



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1 STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Change in accounting estimate

During the year, the management has changed the accounting estimate of depreciation charge on property, plant and equipment from full year basis to monthly basis. Consequently, the change has been incorporated prospectively in these financial statements. Had there been no change in accounting estimate, depreciation for the year would have been Rs. 4.8 million.

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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



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

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described in note 28.

2.6 Standards, amendments and interpretations adopted during the year

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

2.6.1 New and amended standards and interpretations

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

- IFRS 2 Group Cash-settled Share-based Payment Arrangements
- IAS 32 Financial Instrument Presentation - Classification of Right Issues (Amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2.6.2 Improvements to various standards issued by IASB

Issued in 2009

- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash flows
- IAS 17 Leases
- IAS 36 Impairment of Assets

Issued in May 2010

- IFRS 3 Business Combination
- IAS 27 Consolidated and Separate Financial Statements

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

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

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



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

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

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7	Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12	Income Tax (Amendments) - Deferred Taxes: Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 24	Related Party Disclosure (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

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

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

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



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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Defined contribution plan

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

3.2 Property, plant and equipment

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

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

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

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

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

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



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

3.3 Intangible assets

(a) Membership cards

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

(b) Others

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

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

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

3.4 Assets subject to finance lease

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

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

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

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

3.5 Financial assets

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



3.5.1 Classification

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

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

(ii) **Loans and receivables**

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

(iii) **Held-to-maturity**

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

(iv) **Available-for-sale**

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

3.5.2 Regular way contract

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

3.5.3 Initial recognition and measurement

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

3.5.4 Subsequent measurement

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

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

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

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



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

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

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

3.5.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income, is reclassified from other comprehensive income and recognized in the profit and loss account. Impairment losses on equity financial assets recognized in profit and loss account are not reversed through profit and loss account.

3.5.6 Derecognition

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

3.5.7 Reclassification

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

3.5.8 Offsetting

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

3.6 Financial liabilities

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



3.7 Foreign currency transactions

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

3.8 Revenue recognition

- (a) Brokerage, advisory fees, commission and other income are accrued as and when due except profit on sukuk bonds which is recognised on receipt basis for the reason disclosed in note 16.1.
- (b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- (c) Gains or losses on sale of investments are recognized in the period in which they arise.
- (d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- (e) Consultancy, advisory fee and service charges, are recognized as and when earned.
- (f) Unrealized capital gains / (losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

3.9 Taxation

Current

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

Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax asset for the year works out to Rs.20,007,347/= but it has not been recognized in the financial statements as it is not reasonably certain that the related tax benefit will be realized.



3.10 Borrowing cost

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

3.11 Securities sold under repurchase / purchased under resale agreements

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

3.12 Provisions

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

3.13 Trade debts and other receivables

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

3.14 Trade and other payables

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

3.15 Dividend distributions and appropriations

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

3.16 Earnings per share

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

3.17 Cash and cash equivalents

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

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



4. PROPERTY, PLANT AND EQUIPMENT

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

Particulars	2010				DEPRECIATION			WRITTEN DOWN VALUE
	C O S T		As at June 30, 2010	Rate	As at July 01, 2009	Charge for the year/ (Disposals)/ *Reclassification	As at June 30, 2010	As at June 30, 2010
	As at July 01, 2009	Additions/ (Disposals)/ *Reclassification						
Owned -								
Building	27,575,000	-	27,575,000	10	9,386,450	1,818,855	11,205,305	16,369,695
Furniture and fixtures	17,037,108	- (1,933,545)	15,103,563	10	4,882,239	1,083,444 (613,118)	5,352,565	9,750,998
Office equipments	10,748,881	124,067 (1,309,270)	9,563,678	10	2,887,787	705,402 (378,126)	3,215,063	6,348,615
Computers	9,756,504	63,000 (1,394,171)	8,425,333	33	6,288,016	1,045,781 (1,031,715)	6,302,082	2,123,251
Vehicle	10,553,345	400,000 (689,000) *689,000	10,953,345	20	5,277,918	1,149,196 (406,786) *336,232	6,356,560	4,596,785
	75,670,838	587,067 (5,325,986) *689,000	71,620,919		28,722,410	5,802,678 (2,429,745) *336,232	32,431,575	39,189,344
Leased -								
Vehicle	689,000	- *(689,000)	-	20	336,232	- *(336,232)	-	-
	76,359,838	587,067 (5,325,986)	71,620,919		29,058,642	5,802,678 (2,429,745)	32,431,575	39,189,344



