NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

1 STATUS AND NATURE OF BUSINESS

Invest and Finance Securities Limited ('the Company') was incorporated under the Companies Ordinance, 1984 on September 27, 1999 as a Private Limited Company and converted into Public Unquoted Company w.e.f. November 27, 2006. Effective March 20, 2008 the Company became a listed Company with its shares quoted on the Karachi Stock Exchange (Guarantee) Limited. The registered office of the Company is situated at 12th Floor, Corporate Tower, Techno City Building, Hasrat Mohani Road, Off: I. I. Chundrigar Road, Karachi, Pakistan.

The Company is a Corporate Member of the Karachi Stock Exchange (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited and the Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited) and is accredited by Financial Markets Association of Pakistan as inter-bank broker. The Company is engaged in Financial Brokerage, Corporate Finance and Financial Research.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, 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 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention except for Membership cards which are stated on revalued amount and certain short term investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described in note 25.

2.5 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

2.5.1 New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which become effective during the year:

IAS 24	Related Party Disclosure (Revised)
IFRS 7	Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

There are certain other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

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

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12	Income Tax (Amendments) - Deferred Taxes: Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IAS 28	Investments in Associates and Joint Ventures (2011) - IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture."	January 01, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 - Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.	January 01, 2014
IFRS 7	Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.	January 01, 2013
IFRIC 20	Stripping cost in the production phase of a surface mining. The interpretation requires production stripping cost in a surface mine to be capitalised if certain criteria are met.	January 01, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

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

Standards		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Agreements	January 01, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff Retirement Benefits

Defined Contribution Plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all of its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made at the rate of 10% of basic salary.

3.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress.

These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 4 to the financial statements. Depreciation is charged from the month the assets are available for use while no depreciation is charged in the month of disposal.

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

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the profit and loss account of the period to which it relates.

The Company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

3.3 Intangible Assets

(a) Membership Cards

These are stated at revalued amount. Provision is made for decline in value other than temporary, if any.

On June 28, 2011, the Company revalued its Membership Cards. The revaluation was carried out by M/s. Tracom (Private) Limited. The membership cards are revalued at Rs. 44,000,000/- (Rupees forty four million only) against original total cost of Rs. 43,078,600/- (Rupees forty three million seventy eight thousand six hundred only) resulting a surplus of Rs. 921,400/- (Rupees nine hundred twenty one thousand four hundred only). As the amount of surplus is very nominal therefore its impact is not accounted for in these financial statements.

(b) Others

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Amortization is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 5 to the financial statements. Full year's amortization on intangible assets is charged in the year of acquisition, whereas no amortization charged in the year of disposal.

Intangible assets are capitalized when it is probable that future economic benefits attributable to the asset will flow to the enterprise and the same shall be amortized applying an appropriate amortization rate.

3.4 Assets Subject to Finance Lease

Assets held under finance lease are accounted for by recording the asset and related liability at the amounts determined on the basis of lower of fair value of the asset and the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.

3.5 Financial Assets

The management determines the appropriate classification of its financial assets (including investments) in accordance with the requirements of International Accounting Standards (IAS) 39: "Financial Instruments Recognition and Measurement", at the time of the purchase and re-evaluates this classification on a regular basis. The Company classifies its financial assets in following categories:

3.5.1 Classification

(i) Financial assets at fair value through profit or loss account - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivable comprise of trade debts, advances, deposits, cash and bank balances, and other receivables in the balance sheet.

(iii) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to the maturity.

(iv) Available-for-sale

These are non-derivatives that are either designated in this category or not classified under any of the other categories.

3.5.2 Regular way contract

Regular purchases and sales of investments are recognized on trade date basis - i.e. on the date when the Company commits to purchase or sell the asset.

3.5.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction cost except for financial assets carried at fair value through profit or loss – held for trading. Financial assets carried at fair value through profit or loss - held for trading are initially recognized at fair value and transaction cost are expensed in the profit and loss account.

3.5.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as following:

a) 'Financial assets at fair value through profit or loss' – held for trading and available for sale

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognized in other comprehensive income, until the available for sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost.

b) 'Loans and receivables' and 'held to maturity'

'Loans and receivables' and 'held to maturity' financial assets are carried at amortized cost.

3.5.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. In 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 current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income, is reclassified from other comprehensive income and recognized in the profit and loss account. Impairment losses on equity financial assets recognized in profit and loss account are not reversed through profit and loss account.

3.5.6 Derecognition

Financial assets are derecognized when the right to receive cash flows from the financial assets have expired, have been realized or transferred, and the Company has transferred substantially all risks and rewards of ownership.

