

2012 Annual Report



Javed Omer Vohra & Company Ltd.
(Incorporated in Pakistan under the Companies Ordinance, 1984)

OUR VISION

Our vision is to be customer-focused, quality driven and growth oriented Company endeavoring to play an active role in the development of capital market and to ensure value to our clients by providing best quality service that meets or exceeds their needs while achieving favorable returns to the Company, its employee and shareholders.

OUR MISSION

To realize our vision and fulfill our mission, we are committed to:

*Promoting trust and strengthening long-term business relationships with our clients in order to discover and meet their needs.
Using a combination of proven and innovative professional skills to address clients needs and concerns.
Delivering high quality, accurate and timely services that represent value to our clients and generate profit for us.*

As a growth oriented company, we are committed to provide a working climate that will make our people feel respected, fairly treated, listened to and involved. We're determined to create an environment in which we will offer all the employees an opportunity to learn, participate, contribute, be rewarded, grow and advanced based on excellence, not on politics.

To fulfill all our responsibilities being a good corporate citizen.

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BOARD OF DIRECTORS

Muhammad Bilal Vohra
Mrs. Ayesha Mubashir
Mrs. Fatima Amir
Ms. AfshanFarooqui
Mrs. SairaFaraz
Mr. Haji Iqbal

AUDIT COMMITTEE

Haji M. Iqbal*Chariman*
Ms. Fatima Amir*Member*
Ms. AfshanFarooqui*Member*

AUDITORS

NAVEED ZAFAR ASHFAQ JAFFERY & CO Chartered Accountants

LEGAL ADVISORS

MS Mangrio & Co.

BANKERS

United Bank Limited
Bank Al-Falah Limited
Summit Bank Limited
MCB Bank Limited

SHARE REGISTRAR

JWAFFS registrar services (Private) limited
505, 5th Floor, Kashif Centre
Near Hotel Mehran, Main Shahra-e-Faisal,
Phone: 35643871-72, Fax: 35643873
Email: jwaffs@live.com

REGISTERED OFFICE

507-511, Karachi Stock Exchange Building, I.I. Chundrigar Road, Karachi.
Telephone: (021)-32424051
FAX: (021) 32415709
E-MAIL: jovcoltd@hotmail.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Monday, March 30, 2015 at 9:00 AM at Hotel crown Inn Plot No.171 .off 21 AM, Frere Road, Saddar , Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on October 30, 2010.
2. To elect 07 (seven) Directors as fixed by the Board of Directors in pursuant to section 178(1) of the Companies Ordinance, 1984, for the term of next three years and to fix their remuneration. Following are the retiring Directors:
 - I. Mr.Muhammad Bilal Vohra
 - II. Ms.AyeshaMubashir
 - III. Ms.SairaFaraz
 - IV. Ms.Fatima Amir
 - V. Ms.AfshanFarooqi
3. To consider and adopt the audited accounts of the company together with Director's and Auditor's report thereon for the year ended June 30, 2011,2012,2013 and 2014.
4. To appoint Auditors and fix their remuneration for the year ended June 30,2015.
5. To transact any other business with the permission of chair.

By order of the board
Sd/-

(MuhammadBilal

Chief Executive Officer

Karachi: March 9,2015
Vohra)

Notes:

1. The share transfer books of the Company will remain closed from March 24th , 2015 to March 30th ,2015 (both days inclusive). Transfers received at JWAFFS Registrar Services (Private)) limited at 505, 5th Floor, Kashif Centre Near Hotel Mehran, Main Shahra-e-Faisal, Karachi.
2. A member eligible to attend and vote may appoint another member as his/her proxy to attend and vote in the meeting.
3. The instrument appointing the proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or other authority in order to be effective must be deposited at the Registered office of the Company, at least 48 hours before the time of holding the meeting.
4. The member who shares are deposited with Central Depository Company of Pakistan Limited (CDC) and /or their proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport along with the participant's ID Number and their account numbers in Central Depository Company of Pakistan Ltd. (CDC) to facilitate identification at the time of meeting.
5. The members are requested to timely notify any change in their addresses to JWAFFS Registrar Services (Private) limited at 505, 5th Floor, Kashif Centre Near Hotel Mehran, Main Shahra-e-Faisal, Karachi.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of the Company present their report together with the audited financial statements of the Company for the year ended June 30, 2012.

Economic & Market Review

Economic conditions of the country showed a positive growth of 3.7% despite of political challenges, higher international oil prices, energy shortfalls, Rs. 400bn circular debt, high interest rate and poor law and order conditions. Pakistan's economy witnessed a modest improvement in FY12 - real GDP grew by 3.7 percent during the year, compared with 3.0 percent in FY11, which translates into a positive growth of 2.4%. In terms of economic growth, the country has underperformed than the previous year's GDP growth rate of 4.8%. The demand side was more insightful, as the growth in FY12 was primarily driven by private consumption. Strong worker remittances, a vibrant informal economy and higher fiscal spending, supported consumption growth during the year. On the other hand, investment remained sluggish - a continuing trend over the past several years.

Although the increase in fiscal spending contributed to commercial activity, it did so at the cost of pushing Pakistan's budget deficit to 8.5 percent of GDP.

Against around USD 200mn surplus previous year for the first time in the last 6 years, the current account balance turned back into USD 3.8bn deficit in 2012, largely owing to almost 50% decline in the FDI inflows to USD 812mn. Furthermore, the USD 2.53bn IMF repayments in FY12 resulted in 17% depletion of forex reserves to USD 15bn (USD 18bn), leading to 4% PKR depreciation to 89.4(85.5). However, about 18% higher remittances to USD 13.2bn (12.1bn) and declining oil prices in 4Q supported, country's current account.

On tax revenue side, despite 18% greater tax collection to Rs.1.92trl (Rs.1.6trl), our fiscal deficit gap swelled to 6% of GDP in FY12. To finance this deficit, government borrowed heavily totaling to Rs.1.2trl in 2012 (Rs.580bn) from banks standing around 6% of GDP.

KSE recorded 33% higher shares volume traded at 129mn/day and 3.5% higher value traded at Es.4bn/day in 2012. KSE-100 index gained 10.4% or 1,300 points to close at 13,800. This year showed a volatility of 3,700 index points. Firstly, half of the year was quite grim in respect to shares volume and value traded in the market due to strained Pak US relationship, local, political and law and order issues, economic challenges and liquidity constraints.

FINANCIAL HIGHLIGHTS

The summary of the financial results of the Company for the year ended 30 June, 2012 are as under.

	2012 (Rupees)	2011 (Rupees)
Brokerage Revenue	-	-
Dividend Income	-	-
Capital (Loss)/Gain on sale of investments	-	137,596
Gain/ on re-measurement of investments to fair value	4,124,451	1,592,175
Profit/(Loss) before taxation	113,904,084	(12,953,373)
Taxation-Current	-	-
-Prior	-	-
Profit/(Loss) after taxation	113,904,084	(12,953,373)
Earnings/(Loss) per share-basic and diluted	2.24	(0.25)

Auditor's Observation

The Auditors has drawn attention to note 1.3 to the accompanying financial statements which explains that the Company incurred a net profit of Rs.113.659mn for the year ended June 30, 2012 which arose mainly due to the reversal of provision of Rs.126.8mn, made previously against advances and, even then, the Company's current liabilities exceeded its current assets by Rs. 367.704 million with a negative equity of Rs. 208.254 million. As the Company did not meet the net capital balance requirements, the trading activities of the Company were suspended by the stock exchanges on 23rd November 2009. This resulted in severe liquidity problems and consequently the Company was unable to honour its obligations, due to which, a recovery suit has been filed by one of the banks for the outstanding amount including mark-up overdue since 2009. Further, a formal plan to revive the Company including capital injection has not been formulated by the Board of Directors of the Company.

These events indicate that the going concern assumption used by the management; as indicated in Note 1.3 to these financial statements is not appropriate, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Explanation with regard to afore mentioned auditors' qualification

As narrated in note 1.3 to the financial statements, management is confident that the going concern assumption is appropriate for the reasons as stated below:

The Company incurred a net profit of Rs.113.659mn for the year ended June 30, 2012 which arose mainly due to the reversal of provision of Rs.126.8mn, made previously

against advances and, even then, the Company's current liabilities exceeded its current assets by Rs. 367.704 million with a negative equity of Rs. 208.254 million. The Company is also suffering liquidity problems due to the suspension of trading (refer note 1.2). One of the banks has also filed a suit against the Company for the recovery of outstanding amount. These financial statements have been prepared on the assumption, that the Company would continue as a going concern based on the following:

The Company has entered into a settlement agreement on 23 October 2009 with Innovative Investment Bank Limited (IIBL) regarding transfer of 94 platinum memberships of Defence Authority Country and Golf Club in favour of the Company with a current price of Rs. 1.4 million each making the total settlement amount of Rs. 131.6 million. In this respect a decree has been awarded by the High Court of Sindh to IIBL in respect of the transfer of ownership. The Company has paid Rs. 4.7 million to Defence Authority Country and Golf Club for the transfer of memberships. On 04 October 2010, the High Court of Sindh issued an order for the execution of decree and accordingly directions were issued to the administrator of Defence Housing Authority for the transfer / conveyance / assignment of 94 platinum memberships. In this respect an individual has been appointed to execute such order. The management is confident that they will be able to sell these membership at the settlement price once it get transferred in favour of the Company.

On 14 January 2010, the running finance facility of Summit Bank Limited (formerly ArifHabib Bank Limited) was restructured as long term finance facility. As per the revised agreement entered with Summit Bank Limited the Company is liable to repay the principal component of Rs.81 mn in quarterly installments over a term of five years (including a grace period of 18 months) at a mark-up rate of 3 months KIBOR plus 11.74% per annum and is secured against present and future current assets of the Company. The Bank may waive outstanding frozen markup of Rs.17.4 million, principal amount of Rs.9.56 million and the markup for the whole tenor [detailed in note 5.1(c)] upon punctual re-payments of installments of principal at the end of loan term.

