, as at **June 30, 2014** the related profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of 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, the profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d). in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
Shahzad Qazi (FCA). 



Date **03 OCT 2014**
Islamabad

FALKI CAPITAL (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

| | Note | 2014 RUPEES | 2013 RUPEES |
|---|------|----------------|----------------|
| SHARE CAPITAL AND RESERVES | | | |
| Authorized: | | | |
| 3,500,000 Ordinary shares of Rs. 10/- each | | 35,000,000 | 35,000,000 |
| Issued and paid-up: | | | |
| 3,150,000 Ordinary shares of Rs. 10/- each | | 31,500,000 | 31,500,000 |
| Unappropriated Profit / (Loss) | | (175,057) | 241,980 |
| | | 31,324,943 | 31,741,980 |
| Gain on demutualization | 6 | 21,846,030 | 21,846,030 |
| NON - CURRENT LIABILITIES | | | |
| Loan from directors | | 2,667,000 | 2,667,000 |
| CURRENT LIABILITIES | | | |
| Accrued expenses | 3 | 1,377,486 | 170,593 |
| Trade creditors & other payable | 4 | 9,488,777 | 5,813,493 |
| Provision for taxation | | 39,708 | 10,823 |
| | | 10,905,971 | 5,994,910 |
| | | 66,743,944 | 62,249,921 |
| ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| Tangible assets | | | |
| Property, plant & equipments | 5 | 15,911,067 | 16,722,102 |
| Intangible assets: | | | |
| TREC | 6 | 4,000,000 | 4,000,000 |
| Software | | 40,000 | 40,000 |
| | | 4,040,000 | 4,040,000 |
| Long term security deposit | | 500,000 | 500,000 |
| CURRENT ASSETS | | | |
| Investment-available for sale due to demutalization | 6 | 30,346,030 | 30,346,030 |
| ISE margin deposit | | 1,500,000 | 1,500,000 |
| Investment | | 507,456 | 826,257 |
| Trade debtors | 7 | 5,714,916 | 3,725,563 |
| Advance income tax | | 9,425 | 17,951 |
| Cash and bank balance | 8 | 8,215,050 | 4,572,018 |
| | | 46,292,877 | 40,987,819 |
| | | 66,743,944 | 62,279,921 |


DIRECTOR


CHIEF EXECUTIVE

**FALKI CAPITAL (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014**

| | Note | 2014 RUPEES | 2013 RUPEES |
|---------------------------------|------|-----------------------|-------------------|
| Revenue | | 3,970,792 | 2,164,530 |
| Less: Operational expenses | 9 | (4,297,010) | (2,452,985) |
| Operating profit / (loss) | | (326,218) | (288,455) |
| Capital Gain / (Loss) | 10 | (82,711) (408,929) | 349,163 60,708 |
| Other income | | 31,600 | 119,695 |
| Profit / (Loss) before taxation | | (377,329) | 180,403 |
| Less: Taxation | | (39,708) | (10,823) |
| Profit / (Loss) after taxation | | (417,037) | 169,580 |


 DIRECTOR


 CHIEF EXECUTIVE

FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>2014</u> | <u>2013</u> |
|---|------------------|-------------------|
| | <u>RUPEES</u> | <u>RUPEES</u> |
| Profit after tax for the year | (417,037) | 169,580 |
| Other comprehensive income | - | - |
| Surplus / Gain on revaluation of shares/TREC on Demutialization and Corpotizations of stock exchange | - | 21,846,030 |
| Total comprehensive income for the year | <u>(417,037)</u> | <u>22,015,610</u> |

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


DIRECTOR


CHIEF EXECUTIVE

FALKI CAPITAL (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

| | NOTE | 2014 RUPEES | 2013 RUPEES |
|---|------|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | (377,329) | 169,580 |
| Adjustments for non cash items | | | |
| Depreciation | | 881,662 | 493,968 |
| Operating Profit/(Loss) before Working capital Changes | | 504,333 | 663,548 |
| (Increase) / decrease in current assets | | | |
| ISE Margin Deposit | | - | (450,000) |
| Investment at fair value through profit & loss | | 318,800 | (24,417) |
| Trade Debtors | | (1,989,353) | 391,780 |
| Investment-available for sale due to demutalization | | - | (30,346,030) |
| | | (1,670,553) | (30,428,667) |
| Increase / (decrease) in current liabilities | | | |
| Accrued Expenses | | 1,206,893 | 42,144 |
| Trade Creditors & Other Payable | | 3,675,284 | (395,679) |
| | | 4,882,177 | (353,535) |
| Cash Generated from Operating activity | | 3,715,957 | (30,118,653) |
| Income Tax paid | | (2,296) | (38,554) |
| Net Cash Inflow / (Outflow) From Operating Activities | | 3,713,661 | (30,157,207) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | | (70,629) | (16,428,529) |
| Other Intangible Assets | | - | 23,500,000 |
| Net Cash Inflow / (Outflow) From Investing Activities | | (70,629) | 7,071,471 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Surplus / Gain on revaluation of shares/TREC on Demutalization and Corpotizations of stock exchange | | - | 21,846,030 |
| Net cash inflow / (outflow) during the year | | 3,643,032 | (1,239,706) |
| Cash and cash equivalent at the beginning of the year | | 4,572,018 | 5,811,724 |
| Cash and cash equivalent at the end of the year | | 8,215,050 | 4,572,018 |