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4.1 Disposal of property, plant and equipment

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

Particulars	Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain/(Loss)	Mode of Disposal	Particulars of Buyers
Rupees							
Motor Vehicle							
Suzuki Cultus	620,000	412,606	207,394	250,000	42,606	Negotiation	Mr. Shayaan Sohail Nisar
Mitsubishi Lancer	839,000	558,349	280,651	300,000	19,349	Negotiation	Mr. Shayaan Sohail Nisar
Furniture & Fixture	140,100	47,329	92,771	82,436	(10,335)	Negotiation	Mr. Shuja
Office Equipment	131,000	52,930	78,070	69,373	(8,697)	Negotiation	Mr. Shuja
	<u>1,730,100</u>	<u>1,071,214</u>	<u>658,886</u>	<u>701,809</u>	<u>42,923</u>		

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

2,378,991	1,756,444	622,547	553,191	(69,356)
<u>4,109,091</u>	<u>2,827,658</u>	<u>1,281,433</u>	<u>1,255,000</u>	<u>(26,433)</u>

5 Intangible

Note

2011
Rupees

2010
Rupees

Membership cards
Telephone booth
Computer software

5.1

45,578,600	107,500,000
1,200,000	1,200,000
175,627	263,427
<u>46,954,227</u>	<u>108,963,427</u>

5.1 Computer Software

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

Particulars	2010				AMORTIZATION			WRITTEN DOWN VALUE
	As at July 01, 2009	Additions/ (Disposals)/	As at June 30, 2010	Rate	As at July 01, 2009	Charge for the year/ (Disposals)	As at June 30, 2010	As at June 30, 2010
	Rupees				%			
Owned - Computer software	2,000,000	-	2,000,000	33.33	1,604,879	131,694	1,736,573	263,427

6 Long Term Investment

Note

2011
Rupees

2010
Rupees

Investment in D.H.A. Cogen Limited
Impairment loss

6.1

25,400,000	50,400,000
(22,880,000)	(25,000,000)
<u>2,520,000</u>	<u>25,400,000</u>

6.1 The Company has recognized an impairment loss of Rs. 22.88 million (2010 : Rs. 25 million) due to negative break up value of D.H.A. Cogen Limited as per their latest financial statements as on December 31, 2010. The Company is carrying the investment at a token value of Rs 0.50 per share in these financial statements.

7 TRADE DEBTS - UNSECURED, CONSIDERED GOOD

2011
Rupees

2010
Rupees

Receivable against purchase of marketable securities

<u>362,107,843</u>	<u>532,006,300</u>
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8	SHORT TERM INVESTMENTS	Note	2011 Rupees Market Value	2010 Rupees Market Value
	Financial assets at fair value through profit and loss - Held for trading			
	- Investment in shares of listed companies	8.1	170,155,565	118,503,037
	- Open-end fund units (at redemption price)	8.2	147,946,703	-
	Available for sale			
	Unquoted		19,658,122	25,926,874
	Less : Impairment loss		(3,282,000)	(6,250,000)
			16,376,122	19,676,874
			334,478,390	138,179,911