3.5.7 Reclassification

The Company may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held for trading' category to the 'available for sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

3.5.8 Offsetting

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

3.6 Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include trade and other payables, running finance under mark-up arrangements, accrued mark-up on borrowing, liabilities against assets subject to finance lease, redeemable capital and dividend payable.

3.7 Foreign Currency Transactions

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date. Exchange gains or losses are included in income currently.

3.8 Revenue Recognition

(a) Brokerage, advisory fees, commission and other income are accrued as and when due except for profit on sukuk bonds which is recognised on receipt basis for the reason disclosed in note 14.1.

(b) Dividend income on equity investments is recognized, when the right to receive the same is established.

(c) Gains or losses on sale of investments are recognized in the period in which they arise.

(d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.

(e) Consultancy, advisory fee and service charges, are recognized as and when earned.

(f) Unrealized capital gains / (losses) arising from marking 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.

3.9 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any, and any under / over provisions in respect of prior year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax asset for the year works out to Rs.364,233/- but it has not been recognized in the financial statements as it is not reasonably certain that the related tax benefit will be realized.

3.10 Borrowing Cost

The borrowing costs are interest or other auxiliary cost incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account. However, borrowing costs incurred on qualifying assets are capitalized as part of the cost of the asset.

3.11 Securities Sold Under Repurchase / Purchased Under Resale Agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between purchase and sale is treated as mark-up expense. Investments purchased with a corresponding commitments to resell at a specified future date (Reverse Repo) are not recognized in the balance sheet. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is treated as mark-up/ interest income.

3.12 Provisions

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

3.13 Trade Debts and Other Receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.14 Trade and Other Payables

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

3.15 Dividend Distributions and Appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.16 Earnings Per Share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.17 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents also consist of bank overdrafts repayable on demand, if any.

4. PROPERTY, PLANT AND EQUIPMENT

2012

Particulars	COST: As at July 01, 2011	COST: Additions/ (Disposals)	COST: As at June 30, 2012	Rate	DEPRECIATION: As at July 01, 2011	DEPRECIATION: Charge for the year/ (Disposals)	DEPRECIATION: As at June 30, 2012	WRITTEN DOWN VALUE: As at June 30, 2012
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Building	27,575,000	-	27,575,000	10	12,842,275	1,473,273	14,315,548	13,259,452
Furniture and fixtures	14,714,585	- (2,551,520)	12,163,065	10	6,171,999	786,238 (1,259,123)	5,699,114	6,463,951
Office equipments	8,959,845	- (904,412)	8,055,433	10	3,578,706	511,803 (404,500)	3,686,009	4,369,424
Computers	6,937,553	96,800 -	7,034,353	33	5,574,337	463,171	6,037,508	996,845
Vehicle	16,731,068	2,439,485 (2,495,345)	16,675,208	20	7,004,002	1,990,027 (1,506,573)	7,487,456	9,187,752
	74,918,051	2,536,285 (5,951,277)	71,503,059		35,171,319	5,224,512 (3,170,196)	37,225,635	34,277,424

2011

Particulars	COST: As at July 01, 2010	COST: Additions/ (Disposals)	COST: As at June 30, 2011	Rate	DEPRECIATION: As at July 01, 2010	DEPRECIATION: Charge for the year/ (Disposals)	DEPRECIATION: As at June 30, 2011	WRITTEN DOWN VALUE: As at June 30, 2011
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Building	27,575,000	-	27,575,000	10	11,205,305	1,636,970	12,842,275	14,732,725
Furniture and fixtures	15,103,563	- (388,978)	14,714,585	10	5,352,565	972,939 (153,505)	6,171,999	8,542,586
Office equipments	9,563,678	- (603,833)	8,959,845	10	3,215,063	631,782 (268,139)	3,578,706	5,381,139
Computers	8,425,333	169,500 (1,657,280)	6,937,553	33	6,302,082	707,314 (1,435,059)	5,574,337	1,363,216
Vehicle	10,953,345	7,236,723 (1,459,000)	16,731,068	20	6,356,560	1,618,397 (970,955)	7,004,002	9,727,066
	71,620,919	7,406,223 (4,109,091)	74,918,051		32,431,575	5,567,402 (2,827,658)	35,171,319	39,746,732

4.1 Disposal of property, plant and equipment

The following is a statement of assets disposed off during the year with written down value exceeding Rs. 50,000/-.