DIRECTOR


CHIEF EXECUTIVE

**FALKI CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

| Particulars | Share capital | EXCHANGE RESERVE | | Total |
|-----------------------------|---------------|-----------------------------|--|------------|
| | | (Rupees) | | |
| | | Accumulated Profit / (loss) | | |
| Balance as on June 30, 2010 | 31,500,000 | (1,007,674) | | 30,492,326 |
| (Loss) for the year | - | (453,583) | | (453,583) |
| Balance as on June 30, 2011 | 31,500,000 | (1,461,257) | | 30,038,743 |
| Profit for the year | - | 1,533,658 | | 1,533,658 |
| Balance as on June 30, 2012 | 31,500,000 | 72,401 | | 31,572,401 |
| Profit for the year | - | 169,580 | | 169,580 |
| Balance as on June 30, 2013 | 31,500,000 | 241,980 | | 31,741,980 |
| (Loss) for the year | - | (417,037) | | (417,037) |
| Balance as on June 30, 2014 | 31,500,000 | (175,057) | | 31,324,943 |


DIRECTOR


CHIEF EXECUTIVE

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 LEGAL STATUS AND OPERATION

The company was incorporated in Pakistan on June 8th 2006 as a private limited company under the Companies Ordinance, 1984. The main objective is to carry out brokerage and related business activities.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium - Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting Convention

These accounts have been prepared under the historical cost convention except for the shares and TREC, which have been recorded at revalued amount (note 6).

2.3 Taxation

Provision for taxation is based on taxable income at the current rates of taxation after taking into account tax credits if any.

2.4 Property, Plant and Equipment

- These are stated at cost less accumulated depreciation.
- Depreciation on operating assets is charged on reducing balance method without considering extra shifts worked.
- The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized.
- Maintenance and normal repair are charged to income as and when incurred.
- Gain or loss, if any on disposed off assets is included in the current income.

2.5 Intangible

Intangible assets consisting of software are written off over a period of five years while no amortization is provided in respect of ISE membership card.

2.6 Revenue Recognition

Revenue is recognized when services have been rendered.

2.7 Cash and Cash Equivalent

For the purpose of cash flow statement, cash and cash equivalent comprise of cash and bank balances.

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>2014</u> <u>RUPEES</u> | <u>2013</u> <u>RUPEES</u> |
|---|------------------------------|------------------------------|
| 3 ACCRUED EXPENSES | | |
| Audit Fee | 75,000 | 55,000 |
| Utilities & Other | 1,302,486 | 115,593 |
| | <u>1,377,486</u> | <u>170,593</u> |
| 4 TRADE CREDITORS & OTHER PAYABLE | | |
| Trade Creditors | 9,468,980 | 5,086,736 |
| Invest Capital | - | 190,228 |
| NCSH (BTB) clearing | - | 440,287 |
| Payable due to rebate | 11,149 | 95,560 |
| Stamp Fee Payable | 8,648 | 682 |
| | <u>9,488,777</u> | <u>5,813,493</u> |
| 6 Surplus / Gain on revaluation of shares /TREC on Demutualization and Corpportization of stock exchange | | |
| <p>Pursuant to the promulgation of the stock Exchange (Corporation, Demutualization and integration) Act,2012 (The Act) the ownership in a stock Exchange has been segregated from the right to trade on the Exchange. Accordingly,the company has received equity shares of ISE and trading Right Entitlement (TRECs) in lieu of it membership card of ISE.The company's entitlement in respect of ISE's shares is determined on the basis of valuation of assets and liabilities of ISE as approved by SECP and company has been allotted 3,034,603 shares of the face value of Rs 10/- each, out of which 1,820,761 shares are kepty in the blocked account and the diversement of the same will be made in accordance with the requirement of the Act within two years from the date of demutalization.</p> <p>In the absence of an active market of the shares of ISE and TREC, the company has taken the cost of the shares (at issued price of Rs 10 each) and TREC at 4.00 million which is the value approved by the Board of Directors of ISE and endoresed by the SECP. Consequently the company has recorded surplus of RS:21.846 million on conversion of membership card of ISE to shares and TREC in The equity as effect of Corporatization Demutualization Act, and this surplus on revaluation is approved by SECP.</p> | | |
| Shares | 30,346,030 | 30,346,030 |
| Office premises | 16,400,000 | 16,400,000 |
| TREC | 4,000,000 | 4,000,000 |
| Software | 40,000 | 40,000 |
| | <u>50,786,030</u> | <u>50,786,030</u> |
| Other intangible assets | <u>(28,940,000)</u> | <u>(28,940,000)</u> |
| | <u>21,846,030</u> | <u>21,846,030</u> |