8.1 Detail of investment in shares of listed companies:

Number of Shares		Name of Companies	2011 Rupees Market Value	2010 Rupees Market Value
30-Jun-11	30-Jun-10			
		Banks		
15,000	30,500	Allied Bank Limited	962,100	1,736,975
80,000	60,000	Bank Alfalah Limited	765,600	567,600
14,510	-	Bank Al Habib Limited	427,610	-
105,000	120,000	Bank Islami Pakistan Limited	357,000	385,200
12,774	5,500	MCB Bank Limited	2,545,858	1,068,045
35,000	11,000	Meezan Bank Limited	611,450	160,050
15,000	-	National Bank of Pakistan	756,300	-
363,290	393,290	NIB Bank Limited	548,568	1,175,937
3,988,839	-	Silk Bank Limited	10,091,763	-
193,065	202,481	Summit Bank Limited	725,924	726,907
310,927	275,927	The Bank of Punjab	1,815,814	2,781,344
25,000	62,000	United Bank Limited	1,547,750	3,361,020
		Chemicals		
3,984	3,984	Agritech Limited	75,696	100,118
109,000	110,000	Arif Habib Corporation Limited	2,866,700	3,653,100
-	500	Biafo Industries Limited	-	17,695
55,000	35,000	Descon Oxychem Limited	334,950	159,600
21,756,605	1,906,605	Dewan Salman Fiber Limited	56,784,739	2,898,040
50,000	51,500	Engro Corporation Limited	8,162,500	8,939,370
65,000	50,000	Fatima Fertilizer Co. Limited	1,081,600	626,500
65,000	103,001	Fauji Fertilizer Bin Qasim Limited	2,739,750	2,682,146
30,000	46,000	Fauji Fertilizer Co. Limited	4,510,500	4,741,220
5,000	5,106	ICI Pakistan Limited	759,250	605,367
160,000	33,400	Lotte Pakistan PTA Limited	2,212,800	269,204
		Construction & Materials		
1,180	20,500	Attock Cement Limited	57,265	1,342,750
11,580,053	10,497,500	Dewan Cement Limited	19,570,290	18,055,700
237,006	168,005	D. G. Khan Cement Limited	5,448,768	3,968,278
-	10,450	Fecto Cement Limited	-	61,655
5,000	15,000	Lucky Cement Limited	354,200	932,100
		Electricity		
242,000	315,973	Hub Power Co. Limited	9,075,000	10,098,497
70,000	70,000	Karachi Electric Supply Corp. Limited	150,500	156,100
20,000	18,087	Kot Addu Power Co. Limited	852,200	754,951
40,000	-	Nishat Chunian Power Limited	548,800	-
101,882	40,000	Nishat Power Limited	1,573,058	397,600
		Equity Investment Instruments		
16,000	-	Al Meezan Mutual Fund Limited	177,600	-
12,500	10,250	PICIC Growth Fund Limited	167,250	94,915
4,500	-	PICIC Investment Fund Limited	26,325	-



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Number of Shares		Name of Companies	2011 Rupees Market Value	2010 Rupees Market Value
30-Jun-11	30-Jun-10			
Financial Services				
4,006	-	Arif Habib Investment Limited	86,490	-
15,000	35,000	Jahangir Siddiqui Co. Limited	97,200	442,400
Fixed Line Telecommunication				
70,000	-	Pakistan Telecomm. Co. Limited	995,400	-
19,041	105,500	Telecard Limited	29,323	280,630
-	45,000	Wateen Telecom Limited	-	280,350
Food Producers				
24	-	Nestle Pakistan Limited	131,402	-
5,000	5,000	Sakrand Sugar Mills Limited	12,000	15,000
26	-	Unilever Pakistan Limited	135,862	-
30	-	Unilever Pakistan Foods Limited	44,400	-
Forestry & Paper				
2,606	35,310	Century Paper & Board Mills Limited	40,132	564,960
5,616	5,616	Security Papers Limited	227,448	241,432
Gas Water & Multiutilities				
17,000	40,000	Sui Southern Gas Co. Limited	368,390	636,400
General Industrials				
-	499	Packages Limited	-	59,132
-	15,000	Thal Limited	-	1,424,100
Industrial Metals & Mining				
6,000	-	International Industries Limited	297,000	-
Media				
-	10,000	Hum Network Limited	-	232,200
Non Life Insurance				
280	6,250	Central Insurance Co. Limited	18,088	315,813
Oil & Gas				
-	6,000	Attock Petroleum Limited	-	1,738,500
17,000	66,500	Pakistan Oilfields Limited	6,103,170	14,357,350
25,000	36,000	Pakistan Petroleum Limited	5,176,750	6,628,320
20,500	26,000	Pakistan State Oil Co. Limited	5,423,890	6,765,200
9,500	9,500	Shell Pakistan Limited	2,137,595	2,181,295
Personal Goods				
-	55,000	Amtex Limited	-	634,700
400,000	10,000	Azgard Nine Limited	2,208,000	111,600
889,433	1,032,784	Devwan Farooq Spinning Mills Limited	1,796,655	3,149,991
-	1,000	D. S. Industries Limited	-	2,180
6,000	-	Gulshan Spinning Mills Limited	66,000	-
5,513	-	Ibrahim Fiber Limited	232,759	-
100,000	100,000	Mohammad Farooq Textile Mills Ltd.	81,000	119,000
19,000	25,000	Nishat (Chunian) Limited	423,510	394,500
19,050	21,750	Nishat Mills Limited	958,977	937,860
-	1,000	Pakistan Synthetics Limited	-	6,090
33,500	33,500	Saitex Spinning Mills Limited	3,350	3,350
Pharma & Bio Tech				
56,970	55,000	Glaxo Smithkline Limited	4,375,296	4,462,700
41,534,210	16,453,768		170,155,565	118,503,037