Particulars	Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain/(Loss)	Mode of Disposal	Particulars of Buyers
	-----	-----	Rupees	-----	-----		
Motor Vehicle							
Honda Civic	1,161,845	773,199	388,646	1,185,000	796,354	Negotiation	Mr. Faraz
Honda City	933,500	589,374	344,126	450,000	105,874	Negotiation	Mr. Laiq ur Rahman
Honda City	400,000	144,000	256,000	575,000	319,000	Insurance Claim	Jublee General Insurance Company Limited
Furniture & Fixture	2,400,000	1,188,315	1,211,685	325,000	(886,685)	Negotiation	Raza Siddiqi
Office Equipment	435,648	215,703	219,945	100,000	(119,945)	Negotiation	Raza Siddiqi
	5,330,993	2,910,591	2,420,402	2,635,000	214,598		

Aggregate of other items of furniture and fixture, computers and office equipment with individual book values not exceeding Rs. 50,000/-.

620,284	259,605	360,679	75,000	(285,679)
5,951,277	3,170,196	2,781,081	2,710,000	(71,081)

	Note	2012 Rupees	2011 Rupees
5 Intangible			
Membership cards		**45,578,600**	45,578,600
Telephone booth		**1,200,000**	1,200,000
Computer software	5.1	**117,091**	175,627
		46,895,691	46,954,227

5.1 Computer Software

2012

Particulars	COST: As at July 01, 2011	COST: Additions/ (Disposals)	COST: As at June 30, 2012	Rate	AMORTIZATION: As at July 01, 2011	AMORTIZATION: Charge for the year/ (Disposals)	AMORTIZATION: As at June 30, 2012	WRITTEN DOWN VALUE: As at June 30, 2012
	-----Rupees-----			%	-----Rupees-----			Rupees
Computer software	2,000,000	-	2,000,000	33.33	1,824,373	58,536	1,882,909	117,091

2011

Particulars	COST: As at July 01, 2010	COST: Additions/ (Disposals)	COST: As at June 30, 2011	Rate	AMORTIZATION: As at July 01, 2010	AMORTIZATION: Charge for the year/ (Disposals)	AMORTIZATION: As at June 30, 2011	WRITTEN DOWN VALUE: As at June 30, 2011
	-----Rupees-----			%	-----Rupees-----			Rupees
Computer software	2,000,000	-	2,000,000	33.33	1,736,573	87,800	1,824,373	175,627

	2012 Rupees	2011 Rupees
6 TRADE DEBTS - UNSECURED, CONSIDERED GOOD		
Receivable against purchase of marketable securities	**81,128,622**	362,107,843

7 SHORT TERM INVESTMENTS

	Note	2012 Rupees Market Value	2012 Rupees Market Value
Financial assets at fair value through profit and loss - Held for trading			
- Investment in shares of listed companies	7.1	695,818,867	170,155,565
- Open-end fund units (at redemption price)	7.2	5,001,228	147,946,703
Available for sale			
Unquoted Sukuk Bond of Maple Leaf Cement Factory Ltd.		16,354,870	19,658,122
Less : Impairment loss		-	(3,282,000)
		16,354,870	16,376,122
		717,174,965	334,478,390