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>2014</u> <u>RUPEES</u> | <u>2013</u> <u>RUPEES</u> |
|---------------------------------------|------------------------------|------------------------------|
| 7 TRADE DEBTORS | | |
| Trade Debtors | 2,118,455 | 3,523,254 |
| M.M Securities (pvt) Ltd. | 113,790 | 148,883 |
| TopLine Securities (Pvt) Ltd. | 453,247 | 30,882 |
| Invest capital | 42,468 | - |
| NCCPL (BTB) Clearing | 2,403,440 | - |
| Client CGT/CGT Tariff | - | 22,544 |
| Askari Security | 79,396 | - |
| Din Capital | 504,120 | - |
| | <u>5,714,916</u> | <u>3,725,563</u> |
| 8 CASH AND BANK BALANCE | | |
| Cash In Hand | 213,554 | 209,932 |
| Cash at Bank | 8,001,496 | 4,362,086 |
| | <u>8,215,050</u> | <u>4,572,018</u> |
| 9 OPERATING EXPENSES | | |
| Salaries & Wages | 2,081,251 | 944,000 |
| Membership fee / ISE & Others | 26,000 | 24,000 |
| Bank Charges | 2,816 | 4,780 |
| Telephone, Postage & Internet charges | 99,366 | 98,615 |
| Traveling | 201,442 | 120,000 |
| Repair & Maintenance | 19,609 | 7,600 |
| Utility Bills | 235,396 | 213,450 |
| SECP Charges | 57,300 | 41,000 |
| Audit Fee | 75,000 | 51,500 |
| Legal and professional charges | - | 10,000 |
| Printing & Stationary | 43,968 | 24,162 |
| Misc Expenses | 129,416 | 57,463 |
| CDC/NCCPL Charges | 144,848 | 53,448 |
| Depreciation | 881,662 | 493,968 |
| Property Tax | - | 7,738 |
| Legal & Preemptive | 23,093 | 8,276 |
| Financial Charges | 253,365 | 253,365 |
| Loss during Operation | 22,478 | 39,619 |
| | <u>4,297,010</u> | <u>2,452,985</u> |

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>2014</u> <u>RUPEES</u> | <u>2013</u> <u>RUPEES</u> |
|--|------------------------------|------------------------------|
| 10 CAPITAL GAIN/ (LOSS) | | |
| Opening Stock | 826,257 | 801,840 |
| (Sale)/Purchase of share | <u>(236,090)</u> | <u>(324,746)</u> |
| | 590,167 | 477,094 |
| Less: Closing Stock | 507,456 | 826,257 |
| | <u><u>(82,711)</u></u> | <u><u>349,163</u></u> |
| 11 BASIC EARNING/ (LOSS) PER SHARE | | |
| 11.1 Profit / (Loss) After Taxation (Rs) | (417,037) | 169,580 |
| Number of Ordinary Shares Issued (No's) | 3,150,000 | 3,150,000 |
| Earning Per Share | <u>(0.13)</u> | <u>0.05</u> |
| 11.2 There is no dilutive effect on the basic earning per share | | |

12 DATE OF AUTHORIZATION FOR ISSUE

These Financial statement were authorized for issue of on 03 OCT 2014 by the Board of Director of of the Company.

13 GENERAL

Figures have been rounded off to Nearest Rupee.


DIRECTOR


CHIEF EXECUTIVE

FALKI CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

5 PROPERTY PLANT & EQUIPMENT

| PARTICULARS | C O S T | | RATE % | D E P R E C I A T I O N | | | W.D.V AS ON 30-06-2014 |
|----------------------|------------------------|-------------------|-----------|-------------------------|-----------------|------------------------|------------------------------|
| | AS ON July 01, 2013 | ADDITION | | AS ON July 01, 2013 | FOR THE YEAR | AS ON June 30, 2014 | |
| | RUPEES | | | RUPEES | | | |
| VEHICLES | 41,000 | - | 20 | 22,107 | 3,779 | 25,886 | 15,113 |
| OFFICE EQUIPMENTS | 582,153 | 22,629 | 10 | 167,309 | 43,747 | 211,056 | 393,726 |
| FURNITURE & FIXTURES | 427,525 | 48,000 | 10 | 129,161 | 34,636 | 163,797 | 311,728 |
| OFFICE PEREMISES | 16,400,000 | - | 5 | 410,000 | 799,500 | 1,209,500 | 15,190,500 |
| RUPEES 2014 | 17,450,678 | 70,629 | | 728,576 | 881,662 | 1,610,239 | 15,911,067 |
| RUPEES 2013 | 1,022,149 | 16,428,529 | | 234,608 | 493,968 | 728,576 | 16,722,102 |