In 2006, the Company acquired 24.5 million shares of Crescent Standard Investment Bank (now merged into Innovative Housing Finance Limited and renamed as Innovative Investment Bank Limited) (IIBL) from Corporate Business Management (Private) Limited (CSBM). On 22 June 2006, the Securities and exchange Commission of Pakistan (SECP) under the provision of section 15B of the Securities and Exchange Ordinance, 1962, ordered CBML to pay Rs.182.4mn to the Company.

This represent loss incurred by the Company due to fall in share price subsequent to sale of these shares on account of certain price sensitive information available with the directors (one of whom was the Chief Executive of Javed Omer Vohra & Company Limited) and Chief Executive of CBML at the time of sale. CBML filed an appeal before the Appellate bench of the Commission and after various hearing, the Commission in current year (when CBML went into voluntary liquidation) on 10 September 2009 in exercise of power under sub-section (3) of section 15B the Securities and Exchange Ordinance, 1962, again ordered CBML, through its

liquidator to Rs. 174.6mn to the Company, within the period of 30 days of the issuance of the order. However, the payment has not yet been received.

Future Outlook

Though the KSE-100 index has shown gradual improvement but future performance of stock market is yet uncertainty due to instability of important factors such as economic recovery, the country's political situation and the law and order enforcement.

The management is continuously meeting the banks representatives to settle the negotiation process and to resolve the issues amicably.

Social Obligation

The Company paid no donation during the year.

Compliance with Code of Corporate Governance

The Directors are pleased to report compliance according to the provision of Code of Corporate Governance as stated in Statement of Compliance and confirm that:

- The Financial Statements present fairly the state of affairs of the Company, the results of its operations, Cash Flow Statement and statement of Changes in Equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except as noted in note 2.1 to the financial statements and accounting estimates are based on reasonable and prudent judgment.
- Approved Accounting Standard, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Board of directors has not appointed an individual to carry out internal audit of the Company.
- The management feels that the Company will revive from the adverse financial situation and hence as narrated in note 1.3 to the accompanying financial statements we believe that there are no significant doubts upon the Company's ability to continue as going concern.
- There has been material departure from the best practices of code of corporate governance, as stated in Statement of Compliance with Code of Corporate Governance.

Key Financial Data

Statement of key operating and financial data of last six years in summarized form is enclosed.

Board Meetings

No meeting of the Board of Directors was held during the year from 01 July 2011 to 30 June 2012.

Pattern of Shareholding

Statement of Pattern of Shareholding as on June 30, 2012, prepared in accordance with the requirements of Code of Corporate Governance, is annexed.

Acknowledgement

We wish to place on record our gratitude to the valued clients, regulatory authorities, banks & financial institutions and also to the shareholders for their confidence and continued support. We also appreciate the efforts and dedication shown by the staff for the Company's affairs successfully.

For and on behalf of Board of Directors:



Muhammad Bilal Vohra
Chief Executive

Karachi: March 9th, 2015

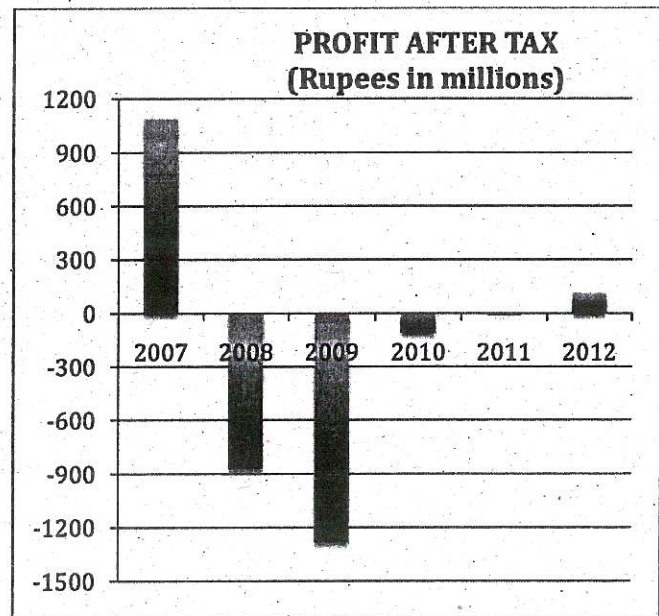
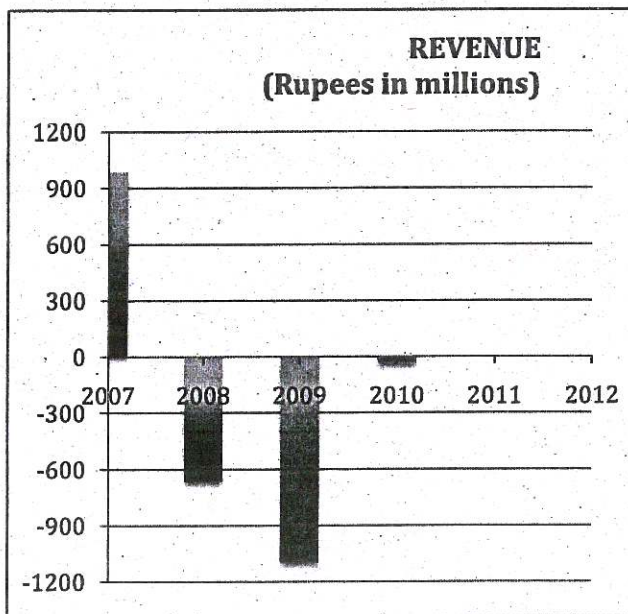
FINANCIAL HIGHLIGHTS

Rs. In '000

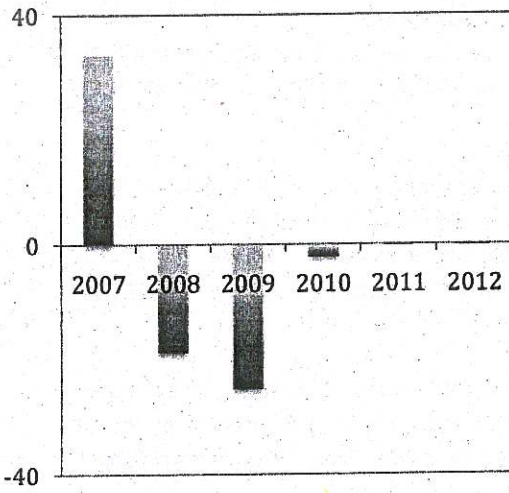
OPERATING RESULTS	2007	2008	2009	2010	2011	2012
Revenues	988,159	(662,004)	(1,096,736)	(35,033)	-	-
Profit/(loss) before tax	1,109,882	(859,474)	(1,278,339)	(99,721)	(12,953)	113,904
Profit/(loss) after tax	1,088,111	(867,989)	(1,279,528)	(111,311)	(12,953)	113,904

VALUATION	2007	2008	2009	2010	2011	2012
Earning/(loss) per share	32.97	(18.79)	(25.18)	(2.19)	(0.25)	2.24
Break-up value	60.33	23.42	(3.88)	(6.08)	(0.63)	(0.41)
Dividends (%)						
Cash	12.50	-	-	-	-	-
Bonus	50	10	-	-	-	-

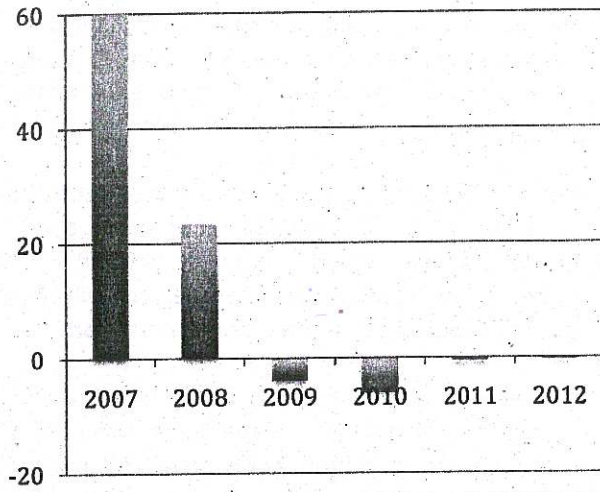
FINANCIAL POSITION	2007	2008	2009	2010	2011	2012
Total Assets	3,062,402	2,277,097	631,637	73,190	67,913	177,110
Shareholder's equity	1,991,119	1,082,126	(197,648)	(308,960)	(321,913)	(208,254)
Shares Outstanding	33,000	46,200	50,820	50,820	50,820	50,820



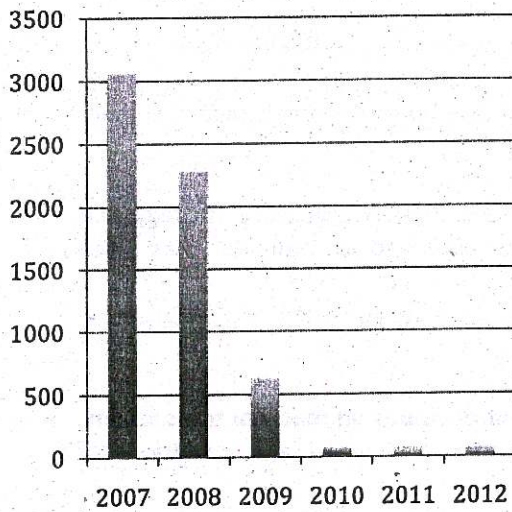
**Earnings Per Share
(Rupees in millions)**