7.1 Detail of investment in shares of listed companies:

Number of Shares 30-Jun-12	Number of Shares 30-Jun-11	Name of Companies	2012 Rupees Market Value	2011 Rupees Market Value
		Banks		
-	15,000	Allied Bank Limited	-	962,100
-	80,000	Bank Alfalah Limited	-	765,600
118,912	14,510	Bank Al Habib Limited	3,385,425	427,610
-	105,000	Bank Islami Pakistan Limited	-	357,000
11,000	12,774	MCB Bank Limited	1,828,640	2,545,858
28,125	35,000	Meezan Bank Limited	813,375	611,450
25,000	15,000	National Bank of Pakistan	1,088,500	756,300
363,290	363,290	NIB Bank Limited	722,947	548,568
1,000,000	3,988,839	Silk Bank Limited	2,110,000	10,091,763
650,000	-	Soneri Bank Limited	4,803,500	-
193,065	193,065	Summit Bank Limited	613,947	725,924
150,000	310,927	The Bank of Punjab	1,152,000	1,815,814
-	25,000	United Bank Limited	-	1,547,750
		Chemicals		
-	3,984	Agritech Limited	-	75,696
-	109,000	Arif Habib Corporation Limited	-	2,866,700
55,000	55,000	Descon Oxychem Limited	213,400	334,950
1,055,605	21,756,605	Dewan Salman Fiber Limited	1,731,192	56,784,739
-	50,000	Engro Corporation Limited	-	8,162,500
573,140	65,000	Fatima Fertilizer Co. Limited	14,139,364	1,081,600
350,000	65,000	Fauji Fertilizer Bin Qasim Limited	14,287,000	2,739,750
-	30,000	Fauji Fertilizer Co. Limited	-	4,510,500
5,000	5,000	ICI Pakistan Limited	655,350	759,250
250,000	160,000	Lotte Pakistan PTA Limited	1,757,500	2,212,800
-				
		Construction & Materials		
-	1,180	Attock Cement Limited	-	57,265
500,000	11,580,053	Dewan Cement Limited	1,715,000	19,570,290
-	237,006	D. G. Khan Cement Limited	-	5,448,768
-	5,000	Lucky Cement Limited	-	354,200
		Electricity		
7,900,000	242,000	Hub Power Co. Limited	330,931,000	9,075,000
574,128	70,000	Karachi Electric Supply Corp. Limited	1,860,175	150,500
1,700,000	-	Kohinoor Energy Limited	36,550,000	-
20,000	20,000	Kot Addu Power Co. Limited	900,000	852,200
380,999	40,000	Nishat Chunian Power Limited	5,650,215	548,800
2,321,297	101,882	Nishat Power Limited	34,123,066	1,573,058
		Equity Investment Instruments		
-	16,000	Al Meezan Mutual Fund Limited	-	177,600
-	12,500	PICIC Growth Fund Limited	-	167,250
-	4,500	PICIC Investment Fund Limited	-	26,325

Number of Shares 30-Jun-12	Number of Shares 30-Jun-11	Name of Companies	2012 Rupees Market Value	2011 Rupees Market Value
		Financial Services		
4,006	4,006	Arif Habib Investment Limited	63,615	86,490
50,000	15,000	Jahangir Siddiqui Co. Limited	620,500	97,200
		Fixed Line Telecommunication		
-	70,000	Pakistan Telecomm. Co. Limited	-	995,400
169,012	19,041	Telecard Limited	251,828	29,323
150,000	-	Wateen Telecom Limited	300,000	-
		Food Producers		
1,100,000	-	Engro Foods Limited	70,895,000	-
24	24	Nestle Pakistan Limited	96,356	131,402
7,000	5,000	Sakrand Sugar Mills Limited	6,440	12,000
-	26	Unilever Pakistan Limited	-	135,862
-	30	Unilever Pakistan Foods Limited	-	44,400
		Forestry & Paper		
2,606	2,606	Century Paper & Board Mills Limited	49,384	40,132
125,000	5,616	Security Papers Limited	5,500,000	227,448
		Gas Water & Multiutilities		
-	17,000	Sui Southern Gas Co. Limited	-	368,390
		Industrial Metals & Mining		
6,000	6,000	International Industries Limited	169,500	297,000
		Non Life Insurance		
-	280	Central Insurance Co. Limited	-	18,088
9,888	-	Cyan Limited	706,498	-
		Oil & Gas		
9,000	-	National Refinery Limited	2,082,510	-
42,000	-	Oil & Gas Development Corporaton	6,738,480	-
25,000	17,000	Pakistan Oilfields Limited	9,173,500	6,103,170
120,000	25,000	Pakistan Petroleum Limited	22,594,800	5,176,750
90,500	20,500	Pakistan State Oil Co. Limited	21,343,520	5,423,890
11,875	9,500	Shell Pakistan Limited	1,517,981	2,137,595
		Personal Goods		
13,704,656	400,000	Azgard Nine Limited	87,709,798	2,208,000
-	889,433	Dewan Farooq Spinning Mills Limited	-	1,796,655
6,000	6,000	Gulshan Spinning Mills Limited	30,000	66,000
-	5,513	Ibrahim Fiber Limited	-	232,759
100,000	100,000	Mohammad Farooq Textile Mills Ltd.	105,000	81,000
50,000	19,000	Nishat (Chunian) Limited	869,500	423,510
-	19,050	Nishat Mills Limited	-	958,977
-	33,500	Saitex Spinning Mills Limited	-	3,350
		Pharma & Bio Tech		
62,667	56,970	Glaxo Smithkline Limited	3,963,061	4,375,296
34,069,795	41,534,210		695,818,867	170,155,565