8.2 Detail of investment in open-end fund units :

Number of Units		Name of Investee	2011 Rupees	2010 Rupees
30-Jun-11	30-Jun-10		Redemption Price	Redemption Price
504,128	-	MCB Cash Management Optimizer	50,519,759	-
164,472	-	PICIC Income Fund	16,984,876	-
494,274	-	PICIC Cash Fund	50,014,284	-
9,970	-	Atlas Money Market Fund	5,154,427	-
2,522,593	-	ABL Cash Fund	25,273,357	-
<u>3,695,437</u>	<u>-</u>		<u>147,946,703</u>	<u>-</u>

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2011 Rupees	2010 Rupees
Advances to employees - considered good		13,614,361	14,799,124
Short term deposits	9.1	250,000	495,000
Inter-bank brokerage		4,354,714	-
Prepayments		93,552	250,657
Other receivables		10,236,574	10,018,932
		<u>28,549,201</u>	<u>25,563,713</u>

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

10 CASH AND BANK BALANCES

	2011 Rupees	2010 Rupees
Cash in hand	38,886	143,982
Cash at banks		
On deposit accounts	26,883,790	7,120,175
On current accounts	2,535,501	4,981,555
	<u>29,419,291</u>	<u>12,101,730</u>
	<u>29,458,177</u>	<u>12,245,712</u>

11 SHARE CAPITAL

2011 (Number of Shares)	2010	Ordinary shares of Rs.10/- each	2011 Rupees	2010 Rupees
27,015,500	27,015,500	Fully paid in cash	270,155,000	270,155,000
33,034,100	33,034,100	Issued as bonus shares	330,341,000	330,341,000
<u>60,049,600</u>	<u>60,049,600</u>		<u>600,496,000</u>	<u>600,496,000</u>

12 SURPLUS ON REVALUATION OF MEMBERSHIP CARDS

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



13	SHORT TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS- Secured	2011 Rupees	2010 Rupees
	NIB Bank Limited	70,507,047	-
	Silk Bank Limited	99,946,980	-
		<u>170,454,027</u>	<u>-</u>

The Company has aggregate running finance facilities from various banks of Rs. 1.1 billion (June 30, 2010 : Rs. 1.22 billion) under mark-up arrangements. Mark-up rates varies from 1-3 months Kibor + 0.85% to 1-3 Months Kibor + 3% (June 30, 2010 : 1-3 Months Kibor+1.75% to 1-3 Months Kibor +3%). These arrangements would remain valid for varying periods up to June 30, 2012 and are secured against pledge of listed securities and charge over current assets of the Company.

14	TRADE AND OTHER PAYABLES	Note	2011 Rupees	2010 Rupees
	Creditors		79,206,170	192,518,569
	Accrued liabilities			
	Mark-up on short term running finance		168,659	-
	Workers' Welfare Fund		1,015,442	-
	Federal excise duty		1,979,501	-
	Dividend payable		745,171	-
	Accrued expenses and other liabilities		5,941,912	4,055,524
			<u>9,850,685</u>	<u>4,055,524</u>
			<u>89,056,855</u>	<u>196,574,093</u>

15	CONTINGENCIES AND COMMITMENTS		2011 Rupees	2010 Rupees
	Bank Guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from KASB Bank Limited and secured against charge over current assets of the Company		10,000,000	25,000,000
	Income tax	15.1	8,897,216	-

15.1 The Income Tax Authorities have raised demands of Rs. 823,630/-, Rs. 5,177,042/- and Rs. 2,896,544/- against the Company under Section 122(5A) of the Income Tax Ordinance, 2001 in respect of tax years 2006, 2007 and 2008 respectively. The Company has filed appeals against these demands before the Commissioner Inland Revenue (Appeals-II). Management is confident that the eventual outcome of the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements in respect of these demands.