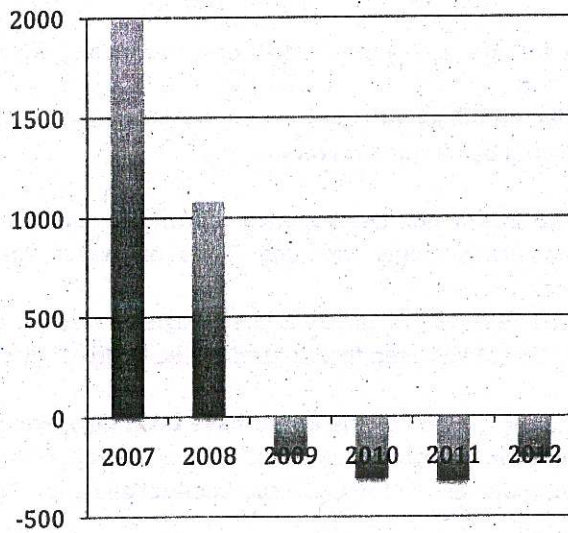
**Break up value
(Rupees in millions)**



**Total Assets
(Rupees in millions)**



**Shareholder's Equity
(Rupees in millions)**





**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2012**

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Islamabad and Lahore Stock Exchange(s) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

This statement has been prepared after considering the facts that the company is facing serious financial and liquidity problems, and is not able to meet the net capital requirement. Trading activities of the company were suspended by the stock exchanges since November 2009. The company has applied the principles contained in the code to the extent practicable under the given circumstances in the following manner:

1. The Board comprises of six directors, including the CEO. The Company encourages representation of independent non-executive directors on its Board including those representing minority interests. At present, the Board includes one independent non executive director.
2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
4. A casual vacancy of directors occurred during the year but not fulfilled by the directors.
5. The Company has prepared a Statement of Ethics and Business Practices which has been signed by all the directors.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant along with the dates on which they were approved or amended has been maintained.
However, formal plans and strategies to revive the company including the capital injection have not yet been formulated by the Board of directors.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. No directors' meeting was held during the year.
9. The Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities.
10. No appointment of CFO, Company Secretary has been made during the year.
11. The Directors' Report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.



JAVED OMER VOHRA & COMPANY LIMITED

12. The financial statements of the Company were duly endorsed only by the CEO before approval of the Board as currently the CFO is not employed by the company.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has not complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, two of which are non-executive Directors.
16. The Board has not formed a Human Resource and Remuneration Committee.
17. The meetings of the audit committee were not held during the period. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has not setup an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. The company has complied with all the major corporate and financial reporting requirements to the code. All related parties transactions has been reviewed and approved by the Board and are carried out as per agreed terms.
23. We confirm that all other material principles contained in the Code have been complied with except for the matters disclosed in the above paragraphs.

Muhammad Bilal Vohra
Chief Executive

Karachi:
Date: 31-12-2014

A member firm of



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH
BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Javed Omer Vohra & Company Limited for the year ended June 30, 2012 to comply with the requirements of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

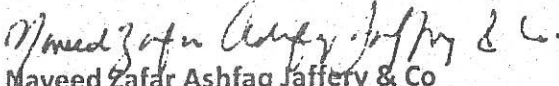
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **June 30, 2012**.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note/paragraph reference where these is/are stated in the Statement of Compliance:

- I. As disclosed in point 1 of the statement, the Board comprise of five directors which is violation of clause (i) of the code.
- II. As disclosed in point 4 of the statement, the Board has not fulfilled casual vacancy as required under clause (iii) of the code.
- III. As disclosed in point 8 of the statement, no board of directors' meeting was held during the year which is violation of clause (vii) of the code.
- IV. As disclosed in point 9 of the statement, the Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities as required under clause (xi) of the code.
- V. As disclosed in point 12 of the statement, the consideration has not been given by the CFO as required under clause (xxi).
- VI. As disclosed in point 14 of the statement, the board of director has not complied with clause (xviii) of the code.
- VII. As disclosed in point 16 of the statement, the board of director has not complied with clause (xxv) of the code.
- VIII. As disclosed in point 17 of the statement, the board of director has not complied with clause (xxvii) of the code.
- IX. As disclosed in point 18 of the statement, the board of director has not complied with clause (xxxi) of the code.

Karachi
Dated: 31-12-2014


Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of the **Javed Omer Vohra & Company Limited** ("the company") as at June 30, 2012; and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, as discussed in Note 1.3 to these financial statements. As stated in the said note, the company has reported a net profit of Rs 113.659 million for the year ended June 30, 2012, which has arisen mainly due to the reversal of provision of Rs 126.8 million, made previously against advances, and even then the company's current liabilities exceeded its current assets by Rs:367.704 million with a negative equity of Rs:208.254 million.

As mentioned in Note 1.2, the brokerage activities of the Company were suspended on 23rd November, 2009 due to inability of the Company to maintain the required net capital balance in accordance with Rule 2(d) of, and Third Schedule to the Securities and Exchange Rules, 1971 which has further resulted in severe liquidity problems and consequently the company was unable to honor its obligation, due to which a recovery suit had been filed by one of the banks for the outstanding amount including mark-up overdue since 2009. The Company had, in the past, entered into restructuring agreement with the bank which has further been defaulted. Subsequent the company has entered into settlement agreements with the banks as per details given in Note 25 to these financial statements.

No formal plan to revive the company including capital injection has been formulated by the board of directors of the company.

These events indicate that the going concern assumption used by the management; as indicated in Note 1.3 to these financial statements is not appropriate, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

- b) As fully explained in note 5, one of the running finance facilities from the banks was restructured into a term finance facility on 14th January 2010. In this respect, the first installment of interest component, which was due on 13th April 2010, and the installment of the principal amount commencing from October 13, 2011, was not paid. The management contends that out of the total amount due of Rs 107.82 million, the company is only liable to repay the principal component of Rs 80.44 million in 14 equal quarterly installments of Rs.5.8 million commencing from October 13, 2011, and at the end of the term, if the aforementioned installments are paid on the due dates, the bank would waive the balance amount. However, in case of default, the company, in addition to the total loan amount of Rs.107.82 million, will also be liable to pay the installment of interest component aggregating to Rs.77 million (based on 3 month KIBOR plus 11.74%) and liquidated damages at the rate of 20% of outstanding balance.

The company, however defaulted the restructuring agreement, and did not accrue mark-up of Rs.51.4 million on the term finance. Had the company followed the repayment schedule of the restructured agreement, interest aggregating to Rs.51.4 million would have been recognized in the financial statements.


- c) in our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- d) In our opinion :
- i) the balance sheet and profit and loss account together with the notes thereon have not been drawn up in conformity with the Companies Ordinance, 1984, but are in agreement with the books of account 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;
- N28)

- e) in our opinion, because of the significance of the matters discussed in paragraphs(a) and (b), and to the best of our information, and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan and do not give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2012, and of the profit, its cash flows and changes in equity for the year then ended; and
- g) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The company's financial statements for the year ended June 30, 2011; were audited by BAKER TILLY Mehmood Idrees Qamar & Co., Chartered Accountants who had also modified their report by adverse opinion dated 10th October 2014. N29

Karachi

Date: 10/10/2014

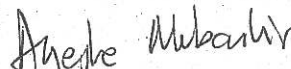

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Engagement Partner: Ashfaq Tola - FCA

JAVED OMER VOHRA & COMPANY LIMITED
BALANCE SHEET
AS AT JUNE 30, 2012

EQUITY AND LIABILITIES	Note	2012	2011 (Restated)	2010 (Restated)
		----- Rupees -----		
SHARE CAPITAL AND RESERVES				
AUTHORIZED CAPITAL				
75,000,000 (2011:75,000,000) Ordinary shares of Rs.10 each		750,000,000	750,000,000	750,000,000
Issued, subscribed and paid-up share capital	4	508,200,000	508,200,000	508,200,000
Accumulated loss		(716,454,847)	(830,113,933)	(817,160,100)
		(208,254,847)	(321,913,933)	(308,960,100)
LIABILITIES				
Current liabilities				
Running finance and mark-up accrued - secured	5	107,815,552	107,815,552	107,815,552
Running finance under mark-up arrangements - secured	6	162,974,431	162,974,431	162,974,431
Interest and mark-up accrued	7	77,911,980	77,911,980	77,911,980
Creditors, accrued and other liabilities	8	9,432,601	13,894,438	6,190,403
Provision for taxation - net	9	27,230,520	27,230,633	27,258,482
		385,365,084	389,827,034	382,150,848
TOTAL EQUITY AND LIABILITIES		177,110,237	67,913,101	73,190,748
ASSETS				
Non-current assets				
Property, plant and equipment	10	38,246,297	39,063,830	40,905,476
Intangibles	11	118,350,000	7,750,000	7,750,000
Long term deposits	12	2,853,500	2,853,500	3,603,500
		159,449,797	49,667,330	52,258,976
Current assets				
Investments	13	13,342,635	9,218,184	8,011,439
Advances and other receivables	14	203,785	4,902,285	5,012,652
Trade deposits		-	-	500,000
Cash and bank balances	15	4,114,020	4,125,302	7,407,681
		17,660,440	18,245,771	20,931,772
Contingencies and commitments	16	-	-	-
TOTAL ASSETS		177,110,237	67,913,101	73,190,748

The annexed notes from 1 to 27 form an integral part of these financial statements.