7.2 Detail of investment in open-end fund units :

Number of Units 30-Jun-12	Number of Units 30-Jun-11	Name of Investee	2012 Rupees Redemption Price	2011 Rupees Redemption Price
45,153	-	Namco Income Fund	5,001,228	-
-	504,128	MCB Cash Management Optimizer Fund	-	50,519,759
-	164,472	PICIC Income Fund	-	16,984,876
-	494,274	PICIC Cash Fund	-	50,014,284
-	9,970	Atlas Money Market Fund	-	5,154,427
-	2,522,593	ABL Cash Fund	-	25,273,357
45,153	3,695,437		5,001,228	147,946,703

8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2012 Rupees	2011 Rupees
Advances to employees - considered good		460,901	13,614,361
Short term deposits	8.1	2,700,000	250,000
Inter-bank brokerage		2,647,023	4,354,714
Prepayments		148,992	93,552
Other receivables		9,117,231	10,236,574
		15,074,147	28,549,201

8.1 This represents deposits with the Karachi Stock Exchange (Guarantee) Ltd. and the Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited) against exposure.

9 CASH AND BANK BALANCES

	2012 Rupees	2011 Rupees
Cash in hand	54,481	38,886
Cash at banks		
On deposit accounts	16,369,983	26,883,790
On current accounts	695,162	2,535,501
	17,065,145	29,419,291
	17,119,626	29,458,177

10 SHARE CAPITAL

2012 (Number of Shares)	2011 (Number of Shares)	Ordinary shares of Rs.10/- each	2012 Rupees	2011 Rupees
27,015,500	27,015,500	Fully paid in cash	270,155,000	270,155,000
33,034,100	33,034,100	Issued as bonus shares	330,341,000	330,341,000
60,049,600	60,049,600		600,496,000	600,496,000

11	SHORT TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS- Secured	2012 Rupees	2011 Rupees
	NIB Bank Limited	87,109,110	70,507,047
	Silk Bank Limited	-	99,946,980
		87,109,110	170,454,027

The Company has aggregate running finance facilities from various banks of Rs. 0.75 billion (June 30, 2011 : Rs. 1.1 billion) under mark-up arrangements. Mark-up rates varies from 1-3 months Kibor + 0.85% to 1-3 Months Kibor + 3% (June 30, 2011 : 1-3 Months Kibor+0.85% to 1-3 Months Kibor +3%). These arrangements would remain valid for varying periods up to June 30, 2013 and are secured against pledge of listed securities and charge over current assets of the Company.

		Note	2012 Rupees	2011 Rupees
12	TRADE AND OTHER PAYABLES			
	Creditors		19,502,079	79,206,170
	Accrued liabilities			
	Mark-up on short term running finance		487,651	168,659
	Workers' Welfare Fund		1,015,442	1,015,442
	Federal excise duty		188,553	1,979,501
	Dividend payable		738,118	745,171
	Accrued expenses and other liabilities		4,912,785	5,941,912
			7,342,549	9,850,685
			26,844,628	89,056,855
13	CONTINGENCIES AND COMMITMENTS			
	Bank Guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from KASB Bank Limited and secured against charge over current assets of the Company		10,000,000	10,000,000
14	OPERATING REVENUES			
	Equity brokerage income		33,615,040	41,971,927
	Inter-bank brokerage		22,587,852	11,226,942
	Commodity brokerage income		324,940	-
	Income on MTS		47,636	1,015,696
	Underwriting commission		-	625,000
	Fees and commission		496,161	1,129,000
	Service charges		4,578,577	10,562,004
	Dividend income		20,626,324	8,198,134
	Profit on Sukuk Bonds	14.1	2,375,380	110,472
			84,651,910	74,839,175

14.1 The Company has recorded profit on receipt basis. Accrued mark up for the period has not been recognized in these financial statements because of the future recovery risk.