16	OPERATING REVENUES	Note	2011 Rupees	2010 Rupees
	Equity brokerage income		41,971,927	71,218,722
	Inter-bank brokerage		11,226,942	-
	Income on MTS		1,015,696	-
	Underwriting commission		625,000	-
	Fees and commission		1,129,000	14,819,242
	Service charges		10,562,004	23,080,061
	Dividend income		8,198,134	4,028,439
	Profit on Sukuk Bonds	16.1	110,472	3,548,427
			<u>74,839,175</u>	<u>116,694,891</u>

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



	Note	2011 Rupees	2010 Rupees
17 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and other benefits		26,370,514	21,995,017
Traveling, conveyance and vehicle running expenses		2,467,950	1,822,972
Office rent		2,058,794	1,545,917
Utility charges		2,525,564	2,372,674
Postage, telephone and telegram		1,950,341	1,766,883
Repair and maintenance		3,345,072	1,488,350
Insurance		809,401	691,897
Depreciation	4	5,567,402	5,802,678
Amortization-computer software	5.1	87,800	131,694
Entertainment		297,978	87,673
Newspaper and periodicals		72,593	55,802
Advertisement		132,003	70,597
Printing and stationery		588,316	548,608
Legal and professional charges		452,895	302,755
Auditors' remuneration	17.1	250,000	250,000
Service charges		1,057,908	2,062,144
CDC charges		893,624	1,164,296
Fees and subscription		3,854,540	5,690,639
Commission		5,732,627	8,432,542
Office supplies		916,604	763,016
Bad debts written off		-	97,776
Medical expenses		20,602	-
		<u>59,452,528</u>	<u>57,143,928</u>
17.1 Auditors' remuneration			
Audit fee		190,000	190,000
Half yearly review		30,000	30,000
Code of Corporate Governance		20,000	20,000
Out of pocket expenses		10,000	10,000
		<u>250,000</u>	<u>250,000</u>
18 OTHER INCOME - NET			
Return on bank deposit accounts		9,269,790	7,820,327
Profit on exposure deposit with exchange		24,133	36,062
Loss on sale of assets		(26,433)	(106,241)
		<u>9,267,490</u>	<u>7,750,148</u>
19 FINANCIAL CHARGES			
Bank charges		389,919	521,656
Mark-up on short term running finances		2,548,994	3,866,627
Mark-up on long term financing		-	8,642,623
Mark-up under finance lease		-	241
		<u>2,938,913</u>	<u>13,031,147</u>
20 WORKERS' WELFARE FUND			
- Current		1,015,442	-
- Prior		3,575,633	-
		<u>4,591,075</u>	<u>-</u>
21 TAXATION			
Current	21.1	<u>2,304,126</u>	<u>6,724,480</u>
21.1 Reconciliation of tax charge for the year			
Accounting profit		50,772,082	172,057,173
Corporate tax rate		35%	35%
Tax on accounting profit at applicable rate		17,770,229	60,220,011
Tax effect of - income exempt from tax		(6,778,530)	(25,117,496)
- lower tax rate on certain income		(257,720)	(2,969,547)
- Adjustment due to available tax losses		(8,561,302)	(28,214,945)
- Others		131,449	2,806,457
		<u>2,304,126</u>	<u>6,724,480</u>



22	EARNINGS PER SHARE	Note	2011 Rupees	2010 Rupees
	There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
	Profit after taxation		48,467,956	172,057,173
	Weighted average number of ordinary shares		60,049,600	60,049,600
	Earnings per share - basic and diluted	22.1	0.81	2.87
22.1	Diluted earning per share has not been calculated as the Company does not have any convertible instrument in issue as at June 30, 2011 and 2010 which would have any effect on the earning per share if the option exercised.			
23	CASH AND CASH EQUIVALENTS		2011 Rupees	2010 Rupees
	Cash and bank balances		29,458,177	12,245,712
	Short term running finance		(170,454,027)	-
			<u>(140,995,850)</u>	<u>12,245,712</u>
24	FINANCIAL INSTRUMENTS BY CATEGORY			
24.1	Financial assets and liabilities			
	Financial Assets			
	- Loans and receivables			
	Loans and advances		17,969,075	14,799,124
	Deposits		3,530,000	3,775,000
	Trade debts		362,107,843	532,006,300
	Other receivables		10,236,574	8,652,033
	Receivable from NCCPL		246,109	1,366,899
	Receivable under MTS transactions		16,361,220	-
	Cash and bank balances		29,458,177	12,245,712
			<u>439,908,998</u>	<u>572,845,068</u>
	- Fair value through profit and loss Investments			
			<u>320,622,268</u>	-
	- Available for sale			
			<u>16,376,122</u>	<u>19,676,874</u>
	Financial Liabilities			
	- Financial liabilities at amortised cost			
	Short term financing		170,454,027	-
	Accrued mark-up		168,659	-
	Trade and other payables		88,888,196	196,574,093
			<u>259,510,882</u>	<u>196,574,093</u>
25	Financial Risk Management			
	The Company's activities are exposed to variety of financial risks namely market risk (including currency risk, interest rate and other price risk), credit risk, liquidity risk. The Company has established adequate procedure to manage each of these risks as explained below:			
25.1	Market risk			
	Market risk is the risk that the values of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in the market sentiments, speculative activities, supply and demand of securities and liquidity in the market.			
	Market risk comprises of currency risk, interest rate risk and other price risk.			
25.1.1	Currency risk			
	Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign exchange risk because none of the Company's monetary assets and liabilities are denominated in foreign currency.			