 Chief Executive Officer


 Director

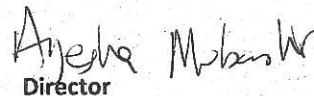
JAVED OMER VOHRA & COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

		2012	2011
	Note	-----Rupees-----	
Capital gain on sale of investments - net		-	137,595
Gain on re-measurement of investments to fair value	13.1	4,124,451	1,592,175
		4,124,451	1,729,770
Administrative expenses	17	109,535,895	(16,220,201)
		113,660,346	(14,490,431)
Other operating income	18	30	1,541,058
		113,660,376	(12,949,373)
Finance cost	19	(1,290)	(4,460)
Profit / (loss) before taxation		113,659,086	(12,953,833)
Taxation			
Profit / (loss) after taxation		113,659,086	(12,953,833)
Earnings / (loss) per share - Basic and diluted	20	2.24	(0.25)

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer



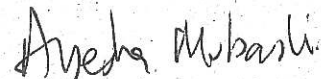
Director

JAVED OMER VOHRA & COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	-----Rupees-----	
Note		
Profit / (loss) for the year	113,659,086	(12,953,833)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>113,659,086</u>	<u>(12,953,833)</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

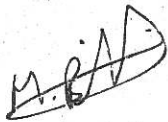

Chief Executive Officer


Director

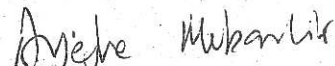
JAVED OMER VOHRA & COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 -----Rupees-----	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		113,659,086	(12,953,833)
Adjustment for non cash items:			
Depreciation	11	817,533	1,036,946
Reversal of provision against advance to IIBL		(110,600,000)	-
Capital (gain) on sale of investments - net		-	(137,596)
(Gain) on disposal of property and equipment		-	(789,901)
(Gain) on remeasurement of investments to fair value		(4,124,451)	(1,592,175)
Finance cost	19	1,290	4,460
Cash (used in) operating activities before working capital changes		<u>(246,542)</u>	<u>(14,432,099)</u>
 (Increase) / decrease in current assets			
Advances and other receivables		4,698,500	110,367
Trade deposits		-	500,000
		4,698,500	610,367
 (Decrease) / increase in current liabilities			
Creditors, accrued and other liabilities		(4,461,835)	7,704,035
 Taxes paid		(115)	(27,848)
Finance cost paid		(1,290)	(4,460)
Long term deposits		-	750,000
Net cash used in operating activities		<u>(11,282)</u>	<u>(5,400,004)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Investments		-	523,025
Proceeds from disposal of property and equipment		-	1,594,600
Net cash inflow from investing activities		-	2,117,625
 CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from financing activities		-	-
 Net (decrease) in cash and cash equivalents		<u>(11,282)</u>	<u>(3,282,379)</u>
 Cash and cash equivalents at the beginning of the year		4,125,302	7,407,681
 Cash and cash equivalents at the end of the year	15	<u><u>4,114,020</u></u>	<u><u>4,125,302</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer



Director

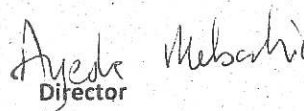
JAVED OMER VOHRA & COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Issued, subscribed and paid-up share capital	Accumulated loss	Total
	----- Rupees -----		
Balance as at July 1, 2010	508,200,000	(817,160,100)	(308,960,100)
<u>Total Comprehensive income for the year</u> Loss for the year ended June 30, 2011	-	(12,953,833)	(12,953,833)
Balance as at June 30, 2011	508,200,000	(830,113,933)	(321,913,933)
<u>Total Comprehensive income for the year</u> Profit for the year ended June 30, 2012	-	113,659,086	113,659,086
Balance as at June 30, 2012	<u>508,200,000</u>	<u>(716,454,847)</u>	<u>(208,254,847)</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive Officer



Director

JAVED OMER VOHRA & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. STATUS AND NATURE OF BUSINESS

1.1 Javed Omer Vohra & Company Limited ("the Company") was incorporated in Pakistan on 29 December 1992 as a public limited company under the Companies Ordinance, 1984 and is listed on all the stock exchanges in Pakistan. The Company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited. The registered office of the Company is located at 507-511, Karachi Stock Exchange Building, I. I. Chundrigar Road, Karachi. Its principal activities include trading and brokerage for equities, underwriting of public issues, etc. The Company has also acquired membership of the National Commodity Exchange Limited.

1.2 On 23 November 2009, the brokerage activities of the Company were suspended due to inability of the Company to maintain the required net capital balance in accordance with Rule 2(d) of, and Third Schedule to the Securities and Exchange Rules, 1971.

1.3 Basis for going concern assumptions

The Company incurred a net profit of Rs. 113.659 million for the year ended June 30, 2012 mainly due to reversal of previously carried provision against advances (refer note 17). As of that date, the Company's current liabilities exceeded its current assets by Rs. 367.704 million and there is a negative equity of Rs. 208.254 million. The Company is also suffering liquidity problems due to the suspension of trading. One of the banks has also filed a suit against the Company for the recovery of outstanding amount. These financial statements have been prepared on the assumption, that the Company would continue as a going concern based on the following:

The Company has entered into a settlement agreement on 23 October 2009 with Innovative Investment Bank Limited (IIBL) regarding transfer of 94 platinum memberships of Defence Authority Country and Golf Club in favor of the Company with a current price of Rs. 1.4 million each making the total settlement amount of Rs. 131.6 million. In this respect a decree has been awarded by the High Court of Sindh to IIBL in respect of the transfer of ownership. The Company has paid Rs. 4.7 million to Defence Authority Country and Golf Club for the transfer of memberships. On 04 October 2010, the High Court of Sindh issued an order for the execution of decree and accordingly directions were issued to the administrator of Defence Housing Authority for the transfer / conveyance / assignment of 94 platinum memberships. On 30 November 2011, 94 platinum memberships of Defence Authority Club and Golf Club were accepted by Pakistan Defence Officers Housing Authority (DHA) and allotted to IIBL vide a settlement reached between DHA and Sysmax (Private) Limited. Accordingly, all 94 platinum memberships were sub allotted to the Company as per the deed of assignment / conveyance entered between the Company and IIBL on 07 January 2010.

In 2009, the Company requested various banks to restructure the amount payable in respect of overdue running finance. This includes waiver of some portion of mark-up and outstanding amounts and conversion of running finance to long term loan which will improve the net current assets position. In the year 2010, new agreement was entered with Summit Bank Limited (formerly Arif Habib Bank Limited), according to which the Company's running finance facility (outstanding amount of Rs. 90 million) was restructured as term finance. However the company defaulted in making payments in respect of the restructuring agreement. Subsequent to year end the company entered into another agreement with Summit Bank to settle its total outstanding amount through transfer of various assets of the company. (Refer note 25).

The Securities and Exchange Commission of Pakistan (SECP) has passed an order dated 10 September 2009 against Corporate Business Management (Private) Limited (CBML), under the voluntary winding up directing its liquidator to pay Rs. 175 million to the Company in view of the losses caused to the Company due to fall in share price of Crescent Standard Investment Bank Limited (now merged into Innovative Housing Finance Limited and renamed as Innovative Investment Bank Limited (CSIBL)) subsequent to sale of 24.5 million shares of CSIBL to the Company, on account of certain price sensitive information held by directors one of whom was the CEO of CBML during financial year 2006. In the current year, CBML has again filed an appeal against the aforementioned order which is still pending. The Company still feels that the decision of the case will be in favour of the Company and they will receive the due amount in the forth coming year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured 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 has been rounded off to the nearest Rupee.

2.4 Use of estimates and judgement

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and 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 the judgements 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. Revisions to accounting estimates are recognised 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.

The estimates and judgements that have a significant effect on the financial statements are in respect of the following:

- Investments
- Residual values and useful lives of property and
- Recognition of taxation and deferred taxation
- Staff retirement benefits
- Trade debts and other receivables
- Loans
- Intangible assets

2.5 Standards, amendments and interpretations which became effective during the year

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Company:

Standards/Amendments/Interpretations		Effective Date (accounting periods beginning on or after)
Amendment to IAS 1	Presentation of Financial Statements	January 1, 2011
IAS 24 (as revised in 2009)	Related Party Disclosures	January 1, 2011
Amendment to IAS 34	Interim Financial Reporting	January 1, 2011
Amendment to IFRS 7 Disclosures	Transfer of Financial Assets	July 1, 2011
Amendment to IFRIC 13	Customer Loyalty Programmes	January 1, 2011
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011
Standards, amendments and interpretations to the published approved accounting standards not yet effective		

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations		Effective Date (accounting periods beginning on or after)
Amendments to IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendments to IAS 12	Income Taxes – Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendments to IAS 19	Employee Benefits	January 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted by the Securities and Exchange Commission

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements, due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures, due to non-adoption of IFRS 10 and IFRS 11

2.6 Prior period error

During the year, the Company has rectified prior period error related to classification of "Long term loan and mark-up accrued" in the balance sheet from non-current liabilities to current liabilities in lieu of default in repayments. Due to this, the comparative figures in the balance sheet have been restated in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The effects of the above restatement on financial statements for the previous year are summarized below:

	As per audited financial statements	Effect of prior period error	Restated amount
----- Rupees -----			
Balance sheet - 2011			
Non-current liabilities	107,815,552	(107,815,552)	-
Current liabilities	282,011,369	107,815,552	389,826,921
Balance sheet - 2010			
Non-current liabilities	107,815,552	(107,815,552)	-
Current liabilities	274,335,296	107,815,552	382,150,848

Since the prior period error pertained to presentation and disclosure only, there was no change required in the profit and loss account, statement of comprehensive income or the cash flow statement for the years ended June 30, 2011 and 2010, therefore the comparative figures of profit and loss account, statement of comprehensive income or the cash flow statement have not been restated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Staff retirement benefits

Defined benefit plan

The Company operates an approved funded defined benefit plan - gratuity scheme for its permanent employees. Contributions are made annually to the fund on the basis of actuarial recommendations.

Actuarial gains or losses arising from adjustments and changes in the actuarial assumptions which are in excess of 10% of the fair value of the plan assets or 10% of the defined benefit obligations are charged or credited to income over the employees' expected average remaining working lives.

Actuarial valuation of the fund is undertaken at appropriate regular intervals IAS-19 mandates the use of Projected Unit Credit (PUC) Actuarial Cost Method to determine the benefit obligations for a post-employment defined benefit scheme (such as gratuity scheme of the Company). PUC provides the benefit obligations assuming that the entity/benefit scheme will continue to exist in its present form in future. The benefit obligations and related accounting disclosures are determined on the basis that most of the employees will resign in the forthcoming year. Therefore total accumulated actuarial gains / losses had been recognised during the previous year (refer note 14.2.5).