		Note	2012 Rupees	2011 Rupees
15	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries, allowances and other benefits		31,508,508	26,370,514
	Traveling, conveyance and vehicle running expenses		2,819,933	2,467,950
	Office rent		762,652	2,058,794
	Utility charges		2,871,998	2,525,564
	Postage, telephone and telegram		1,968,932	1,950,341
	Repair and maintenance		1,484,038	3,345,072
	Insurance		1,042,846	809,401
	Depreciation	4	5,224,512	5,567,402
	Amortization-computer software	5.1	58,536	87,800
	Entertainment		778,817	297,978
	Newspaper and periodicals		54,583	72,593
	Advertisement		101,338	132,003
	Printing and stationery		438,232	588,316
	Legal and professional charges		200,450	452,895
	Auditors' remuneration	15.1	250,000	250,000
	Service charges		1,967,492	1,057,908
	CDC charges		450,490	893,624
	Fees and subscription		3,102,561	3,854,540
	Commission		3,379,393	5,732,627
	Office supplies		620,036	916,604
	Medical expenses		100,800	20,602
			59,186,147	59,452,528
15.1	**Auditors' remuneration**			
	Audit fee		190,000	190,000
	Half yearly review		30,000	30,000
	Code of Corporate Governance		20,000	20,000
	Out of pocket expenses		10,000	10,000
			250,000	250,000
16	**OTHER INCOME - NET**			
	Return on bank deposit accounts		603,100	9,269,790
	Profit on exposure deposit with exchange		197,267	24,133
	Loss on sale of assets		(71,081)	(26,433)
			729,286	9,267,490
17	**FINANCIAL CHARGES**			
	Bank charges		420,287	389,919
	Mark-up on short term running finances		5,897,137	2,548,994
			6,317,424	2,938,913
18	**TAXATION**			
	Current	18.1	4,405,107	2,304,126
18.1	**Reconciliation of tax charge for the year**			
	Accounting profit		222,179,950	50,772,082
	Corporate tax rate		35%	35%
	Tax on accounting profit at applicable rate		77,762,983	17,770,229
	Tax effect of - S.I.B & income exempt from tax		(60,298,302)	(6,778,530)
	- lower tax rate on certain income		(3,774,349)	(257,720)
	- Adjustment due to available tax losses		(12,022,385)	(8,561,302)
	- Others		2,737,160	131,449
			4,405,107	2,304,126

19 EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Note	2012	2011
Profit after taxation		217,774,843	48,467,956
Weighted average number of ordinary shares		60,049,600	60,049,600
Earnings per share - basic and diluted	19.1	3.63	0.81

19.1 Diluted earnings per share has not been calculated as the Company does not have any convertible instrument in issue as at June 30, 2012 and 2011 which would have any effect on the earnings per share if the option exercised.

	2012 Rupees	2011 Rupees
20 CASH AND CASH EQUIVALENTS		
Cash and bank balances	**17,119,626**	29,458,177
Short term running finance	**(87,109,110)**	(170,454,027)
	(69,989,484)	(140,995,850)

21 FINANCIAL INSTRUMENTS BY CATEGORY

21.1 Financial assets and liabilities

	2012 Rupees	2011 Rupees
Financial Assets		
- Loans and receivables		
Loans and advances	**3,107,924**	17,969,075
Deposits	**6,130,000**	3,530,000
Trade debts	**81,128,622**	362,107,843
Other receivables	**9,117,231**	10,236,574
Receivable from NCCPL	**18,882,173**	246,109
Receivable under MTS transactions	**-**	16,361,220
Cash and bank balances	**17,119,626**	29,458,177
	135,485,576	439,908,998
- Fair value through profit and loss		
Investments	**700,820,095**	320,622,268
- Available for sale	**16,354,870**	16,376,122
Financial Liabilities		
- Financial liabilities at amortised cost		
Short term financing	**87,109,110**	170,454,027
Accrued mark-up	**487,651**	168,659
Trade and other payables	**26,356,977**	88,888,196
	113,953,738	259,510,882

22 Financial Risk Management

The Company's activities are exposed to variety of financial risks namely market risk (including currency risk, interest rate and other price risk), credit risk, liquidity risk. The Company has established adequate procedure to manage each of these risks as explained below:

22.1 Market risk

Market risk is the risk that the values of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in the market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

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

22.1.1 Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign exchange risk because none of the Company's monetary assets and liabilities are denominated in foreign currency.

22.1.2 Yield / Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of financial instruments or cash flows relating to financial instruments, will fluctuate due to changes in the market rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through appropriate policies.

2012

	Mark-up bearing maturity: Upto one year	Mark-up bearing maturity: Over one year upto five years	Mark-up bearing maturity: Sub-total	Non-mark-up bearing maturity: Upto one year	Non-mark-up bearing maturity: Over one year upto five years	Non-mark-up bearing maturity: Sub-total	Total
	Rupees						
Financial assets							
Deposits	2,700,000	-	2,700,000	-	3,430,000	3,430,000	6,130,000
Trade debts	-	-	-	81,128,622	-	81,128,622	81,128,622
Loan and advances	-	-	-	3,107,924	-	3,107,924	3,107,924
Receivable from NCCPL	-	-	-	18,882,173	-	18,882,173	18,882,173
Investments	5,001,228	16,354,870	21,356,098	695,818,867	-	695,818,867	717,174,965
Other receivables	-	-	-	9,117,231	-	9,117,231	9,117,231
Cash and bank balances	16,369,983	-	16,369,983	749,643	-	749,643	17,119,626
	24,071,211	16,354,870	40,426,081	808,804,460	3,430,000	812,234,460	852,660,541
Financial liabilities							
Short term financing	87,109,110	-	87,109,110	-	-	-	87,109,110
Accrued mark-up	-	-	-	487,651	-	487,651	487,651
Trade and other payables	-	-	-	26,356,977	-	26,356,977	26,356,977
	87,109,110	-	87,109,110	26,844,628	-	26,844,628	113,953,738
On-balance Sheet Gap	(63,037,899)	16,354,870	(46,683,029)	781,959,832	3,430,000	785,389,832	738,706,803
Off-balance Sheet Gap	-	-	-	-	-	-	-