25.1.2 Yield / Interest rate risk

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

	2011						Total
	Mark-up bearing maturity			Non-mark-up bearing maturity			
	Upto one year	Over one year upto five years	Sub-total	Upto one year	Over one year upto five years	Sub-total	
----- Rupees -----							
Financial assets							
Deposits	-	-	-	250,000	3,280,000	3,530,000	3,530,000
Trade debts	-	-	-	362,107,843	-	362,107,843	362,107,843
Loan and advances	-	-	-	17,969,075	-	17,969,075	17,969,075
Receivable from NCCPL	-	-	-	246,109	-	246,109	246,109
Receivable under MTS transactions	16,361,220	-	16,361,220	-	-	-	16,361,220
Investments	-	16,376,122	16,376,122	318,102,268	2,520,000	320,622,268	336,998,390
Other receivables	-	-	-	10,236,574	-	10,236,574	10,236,574
Cash and bank balances	26,883,790	-	26,883,790	2,574,387	-	2,574,387	29,458,177
	<u>43,245,010</u>	<u>16,376,122</u>	<u>59,621,132</u>	<u>711,486,256</u>	<u>5,800,000</u>	<u>717,286,256</u>	<u>776,907,388</u>
Financial liabilities							
Short term financing	170,454,027	-	170,454,027	-	-	-	170,454,027
Accrued mark-up	-	-	-	168,659	-	168,659	168,659
Trade and other payables	-	-	-	88,888,196	-	88,888,196	88,888,196
	<u>170,454,027</u>	<u>-</u>	<u>170,454,027</u>	<u>89,056,855</u>	<u>-</u>	<u>89,056,855</u>	<u>259,510,882</u>
On-balance Sheet Gap	(127,209,017)	16,376,122	(110,832,895)	622,429,401	5,800,000	628,229,401	517,396,506
Off-balance Sheet Gap	-	-	-	-	-	-	-

	2010						Total
	Mark-up bearing maturity			Non-mark-up bearing maturity			
	Upto one year	Over one year upto five years	Sub-total	Upto one year	Over one year upto five years	Sub-total	
----- Rupees -----							
Financial assets							
Deposits	-	-	-	495,000	3,280,000	3,775,000	3,775,000
Trade debts	-	-	-	532,006,300	-	532,006,300	532,006,300
Loan and advances	-	-	-	14,799,124	-	14,799,124	14,799,124
Receivable from NCCPL	-	-	-	1,366,899	-	1,366,899	1,366,899
Investments	-	19,676,874	19,676,874	118,503,037	25,400,000	143,903,037	163,579,911
Other receivables	-	-	-	8,652,033	-	8,652,033	8,652,033
Cash and bank balances	7,120,175	-	7,120,175	5,125,537	-	5,125,537	12,245,712
	<u>7,120,175</u>	<u>19,676,874</u>	<u>26,797,049</u>	<u>680,947,930</u>	<u>28,680,000</u>	<u>709,627,930</u>	<u>736,424,979</u>
Financial liabilities							
Trade and other payables	-	-	-	196,574,093	-	196,574,093	196,574,093
	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,574,093</u>	<u>-</u>	<u>196,574,093</u>	<u>196,574,093</u>
On Balance Sheet Gap	7,120,175	19,676,874	26,797,049	484,373,837	28,680,000	513,053,837	539,850,886
Off-balance Sheet Gap	-	-	-	-	-	-	-



25.1.3 Other price risk

Other price risk is the risk of volatility in shares prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified in the balance sheet as investments at fair value through profit or loss account. The management believes that 10% increase or decrease in the value of investments at fair value through profit or loss account, will all other factors remaining constant would result in increase or decrease of the Company's profit by Rs.17.015 million (2010: Rs.11.850 million).