3.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity respectively.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is provided using the balance sheet method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Normal repairs and maintenance are charged to income, as and when incurred. Subsequent expenditure is capitalised only when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is charged to profit and loss account by applying reducing balance method at the rates specified in note 11 to these financial statements. Depreciation on additions is charged from the month in asset is available for use and on disposal up to the month the asset is in use.

Gains or losses on disposal of property and equipment, if any, are taken to profit and loss account currently.

The carrying value of Company's property and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indication exists the asset's recoverable amount is estimated. An impairment loss is recognised wherever the carrying value of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

3.4 Intangible assets

Intangible assets with indefinite life are stated at cost less impairment losses, if any. Intangible assets with finite useful life are stated at cost less amortisation and impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates and cost of the item can be measured reliably. All other expenditure is expensed as incurred.

Intangible assets with indefinite useful lives are not amortised instead they are systematically tested for impairment at each balance sheet date. Intangible assets with finite useful lives are amortised at straight line basis over the estimated useful life of the asset.

3.5 Investments

All investments are initially recognised at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

The Company classifies its investments in the following categories:

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

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held-to-maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Subsequent to initial measurement, 'available for sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken in other comprehensive income. However, any premium or discount on acquisition of debt securities is amortised and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed off or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Unquoted equity securities are valued at cost less impairment losses, if any.

3.6 Trade debts and other receivables

Trade debts and other receivables are recognised at fair value and subsequently measured at amortised cost less impairment losses, if any. 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 the original terms of receivables where as debts deemed uncollectible are written off.

3.7 Revenue recognition

Brokerage income is recognised as and when such services are provided.

Capital gains and losses on sale of marketable securities are included in the profit and loss account in the period in which they arise.

Unrealised gains or losses arising from mark to market of investments at fair value through profit or loss account - held for trading are included in profit and loss account in the period in which they arise.

Dividend income is recognised when the right to receive is established.

Underwriting commission is recognised when the agreement is executed.

Mark-up income on bank deposits are recognised on a time proportion basis that takes into account the effective yield.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances. For the purpose of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Company's cash management excluding the loan which were not repaid on the due dates.

3.9 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is taken to profit and loss account currently.

3.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.11 Foreign currencies

Foreign currency transaction 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 are translated into Pak Rupees at the rate of exchange approximating those ruling at the balance sheet date. Exchange gains or losses are taken to profit and loss account.

3.12 Impairment

The carrying value of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount and the resulting impairment is charges to profit and loss account.

3.13 Trade and other payables

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

3.14 Provisions

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

3.15 Earning per share

Basic Earning per share(EPS) is calculated by dividing the profit / loss after tax for the year by the weighted average number of shares outstanding during the period. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effect of all dilutive potential ordinary shares.

3.16 Dividend distributions and appropriations

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

3.17 Borrowing cost

Borrowing cost are interest or other auxiliary costs incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account.

3.18 Related Party Transaction

All transaction with related parties are at arm's length prices determined in accordance with the pricing method as approved by the Board of directors.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			Note	2012	2011
				Rupees	
2012	2011				
Number of shares					
4,000,000	4,000,000	Ordinary shares of Rs. 10 each fully paid in cash		40,000,000	40,000,000
46,820,000	46,820,000	Ordinary shares of Rs. 10 each issued as bonus shares		468,200,000	468,200,000
<u>50,820,000</u>	<u>50,820,000</u>			<u>508,200,000</u>	<u>508,200,000</u>

	Note	2012	2011 (Restated - refer note 2.6)	2010
		----- Rupees -----		
5. RUNNING FINANCE AND MARK-UP ACCRUED				
Loan	5.1	90,378,130	90,378,130	90,378,130
Accrued mark-up		17,437,422	17,437,422	17,437,422
		<u>107,815,552</u>	<u>107,815,552</u>	<u>107,815,552</u>

- 5.1 On 14 January 2010, the running finance facility of Summit Bank Limited (Formerly: Arif Habib Bank Limited) was restructured as long term finance facility. As per the agreement and understanding with the bank, the Company is liable to repay the principal component of Rs. 81 million in quarterly instalments over five years (including a grace period of 18 months) at a mark-up rate of 3 months KIBOR plus 11.74 % per annum and is secured against present and future current assets of the Company. Furthermore, at the end of the term, the bank may waive outstanding frozen mark-up of Rs. 17.4 million, principal amount of Rs. 9.56 million and mark-up for the whole tenor [detailed in note 5.1 (c)] upon punctual repayments of instalments of principal at the end of loan term.

The major covenants as per the agreement of the loan are as follows:

- Not to borrow any money or moneys or avail any other finance or mark-up facility from any bank, financial institution or any other person if the same shall effect, prejudice and / or otherwise jeopardise the Customer's ability to pay the purchase price to the bank.
- Not to transfer, sell, charge or in any way encumber the assets charged to the bank, to the detriment of the bank.
- The bank may in it's absolute discretion freeze and / or waive the mark-up on the restructured faculty. However, the bank shall neither freeze the mark-up nor waive the same if the Company commits a default in payment of any instalment of the principal component of the purchase price due under the term finance agreement or defaults in fulfilling in any obligation to the bank under the term finance agreement, this restructuring or the security documents. If any default as aforesated occurs, the customer shall become liable to pay the mark-up component of the purchase price immediately upon the demand of the bank from the date of term finance agreement up to the date of demand and the customer shall be obliged to pay all future mark-up components of the purchase price to the bank for the remaining tenor of the restructured facility.
- In case of default, the Company agrees and undertakes to pay to the bank liquidated damages of 20% of the outstanding purchase price. The total agreed purchase price of the loan amounted to Rs. 184 million.

	Note	2012	2011
		Rupees	
6. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - SECURED			
Bank Alfalah Limited	6.1	162,974,431	162,974,431
		<u>162,974,431</u>	<u>162,974,431</u>

- 6.1 This represent short-term running finance facility obtained from Bank Alfalah Limited amounting to Rs. 500 million (2011: Rs. 500 million) at a mark-up rate of 3 months KIBOR (ask side) plus 3% with a floor at 11.50% per annum (2011: 3 month KIBOR (ask side) plus 1.5% with a floor of 11.50% per annum). The facility was expired on 31 August 2009 and has not been renewed. The facility is secured against the pledge of various shares having market value of Rs. 13.338 million at 30 June 2012 and personal property of Mr. Javed Omer Vohra. After negotiations, the Company has transferred all the pledge shares in the CDC account of the bank. The mark-up is overdue since 2009 and therefore the total amount has been classified as current. On 18 August 2010, the bank has filed a suit against the Company for recovery of the outstanding amount.

		2012	2011
	Note	Rupees	
7. INTEREST AND MARK-UP ACCRUED			
Bank Alfalah Limited		77,911,980	77,911,980
		<u>77,911,980</u>	<u>77,911,980</u>

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		733,656	412,194
Accrued expenses		3,585,376	2,365,087
Unclaimed dividend		4,113,570	4,117,157
Other liabilities	8.1	1,000,000	7,000,000
		<u>9,432,601</u>	<u>13,894,438</u>

8.1 During the year, the lawyer's liability of Rs. 6 million was settled by the Company by transferring, sub-assigning, conveying, delegating exclusive rights of platinum memberships of Defense Authority Golf and Country Club.

9. TAXATION

9.1 Tax assessments

The Additional Commissioner of Income Tax has re-opened the assessment for the tax years 2003 to 2005 and raised an additional tax demand of Rs. 11.4 million in respect of various matters, which includes allocation of expenses, disallowance of rebate on donation, disallowance of set off of business losses. The Company has filed appeals with the CIT (A) against the aforementioned orders and the management is confident that the outcome of the appeals will be in favour of the Company. Adequate provision has been recognised against these demands.

9.2 Deferred tax asset has not been recognised on the provision for doubtful debts and taxable losses as it is not probable that future taxable profits will be available against which such assets can be utilized.

		2012	2011
	Note	Rupees	
10. PROPERTY AND EQUIPMENTS			
Property and equipments	10.1	<u>38,246,297</u>	<u>39,063,830</u>

10.1 PROPERTY AND EQUIPMENT

Note	Leased	Owned				Total
	Leasehold premises	Furniture & fixture	Office equipment	Computers	Vehicles	
----- Rupees -----						
Year ended June 30, 2011						
Opening net book value	38,560,000	199,242	937,432	888,891	319,911	40,905,476
Additions	-	-	-	-	-	-
Disposal						
Cost	-	-	-	1,316,031	1,690,592	3,006,623
Depreciation	-	-	-	(822,314)	(1,379,610)	(2,201,924)
	-	-	-	493,717	310,982	804,699
Depreciation charge for the year	681,818	19,924	93,743	233,031	8,431	1,036,947
Closing net book value	37,878,182	179,318	843,689	162,143	498	39,063,830
At June 30, 2011						
Cost	67,500,000	1,194,125	2,206,253	2,952,253	27,648	73,880,279
Accumulated depreciation	(2,045,454)	(1,014,807)	(1,362,564)	(2,790,110)	(27,150)	(7,240,085)
Impairment	(27,576,364)	-	-	-	-	(27,576,364)
Net book value	37,878,182	179,318	843,689	162,143	498	39,063,830
Year ended June 30, 2012						
Opening net book value	37,878,182	179,318	843,689	162,143	498	39,063,830
Additions	-	-	-	-	-	-
Disposal						
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Depreciation charge for the year	661,091	17,932	84,369	54,042	99	817,533
Closing net book value	37,217,091	161,386	759,320	108,101	399	38,246,297
At June 30, 2012						
Cost	67,500,000	1,194,125	2,206,253	2,952,253	27,648	73,880,279
Accumulated depreciation	(2,706,545)	(1,032,739)	(1,446,933)	(2,844,152)	(27,249)	(8,057,618)
Impairment	(27,576,364)	-	-	-	-	(27,576,364)
Net book value	37,217,091	161,386	759,320	108,101	399	38,246,297
Depreciation rate	1.01%	10%	10%	33.33%	20%	

10.1 On April 1, 2010 a valuation of company's leasehold premises were carried out by Iqbal A Nanjee & Co. (Private) Limited. The valuation was resulted in an impairment loss of Rs.27.6 million and was recognized in the relevant period.