2011

	Mark-up bearing maturity: Upto one year	Mark-up bearing maturity: Over one year upto five years	Mark-up bearing maturity: Sub-total	Non-mark-up bearing maturity: Upto one year	Non-mark-up bearing maturity: Over one year upto five years	Non-mark-up bearing maturity: Sub-total	Total
	Rupees						
Financial assets							
Deposits	-	-	-	250,000	3,280,000	3,530,000	3,530,000
Trade debts	-	-	-	362,107,843	-	362,107,843	362,107,843
Loan and advances	-	-	-	17,969,075	-	17,969,075	17,969,075
Receivable from NCCPL	-	-	-	246,109	-	246,109	246,109
Receivable under MTS transactions	16,361,220	-	16,361,220	-	-	-	16,361,220
Investments	-	16,376,122	16,376,122	318,102,268	2,520,000	320,622,268	336,998,390
Other receivables	-	-	-	10,236,574	-	10,236,574	10,236,574
Cash and bank balances	26,883,790	-	26,883,790	2,574,387	-	2,574,387	29,458,177
	43,245,010	16,376,122	59,621,132	711,486,256	5,800,000	717,286,256	776,907,388
Financial liabilities							
Short term financing	170,454,027	-	170,454,027	-	-	-	170,454,027
Accrued mark-up	-	-	-	168,659	-	168,659	168,659
Trade and other payables	-	-	-	88,888,196	-	88,888,196	88,888,196
	170,454,027	-	170,454,027	89,056,855	-	89,056,855	259,510,882
On-balance Sheet Gap	(127,209,017)	16,376,122	(110,832,895)	622,429,401	5,800,000	628,229,401	517,396,506
Off-balance Sheet Gap	-	-	-	-	-	-	-

22.1.3 Other price risk

Other price risk is the risk of volatility in shares prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified in the balance sheet as investments at fair value through profit or loss account. The management believes that 10% increase or decrease in the value of investments at fair value through profit or loss account, while all other factors remaining constant would result in increase or decrease of the Company's profit by Rs.69.582 million (2011: Rs.17.015 million)

22.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting commitments associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, marketable securities and availability of funds through an adequate amount of committed credit lines. The Company is not exposed to liquidity risk. The maturity profile is monitored to ensure that adequate liquidity is maintained. The liquidity profile of the Company is disclosed in note 22.1.2.

22.3 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company are exposed to credit risk. To manage the exposure to credit risk, the Company applies credit limit to its customers and in certain cases obtains margin and deposit in the form of cash. The Company has established internal policies for extending credit which captures essential details regarding customers. Based on the review of borrowers credentials as available internally and value of collaterals held as security, the management is confident that credit quality of debts which are not past due nor impaired remains sound at the balance sheet date.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers, brokers and other financial institutions. These activities primarily involve collateralized arrangement and may result in credit exposure if the counter party fails to meet its contracted obligations. The Company's exposure to credit risk can only be directly impacted by volatile security markets which may impair the ability of counter parties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limit based upon a review of the counter parties' financial conditions. The Company monitors collateral levels on a regular basis and requests changes in collateral levels as appropriate if considered necessary.

An analysis of the age of significant financial assets that are past due but not impaired are as under:

	2012 Rupees	2011 Rupees
Financial instruments carried at amortised cost		
Trade debts - net	**81,128,622**	362,107,843
Payments over due		
1-360 days	**79,432,689**	326,079,644
Above 360 days	**1,695,933**	36,028,199

An analysis of significant financial assets that are individually impaired are as under. The factors in determining the impairment loss mainly comprises management's assessment of potential loss which is expected to arise on these financial assets.