25.2 Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, marketable securities and availability of funds through an adequate amount of committed credit lines. The Company is not exposed to liquidity risk. The maturity profile is monitored to ensure that adequate liquidity is maintained. The liquidity profile of the Company is disclosed in note 25.1.2.

25.3 Credit risk

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

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

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

Financial instruments carried at amortised cost	2011 Rupees	2010 Rupees
Trade debts - net	362,107,843	532,006,300
Payments over due		
1-360 days	326,079,644	437,868,188
Above 360 days	36,028,199	94,138,112

Out of Rs. 362.108 million (2010: Rs. 532 million), the Company has provided Rs. Nil million (2010: Rs. 0.098 million) as bad debts.

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



	2011 Rupees	2010 Rupees
Long term investment	2,520,000	25,400,000
Short term investment	16,376,122	19,676,874

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

Bank	Rating Agency	Rating	
		Short term	Medium to long term
Allied Bank Limited	PACRA	A1+	AA
Bank Al-Falah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA
Bank Islami Pakistan Limited	PACRA	A1+	A
Habib Bank Limited	JCR-VIS	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1	A
KASB Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA-
NIB Bank Limited	PACRA	A1+	AA-
Silk Bank Limited	JCR-VIS	A-2	A-
Standard Chartered Bank Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A-2	A
The Bank of Khyber Limited	PACRA	A2	A-
United Bank Limited	JCR-VIS	A-1+	AA+

25.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

25.5 Financial assets fair value hierarchy

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

Level 1 - Quoted market prices

Level 2 - Valuation techniques (market observable)

Level 3 - Valuation techniques (non-market observable)

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

Assets	2010			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Investment in equity securities - held for trading	118,503,037	-	-	118,503,037
Investment classified as available for sale	-	19,676,874	-	19,676,874
	<u>118,503,037</u>	<u>19,676,874</u>	<u>-</u>	<u>138,179,911</u>



25.6 Capital risk management

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

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

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

	2011 Rupees	2010 Rupees
Total long term borrowings	-	-
Total equity	<u>619,833,423</u>	<u>640,422,507</u>
	<u>619,833,423</u>	<u>640,422,507</u>
Gearing ratio	0%	0%

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVES

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

	<u>Chief Executive Officer</u>		<u>Executive Directors</u>		<u>Executives</u>	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
	----- (Rupees) -----					
Remuneration	2,434,784	1,741,935	2,593,548	2,593,548	3,963,016	2,842,903
House rent allowance	1,095,734	783,871	1,167,097	1,167,097	1,783,391	1,279,307
Utility Allowance	243,496	174,194	259,355	259,355	396,303	284,290
Commission	-	-	9,822	351,894	204,566	303,433
	<u>3,774,014</u>	<u>2,700,000</u>	<u>4,029,822</u>	<u>4,371,894</u>	<u>6,347,276</u>	<u>4,709,933</u>
*Number of Persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>9</u>	<u>5</u>

The Company provides the company maintained car to the chief executive officer, executive directors and certain executives.

* It represent number of persons as at June 30, 2011.

27 RELATED PARTY TRANSACTIONS

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the Company and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel. Remuneration and benefits to Executives of the Company are in accordance with the terms of the employment. Transactions with other related parties are entered into at rates negotiated with them. The remuneration of Chief Executive Officer, Executive Directors and Executives is disclosed in Note 26 to the financial statements.



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

	2011 Rupees	2010 Rupees
Brokerage income earned from:		
Directors	-	55,248
Employees	310,851	534,723
Others	11,924	-
	322,775	589,971
Balances		
Loan to director	12,898,000	13,498,000
Transactions		
Advisory commission	1,050,000	-
Rent paid to related party	1,200,000	-
Contribution to IFSL - Employees Provident Fund	960,986	1,042,172

28 ACCOUNTING ESTIMATES AND JUDGMENTS

Income taxes

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

Property, plant and equipment

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

Intangible assets

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

Investment stated at fair value

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

Trade debts

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

29 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on August 23, 2011 by the Board of Directors of the Company.

30 GENERAL

'Late payment charges' has been disclosed as 'Service charges', and is reclassified from 'Other income' to 'Operating revenues', in these financial statements for better presentation.

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