10.2 Subsequent to the year end the company entered into 2 different agreements (Refer note 25) with the banks to settle its outstanding liabilities in respect of running finance through transfer of 4 rooms/office premises of the company at an agreed value of Rs.7 million each.

	Note	2012	2011
		Rupees	
11. INTANGIBLE ASSETS			
KSE membership card		7,000,000	7,000,000
NCEL membership card (Refer Note 25.1)		750,000	750,000
DA Country and Golf Club Memberships (Refer Note 25.1 & 25.2)	11.1	110,600,000	-
		<u>118,350,000</u>	<u>7,750,000</u>

11.1 This represent exclusive rights of the Company for 94 memberships of DA Country and Golf Club by virtue of settlement agreement between Innovative Investment Bank Limited and Sysmax- developer of the club through an order passed by the Honorable Sindh High Court. On 30 November 2011, platinum memberships of Defence Authority Club and Golf Club were accepted by Pakistan Defence Officers Housing Authority (DHA) and allotted to IIBL vide a settlement reached between DHA and Sysmax (Private) Limited. Accordingly, 94 platinum memberships were sub allotted to the Company as per the deed of assignment / conveyance entered between the Company and IIBL on 07 January 2010. Out of these 94 platinum memberships, 15 memberships were transferred by the Company to the lawyer in lieu of his professional services amounting to Rs.15 million and previous outstanding liability of Rs.6 million. For details refer note 8.1 to the annual financial statements for the year ended June 30, 2011. The market value of the membership card is Rs1.4 million each.

12. LONG TERM DEPOSITS

This includes Rs. 2.5 million (2011: Rs. 2.5 million) deposited with National Commodity Exchange Limited for rooms in Hyatt Regency.

	Note	2012	2011
		Rupees	
13. INVESTMENTS			
Held for trading at fair value through profit and loss	13.1	13,342,635	9,218,184
Available-for-sale	13.2	-	-
		<u>13,342,635</u>	<u>9,218,184</u>

13.1 Held-for-trading

Quoted - equity securities

Unless otherwise stated, holdings are in ordinary shares of Rs. 10 each.

Number of shares		Name of investee	Note	2012		2011
June 2012	June 2011			Carrying value	Fair value	Fair value / Carrying Amount
Rupees						
TEXTILE						
392,168	392,168	Kohinoor Mills Limited	13.1.4	411,776	925,516	411,776
OTHERS						
135,500	135,500	Quice Food Industries Limited *	13.1.3	-	-	-
4,401,596	4,401,596	Balochistan Glass Limited (face value of Rs. 5 per share)	13.1.4	8,803,192	12,412,501	8,803,192
1,706,000	1,706,000	Polyron Limited *	13.1.1	-	-	-
6,073,500	6,073,500	Southern Networks Limited *	13.1.2	-	-	-
11	11	Johnson and Philips (Pakistan) Limited		99	103	99
300	300	Mustekam Cement Limited		3,117	4,515	3,117
				<u>9,218,184</u>	<u>13,342,635</u>	<u>9,218,184</u>
		Unrealised gain on account of remeasurement to fair value		4,124,451		
		Carrying value		<u>13,342,635</u>		

* As at 30 June 2012, these companies were listed on default counter of Karachi Stock Exchange.

- 13.1.1 As at 30 June 2012, this Company was under suspension by KSE and was not traded in the market since 11 October 2007, as it has gone into winding up proceedings through the order passed by the High Court of Baluchistan.
- 13.1.2 On 06 January 2009, The Karachi Stock Exchange (Guarantee) Limited had placed the shares of the company on defaulters' counter through notice KSE/N-110, as the company has gone into liquidation through the Order passed by the High Court of Sindh. Trading in shares are suspended with effect from Tuesday, 13 January 2009.
- 13.1.3 During the year ended 30 June 2009, the Company transferred 932,500 shares of Quice Food Industries Limited in its own name, however, 325,600 shares have not been transferred due to the fact that registrar has rejected these shares for the reason of being fake shares. Further in the previous year company received 142,500 shares and in the current year, the Company to received 47,600 from the original sellers and the balance of 135,500 shares are still represented as fake shares. Adequate provision has been recognized in respect of these shares.
- 13.1.4 These shares are held (pledged) in the CDC account of Bank Alfalah Limited as at June 30, 2012 (refer note 6.1).

13.2 Available-for-sale

Un-quoted - equity securities

Unless otherwise stated, holdings are ordinary shares of Rs. 10 each.

Number of shares		Name of Investee	Note	2012	2011
June 2012	June 2011			Fair Value	Fair value /Carrying Amount
				----- Rupees -----	
10,000	10,000	Sunbiz (Private) Limited (face value Rs.100 per share)	13.2.1		
140,676	140,676	Innovative Investment Bank Limited	13.4		

- 13.2.1 The Company holds 10,000 shares of Sunbiz (Private) Limited (SL) having face value of Rs. 100 per share. As per the audited financial statements of the Sunbiz Limited for the year ended 30 June 2007 the shareholders equity is negative and the break-up value per share is Rs. 325 negative. Latest financial statements are not available for the purpose of calculating break-up value.

The percentage of the shares held by the Company in the following investee companies are more than 10 percent.

Number of shares		Name of Investee	Percentage holding	
June 2012	June 2011		June 2012	June 2011
6,073,500	6,073,500	Southern Networks Limited	12.15	12.15

- 13.4 In 2006, the Company acquired 24.5 million shares of Crescent Standard Investment Bank (now merged into Innovative Housing Finance Limited and renamed as Innovative Investment Bank Limited) (IIBL) from Corporate Business Management (Private) Limited (CBML) previously named as Crescent Standard Business Management (Private) Limited (CSBM). On 22 June 2006, the Securities and Exchange Commission of Pakistan (SECP) under the provision of Section 15B of the Securities and Exchange Ordinance, 1962, ordered CBML to pay Rs. 182.4 million to the Company.

This represent loss incurred by the Company due to fall in share price subsequent to sale of these shares on account of certain price sensitive information available with the directors (one of whom was the Chief Executive of Javed Omer Vohra & Company Limited) and Chief Executive of CBML at the time of sale. CBML filed an appeal before the Appellate bench of the Commission and after various hearing, the Commission in current year (when CBML went into voluntary liquidation) on 10 September 2009 in exercise of power under sub-section (3) of section 15B the Securities and Exchange Ordinance, 1962, again ordered CBML, through its liquidator to pay Rs. 174.6 million to the Company, within the period of 30 days of the issuance of the order. However, the payment has not yet been received.

	Note	2012	2011
		Rupees	
14. ADVANCES AND OTHER RECEIVABLES			
Considered doubtful			
Advance to IIBL	14.1	34,000,000	165,600,000
Provision against advance to IIBL	14.1	<u>(34,000,000)</u>	<u>(165,600,000)</u>
Considered good			
Receivable from defined benefit plan-gratuity	14.2	173,105	173,105
Advances to staff	14.3	30,680	29,180
Advance to Defence Authority Country and Golf Club	14.4	-	4,700,000
		<u>203,785</u>	<u>4,902,285</u>
		<u>203,785</u>	<u>4,902,285</u>

14.1 In 2006, the Company advanced a sum of Rs. 165.6 million to Crescent Standard Investment Bank Limited (now merged into Innovative Housing Finance Limited and renamed as Innovative Investment Bank Limited (IIBL)) for the purpose of finance to be provided to Sysmax (Private) Limited for the extension and reconstruction of Defence Authority Country and Golf Club. In consideration of aforementioned amount, IIBL sub delegated / assigned its rights of 207 memberships Defence Authority Country and Golf Club to the Company (as security against the finance). On 23 October 2009, a settlement agreement was entered between the Company and IIBL. According to which IIBL will encumbered 94 Defence Authority Country and Golf Club memberships in favour of the Company which will treated as full and final settlement of outstanding amount. The market value of the memberships is approximately Rs. 131.6 million. On the basis of which the management has decided to write back the balance of Rs. 3 million payable to IIBL.

On 07 January 2010, deed of assignment / conveyance was entered between the Company and IIBL, according to the deed IIBL has sub assigned rights of 94 platinum memberships to the Company after acquiring full transfer rights from the Sysmax (Private) Limited by way of assignment / conveyance deed.

On 10 May 2010, the High court of Sindh awarded a decree in favour of IIBL and on this basis Company also applied in High Court of Sindh for execution. On 04 October 2010, the High Court of Sindh has issued an order for execution of decree and accordingly directions were issued to the administrator of Defence Housing Authority for the transfer/conveyance/ assignment of 94 platinum memberships. During the period, such memberships were transferred to the Company and the Pay Order amounting to Rs. 4.7 million was encashed - refer note 11.1 for details.

14.2 DEFINED BENEFIT PLAN - EMPLOYEES' GRATUITY FUND

General description

The Company operates an approved gratuity fund for all its permanent employees, which is administered by the Board of Trustees. The Company's costs and contributions are determined based on an actuarial valuation carried out at appropriate regular intervals. The benefits under the gratuity scheme are payable on retirement at the age of 60 or on earlier cessation of service as under:

14.2.1 Principal actuarial assumptions

(a) The latest actuarial valuation of the scheme was carried out for financial statements for the year ended 30 June 2010. Actuarial method used by the actuary in the current year is as follows:

IAS-19 mandates the use of Projected Unit Credit (PUC) Actuarial Cost Method to determine the benefit obligations for a post-employment defined benefit scheme (such as gratuity scheme of the Company). PUC provides the benefit obligations assuming that the entity/benefit scheme will continue to exist in its present form in future. However, due to extraordinary circumstances benefit obligations and related accounting disclosures are determined based on the assumption that most of the employees will leave the Company in the forthcoming year and therefore total accumulated actuarial gains / losses have been recognized during the year.