	2012 Rupees	2011 Rupees
Long term investment	-	2,520,000
Short term investment	**16,354,870**	16,376,122

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Bank	Rating Agency	Rating Short term	Rating Medium to long term
Allied Bank Ltd	PACRA	A1+	AA
Bank Al-Falah Ltd	PACRA	A1+	AA
Bank Al- Haib Ltd	PACRA	A1+	AA+
Habib Bank Ltd	JCR-VIS	A1+	AA+
Habib Metropolitan Bank Ltd	PACRA	A1+	AA+
JS Bank Ltd	PACRA	A1	A
KASB Bank Ltd	PACRA	A3	BBB
MCB Bank Ltd	PACRA	A1+	AA+
Meezan Bank Ltd	JCR-VIS	A1+	AA-
NIB Bank Ltd	PACRA	A1+	AA-
Silk Bank Ltd	JCR-VIS	A2	A-
Standard Chartered Bank Ltd	PACRA	A1+	AAA
Summit Bank Ltd	JCR-VIS	-	A-
Tha Bank of Khyber Ltd	PACRA	A2	A-
United Bank Ltd	JCR-VIS	A1+	AA+

22.4 Fair values of financial instruments

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. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

22.5 Financial assets fair value hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - Quoted market prices

Level 2 - Valuation techniques (market observable)

Level 3 - Valuation techniques (non-market observable)

Assets	2012 Level 1	Level 2	Level 3	Total
	(Rupees)			
Investment in equity securities - held for trading	**700,820,095**	**-**	**-**	**700,820,095**
Investment classified as available for sale	**-**	**16,354,870**	**-**	**16,354,870**
	700,820,095	**16,354,870**	**-**	**717,174,965**

Assets	2011 Level 1	Level 2	Level 3	Total
	(Rupees)			
Investment in equity securities - held for trading	318,102,268	-	-	318,102,268
Investment classified as available for sale	-	16,376,122	-	16,376,122
	318,102,268	16,376,122	-	334,478,390

22.6 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concerns in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as debt divided by debt plus equity, where debt represents total long term borrowings and equity represents paid-up capital, reserves and accumulated profit / (loss).

	2012 Rupees	2011 Rupees
Total long term borrowings	-	-
Total equity	837,608,266	619,833,423
	837,608,266	619,833,423
Gearing ratio	0%	0%

23 REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration, including certain benefits to the Chief Executive Officer, Executive Directors and Executives of the Company is as follows:

	Chief Executive Officer		Executive Directors		Executives	
	June 2012	June 2011	June 2012	June 2011	June 2012	June 2011
	(Rupees)					
Remuneration	2,964,620	2,434,784	2,312,904	2,593,548	4,074,400	3,963,016
House rent allowance	1,334,079	1,095,734	1,040,806	1,167,097	1,833,479	1,783,391
Utility allowance	296,462	243,496	231,290	259,355	407,443	396,303
Commission & bonus	-	-	65,000	9,822	215,000	204,566
	4,595,161	3,774,014	3,650,000	4,029,822	6,530,322	6,347,276
Number of Persons	1	1	4	2	7	9

The Company provides the Company maintained car to the chief executive officer, executive directors and certain executives. The Company does not pay remuneration to any non-executive directors.

24 RELATED PARTY TRANSACTIONS

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the Company and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel. Remuneration and benefits to Executives of the Company are in accordance with the terms of the employment. Transactions with other related parties are entered into at rates negotiated with them. The remuneration of Chief Executive Officer, Executive Directors and Executives is disclosed in Note 23 to the financial statements.

Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2012 Rupees	2011 Rupees
Brokerage income earned from:		
Directors	**46,969**	-
Employees	**499,423**	310,851
Others	-	11,924
	546,392	322,775
Transactions		
Advisory commission	**598,387**	1,050,000
Rent paid to related party	**600,000**	1,200,000
Contribution to IFSL - Employees Provident Fund	**1,321,053**	960,986

25 ACCOUNTING ESTIMATES AND JUDGMENTS

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of the appellate authorities on certain issues in the past.

Property, plant and equipment

The Company reviews the rate of depreciation/ useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible asset with a corresponding affect on the amortization charge and impairment.

Investment stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

Trade debts

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

26 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on July 30, 2012 has proposed issue of bonus shares in proportion of one share for every ten shares held i.e. at the rate of 10% (2011 : nil) for approval of the members at the forthcoming Annual General Meeting. These financial statements for the year ended June 30, 2012 do not include the effect of this appropriation, which will be accounted for in the subsequent financial statements.

27 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on July 30, 2012 by the Board of Directors of the Company.

28 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER **DIRECTOR**