(b) The actuarial valuation of the scheme for financial statements for the year ended June 30, 2010 were based on the following assumptions:

Discount rate	12%
Expected rate of increase in salary in future years	11%
Expected rate of return on plan assets	12%
Average expected remaining working life time of employees	11 years

	Note	2012	2011
		Rupees	
14.2.2 Reconciliation of payable / (receivable) to defined benefit plan			
Present value of defined benefit obligations	14.2.3	547,800	547,800
Fair value of plan assets	14.2.4	(720,905)	(720,905)
Asset recognized in the balance sheet		<u>(173,105)</u>	<u>(173,105)</u>
14.2.3 Movement in defined benefit obligation			
Obligation as at 1 July 2011		547,800	1,022,386
Current service cost		-	-
Interest cost		-	-
Benefits paid	14.2.3.1	-	(474,586)
Actuarial gain on obligation		-	-
Obligation as at 30 June 2012		<u>547,800</u>	<u>547,800</u>
14.2.3.1	This include amount paid to employees who have resigned and re-joined the Company in the current and corresponding year.		
14.2.4 Movement in fair value of plan assets	Note	2012	2011
		Rupees	
Fair value as at 1 July 2011		720,905	1,195,491
Expected return on plan assets		-	-
Contribution by the Company		-	-
Benefits paid		-	(474,586)
Actuarial loss on plan assets		-	-
Fair value as at 30 June 2012		<u>720,905</u>	<u>720,905</u>
14.2.5 Movement in (receivable) / payable to defined benefit			
Balance as at 1 July 2011		(173,105)	(173,105)
Charge for the year		-	-
Contribution to the fund during the year - Company's contribution		-	-
Balance as at 30 June 2012		<u>(173,105)</u>	<u>(173,105)</u>
14.2.6 Actual return on plan assets			
The actual return on the assets during the year is:			
Expected return on plan assets		-	359,550
Actuarial loss on plan assets		-	(691,818)
		<u>-</u>	<u>(332,268)</u>

14.3 Advance to staff

The Company has a policy of providing interest free loan to its permanent employees.

14.4 Advance to Defence Authority Country and Golf Club

On 03 February 2010, the Company issued a pay order of Rs. 4.7 million (i.e. for 94 platinum membership cards at the rate of Rs. 50,000 each) in favour of the Defence Authority Country and Golf Club, for transfer of rights of 94 platinum memberships. During the period, such memberships were transferred to the Company and the Pay Order amounting to Rs. 4.7 million was encashed - refer note 12.1 for details.

	Note	2012	2011
		Rupees	
15. CASH AND BANK BALANCES			
Balance with banks in:			
- Current accounts		4,113,760	4,124,306
- Deposit account	16.1	260	996
		<u>4,114,020</u>	<u>4,125,302</u>
15.1 This represents deposit account maintained with United Bank Limited carrying profit rate of 5% per annum (2011: 5% per annum).			
16. CONTINGENCIES AND COMMITMENTS			
Except for the amount which could be payable if the Company does not honour the principal repayments of the loan from Summit Bank Limited (Formerly: Arif Habib Bank Limited) (refer note 5) and default in repayment of running finance facility of Bank Alfalah Limited (refer note 6), there are no contingencies and commitments outstanding at the year end.			
17. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits		998,700	5,505,717
Rent, rates and taxes		-	113,450
Repairs and maintenance		12,500	162,431
Utility charges		3,836	159,093
Auditor's remuneration	17.1	320,000	320,000
Computer expenses		-	96,161
Printing and stationery		70,250	696,170
Advertisement		-	51,775
Telephone, postage and fax charges		35,357	526,870
Legal and professional charges	17.2	15,100,000	6,612,000
Depreciation	11	817,534	1,036,946
Travelling and conveyance		-	19,250
Entertainment		-	21,672
Fees and subscription		-	625,453
Vehicle running expenses		-	113,519
Central Depository Company (CDC) charges		-	115,748
(Reversal) / charge of provision against advance to IIBL	15.1	(126,894,072)	-
Others		-	43,946
		<u>(109,535,895)</u>	<u>16,220,201</u>
17.1 Auditor's Remuneration			
Audit fee		250,000	250,000
Fee for half yearly review and other certifications		60,000	60,000
Out of pocket expenses		10,000	10,000
		<u>320,000</u>	<u>320,000</u>
17.2 Professional charges amounting Rs.15,000,000 was paid in kind that is through transfer of DHA Golf club membership cards.			
	Note	2012	2011
		Rupees	
18. OTHER OPERATING INCOME			
Income from financial assets			
Mark-up income		30	11,286
Income from non-financial assets			
Gain/(loss) on disposal of property and equipment		-	789,901
Commission on handling of share applications		-	5,250
Adjustments of creditors and interest free loan		-	734,621
		-	1,529,772
		<u>30</u>	<u>1,541,058</u>
19. FINANCE COST			
Bank charges		1,290	4,460
		<u>1,290</u>	<u>4,460</u>
20. EARNINGS / (LOSS) PER SHARE - basic and diluted			
Profit / (loss) after taxation		113,659,086	(12,953,833)
Weighted average number of ordinary shares outstanding during the year		50,820,000	50,820,000
		<u>2.24</u>	<u>(0.25)</u>

21. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVE

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chief Executive Officer (CEO) and Executives of the Company were as follows:

	Chief Executive		Executives	
	2012	2011	2012	2011
	----- Rupees -----			
Basic salary	900,000	620,688	-	1,230,414
House rent allowance	-	279,312	-	553,686
Conveyance	-	-	-	-
Retirement benefits	-	-	-	-
Leave encashment	-	-	-	-
	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>1,784,100</u>
Number of persons	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>

22. RELATED PARTY TRANSACTIONS

Related parties comprises of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefit fund, directors, key management personnel and their close family members. Transactions with related parties are entered at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagements. Contribution to defined benefit plan is made as per Actuarial advice.

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

	2012	2011
	Rupees	
Receivable from staff retirement fund	<u>173,105</u>	<u>173,105</u>
Key management personnel(Mr.Bilal Vohra-CEO) - payable	<u>1,425,000</u>	<u>525,000</u>
Key management personnel(Mr.Bilal Vohra-CEO) - salaries and benefits expense	<u>900,000</u>	<u>900,000</u>

23. FAIR VALUE 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. Fair value of all the financial assets and financial liabilities are estimated to approximate their respective carrying values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss equity securities	<u>13,342,635</u>	<u>-</u>	<u>-</u>	<u>13,342,635</u>

24. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company primarily invests in the portfolio of investments in marketable securities. Such investments are subject to varying degree of risk. These risk emanate various factors that include, but are not limited

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

24.1 Market risk

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk as all transactions are carried out in Pak Rupees.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

The Company holds KIBOR based running finance facility from various banks that expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR, the net profit of the Company would have been higher / lower by Rs. 1.9 million, based on it's existing portfolio of interest bearing financial instruments. However no interest has been recognized in the year.

The composition of the Company's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2012 is not necessarily indicative of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

The Company's market rate of return sensitivity related to financial assets and financial liabilities as at June 30, 2011 can be determined from the following:

June 30, 2012					
Effective Rate of Markup/ Return (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Upto three Months	More than three months and upto one year	More than one year		
----- Rupees -----					
Financial Assets					
Long term deposits				2,853,500	2,853,500
Investments				13,342,635	13,342,635
Advances and other receivables				203,785	203,785
Cash and bank balances	5		260	4,113,760	4,114,020
			260	20,513,680	20,513,940
Financial Liabilities					
Running finance and mark-up accrued - secured	24	107,815,552			107,815,552
Running finance under mark-up arrangements - secured	14.26 to 16.77	162,974,431			162,974,431
Interest and mark-up accrued				77,911,980	77,911,980
Creditors, accrued and other liabilities				9,432,601	
		270,789,983		87,344,581	348,701,963
On balance sheet gap		(270,789,983)	260	(66,830,901)	(328,188,022)

June 30, 2011					
Effective Rate of Markup/ Return (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Upto three Months	More than three months and upto one year	More than one year		
----- Rupees -----					
Financial assets					
Long term deposits				2,853,500	2,853,500
Investments				9,218,184	9,218,184
Trade debtors - unsecured, considered good				4,902,285	4,902,285
Advances and other receivables				4,124,306	4,125,302
Cash and bank balances	5		996	21,098,275	21,099,271
			996		
Financial Liabilities					
Running finance and mark-up accrued - secured	24	107,815,552			107,815,552
Running finance under mark-up arrangements - secured	14.26 to 16.27	162,974,431			162,974,431
Interest and mark-up accrued				77,911,980	77,911,980
Creditors, accrued and other liabilities				13,894,438	
		270,789,983		91,806,418	185,727,532
On balance sheet gap		(270,789,983)	996	(70,708,143)	(164,628,260)

Other price risk

Other price risk includes equity price risks which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares. The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain.

A summary analysis of investments by industry sector as at 30 June 2012 is represented in note 14 to the financial statements .

The table below summarizes the sensitivity of the company's investments in equity securities at 30 June. The analysis is based on the assumption that KSE-100 index increased by 30% (2012:30%) and decreased by 30% (2012:30%),with all other variables held constant and that the fair value of the company's portfolio of equity securities moved according to their historical correlation with the index. This

The impact below arise from the reasonable possible changes in the fair value of listed equity securities.

	2012	2011
	Rupees	
Effect of an increase/decrease in the KSE-100 index		
Effect on short term investments	<u>9,833,567</u>	<u>4,002,791</u>
Effect on profit and loss account	<u>9,833,567</u>	<u>4,002,791</u>

24.2 Credit risk

Credit risk management

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

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The management continuously monitors the credit exposure towards the

The maximum exposure to credit risk before any credit enhancements at 30 June 2011 is the carrying amount of the financial assets as set out below:

	30-Jun-12	30-Jun-11
	(Rupees)	
Long term deposits	2,853,500	2,853,500
Advances and other receivables	203,785	4,902,285
Cash and bank balances	4,114,020	4,125,302
	<u>7,171,305</u>	<u>11,881,087</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

Bank Balances

The analysis below summarizes the credit quality of the company's bank balances

	2012	2011
	Rupees	
AA+	<u>4,114,020</u>	<u>4,125,302</u>

24.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet its obligations and commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. As highlighted in note 1.3 the Company is suffering from severe liquidity problems and is not able to meet its financial obligations.

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

The maturity profile of the Company's financial liabilities based on contractual maturities is given below:

	June 30, 2012				
	Carrying Amount	Contractual Cash Flows	Six Months or Less	Six to Twelve Months	One to Five Years
----- Rupees -----					
Financial liabilities					
Running finance and mark-up accrued - secured	107,815,552	107,815,552	107,815,552	-	-
Running finance under mark-up arrangements - secured	162,974,431	162,974,431	162,974,431	-	-
Interest and mark-up accrued	77,911,980	77,911,980	77,911,980	-	-
Creditors, accrued and other liabilities	9,432,601	9,432,601	9,432,601	-	-
	<u>358,134,564</u>	<u>358,134,564</u>	<u>358,134,564</u>	<u>-</u>	<u>-</u>

June 30, 2011				
Carrying Amount	Contractual Cash Flows	Six Months or Less	Six to Twelve Months	One to five Years
----- Rupees -----				

Financial liabilities

Running finance and mark-up accrued - secured	107,815,552	107,815,552	107,815,552	-	-
Running finance under mark-up arrangements - secured	162,974,431	162,974,431	162,974,431	-	-
Interest and mark-up accrued liabilities	77,911,980	77,911,980	77,911,980	-	-
	13,894,438	13,894,438	13,894,438	-	-
	362,596,401	362,596,401	362,596,401	-	-

24.4 Operational risk

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

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. Significant risks include, but are not limited to:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Require
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

24.5 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company has a negative net equity of Rs. 208.254 million and is also not able to meet the minimum net capital balance requirement prescribed by the KSE (refer note 1.3)

25. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

25.1 Subsequent to the reporting date but before approval of these financial statements by the members of the Company, i.e. on May 21, 2014 an agreement was entered into between the Company and Summit Bank Limited whereby Summit Bank Limited has agreed to settle the outstanding liability as appearing in note 5; in following manner:

- i) The Company shall sell / transfer / assign its rights in respect of 28 Golf Club Platinum Memberships (intangible assets - refer note 12.1) worth Rs. 39.2 million in favor of Summit Bank Limited. Subsequent to the reporting date but before approval of these financial statements by the members of the Company, the Summit Bank has given the credit of 28 memberships to the Company and has reduced the outstanding liability by Rs. 39.2 million.
- ii) The Company shall sell / transfer 1 of its Rooms / office (leasehold premises - refer note 11) bearing office no. 511 situated at Karachi Stock Exchange Building for an amount of Rs. 7 million in favor of Summit Bank Limited. The proceedings for transfer of the office have been initiated and the same is under process.
- iii) The Company shall sell / transfer its membership of Pakistan Mercantile Exchange Limited (Intangible Assets - NECL Membership Card - refer note 12) for an amount of Rs. 4 million in favor of Summit Bank Limited. The proceedings for transfer of the membership have been initiated and the same is under process.

25.2 Similarly, on May 13, 2014, an agreement was entered into between Bank Alfalah Limited and the Company whereby Bank Alfalah Limited has agreed on settlement of outstanding amounts as appearing in notes 6 and 7; in following manner:

- i) The Company shall sell / transfer / assign its rights in respect of 51 Golf Club Platinum Memberships (intangible assets - refer note 12.1) worth Rs. 71.4 million in favor of Bank Alfalah Limited. Subsequent to the reporting date but before approval of these financial statements by the members of the Company, the Bank Alfalah Limited has given the credit of 51 memberships to the Company and has reduced the outstanding liability by Rs. 71.4 million.
- ii) The Company shall sell / transfer 3 of its Rooms / offices (leasehold premises - refer note 10) bearing office no. 507, 508 and 509 situated at Karachi Stock Exchange Building for an amount of Rs. 21 million in favor of Bank Alfalah Limited. The proceedings for transfer of the offices have been initiated and the same are under process.
- iii) The Bank Alfalah Limited shall enforce its pledge over 4,401,596 shares of Balochistan Glass Limited (refer note 13.1.4) by selling the same to any person at the rate prevailing in market on the date of relevant transfer. Subsequent to the reporting date but before approval of these financial statements by the members of the Company, i.e. on different dates, the Bank Alfalah Limited has started selling the shares and corresponding credit has been given to the Company.
- iv) The Bank Alfalah Limited shall enforce its pledge over 392,166 shares of Kohinoor Mills Limited (refer note 13.1.4) by selling the same to any person at the rate prevailing in market on the date of relevant transfer. Subsequent to the reporting date but before approval of these financial statements by the members of the Company, i.e. on different dates, the Bank Alfalah Limited has started selling the shares and corresponding credit has been given to the Company.
- v) The remaining Principal Outstanding amount shall be settled through the sale proceeds of personal properties situated at Gawadar and Nooriabad. The properties shall be sold through mutual efforts and the sale consideration of such properties shall be finalized after prior written consent of Bank Alfalah Limited;

- vi) The entire sale proceeds of the Gawadar and the Nooriabad properties as mentioned above in point (v) shall be deposited with Bank Alfalah Limited firstly for adjustments towards the principal outstanding amount of the Company. If there is surplus sale proceeds left after the satisfaction of the principal liabilities of the Company, the surplus amount will then be adjusted towards the principal outstanding personal liability of Mr. Javed Omer Vohra (late) in accordance with the settlement agreement dated May 13, 2014; and
- vii) In addition to the above, if after settling the principal liability of the Company and personal liability of Mr. Javed Omer Vohra (late), there is still some sale proceeds left with Bank Alfalah Limited, it will at its own discretion, utilize the same towards total or partial adjustment of mark-up outstanding amount and / or cost of funds outstanding amount (and / or other charges that may have been waived in Company's or Javed Omer Vohra's (late) account.

26. GENERAL

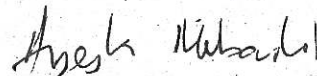
Corresponding figures' have been reclassified / rearranged, wherever necessary.

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 31-12-2014.



Chief Executive Officer


Director

PATTERN OF SHAREHOLDINGS From "34" As on June 30, 2012

NUMBERS OF SHAREH	SHAREHOLDING			TOTAL SHARES HELD
	From		To	
920	1	-	100	45,456
1,835	101	-	500	556,138
1,749	501	-	1000	1,359,237
3,415	1001	-	5000	8,021,076
740	5001	-	10000	5,494,478
258	10001	-	15000	3,201,947
121	15001	-	20000	2,164,228
87	20001	-	25000	1,992,811
58	25001	-	30000	1,619,922
41	30001	-	35000	1,336,885
30	35001	-	40000	1,134,781
13	40001	-	45000	552,953
20	45001	-	50000	977,549
15	50001	-	55000	795,276
21	55001	-	60000	1,213,542
5	60001	-	65000	311,330
6	65001	-	70000	412,426
7	70001	-	75000	508,173
4	75001	-	80000	307,927
4	80001	-	85000	330,906
5	85001	-	90000	443,763
14	95001	-	100000	1,394,754
5	100001	-	105000	508,570
2	105001	-	110000	216,600
3	110001	-	115000	340,346
1	115001	-	120000	119,247
3	120001	-	125000	367,001
1	125001	-	130000	130,000
4	135001	-	140000	551,312
2	140001	-	145000	283,150
2	145001	-	150000	291,703
1	150001	-	155000	150,015
1	160001	-	165000	160,643
1	170001	-	175000	175,000
1	185001	-	190000	188,369
2	190001	-	195000	385,462
5	195001	-	200000	993,815
1	210001	-	215000	214,969
1	235001	-	240000	238,201
1	305001	-	310000	310,000
2	320001	-	325000	644,295
1	355001	-	360000	359,590
1	360001	-	365000	361,097
1	380001	-	385000	384,869
1	390001	-	395000	394,264
1	500001	-	505000	500,827
1	525001	-	530000	525,665
1	635001	-	640000	636,867
1	685001	-	690000	685,999
1	855001	-	860000	859,960
1	890001	-	895000	891,000
1	1775001	-	1780000	1,775,606
1	2995001	-	3000000	3,000,000
9,419				50,820,000

**DETAILS OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE**

CATEGORIES OF SHAREHOLDERS	SHARES HELD	% age
5.1 - Directors, Chief Executive Officer, Their Spouse and Children		
Directors	24,669	0.05
	20,328	
Mr. Muhammad Bilal Vohra	847	
Haji M. Iqbal	500	
Mr. Muhammad Rafiq Javed	847	
Ms. Ayesha Mubashir	800	
Ms. Saira Faraz	847	
Ms. Fatima Amir	500	
Ms. Afshan Farooqui		
5.2 - Associated Companies, Undertakings & Related Parties		
Nil		
5.3 - NIT & ICP (Name Wise Detail)	1,775,606	3.49
National Bank of Pakistan, Trustee Deptt. (CDC)	1,775,606	
5.4 - Banks, DFI'S, NBFIS	1,656,119	3.26
5.5 - Insurance Companies	74,018	0.15
5.6 - Modarba and Mutual Fund	80,800	0.16
5.7 - Other Companies	15,886,163	31.26
5.8 - General Public	31,322,625	61.63
Total	50,820,000	100

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