

MND INVESTMENT (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

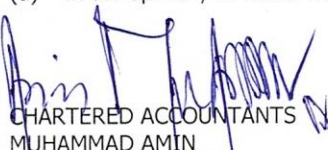
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MND Investment (Private) Limited** as at June 30, 2015 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) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion :
 - (i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of 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;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

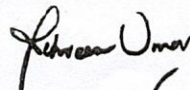

CHARTERED ACCOUNTANTS
MUHAMMAD AMIN

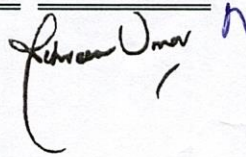
Lahore: 17 SEP 2015

MND INVESTMENT (PVT) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	3	510,007	309,787
Intangible assets	4	11,000,000	11,000,000
Long term investments	5	9,553,797	9,553,797
		<u>21,063,804</u>	<u>20,863,584</u>
CURRENT ASSETS			
Account receivables		6,210,702	11,876,394
Investment at fair value through profit and loss	6	3,032,586	2,274,812
Loans and advances	7	132,800	-
Trade deposits ,short term prepayments and current account balance with statutory authorities	8	1,776,646	710,526
Cash and bank balances	9	14,245,880	2,199,626
		<u>25,398,614</u>	<u>17,061,358</u>
		<u>46,462,419</u>	<u>37,924,942</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	38,680,000	38,680,000
Accumulated loss		(21,109,507)	(21,676,355)
		<u>17,570,493</u>	<u>17,003,645</u>
Share deposit money		<u>11,500,000</u>	<u>11,500,000</u>
		<u>29,070,493</u>	<u>28,503,645</u>
NON CURRENT LIABILITIES			
Deferred Liabilities			
Deferred taxation	11	-	-
CURRENT LIABILITIES			
Trade and other payables	12	17,013,325	9,421,297
Short term borrowings	13	378,601	-
		<u>17,391,926</u>	<u>9,421,297</u>
CONTINGENCIES AND COMMITMENTS			
	14	-	-
		<u>46,462,419</u>	<u>37,924,942</u>

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

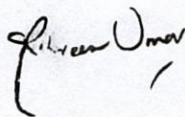

CHIEF EXECUTIVE


DIRECTOR

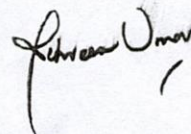
**MND INVESTMENT (PVT) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
Brokerage and commission	15	4,705,404	4,402,164
Capital loss		-	261,353
		4,705,404	4,140,811
Direct cost	16	1,084,276	536,338
		3,621,127	3,604,473
Operating expenses	17	4,614,650	4,040,599
OPERATING LOSS		(993,523)	(436,126)
OTHER OPERATING INCOME/(EXPENSES)	18	1,700,860	(3,056,886)
Finance cost	19	12,957	196,471
PROFIT/(LOSS) BEFORE TAXATION		694,381	(3,689,483)
Provision for taxation			
- Current		127,532	52,462
- Deferred		-	(14,909)
		127,532	37,553
PROFIT/ (LOSS) FOR THE YEAR		566,848	(3,727,036)
EARNINGS/(LOSS) PER SHARE- BASIC	20	0.15	(0.96)

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



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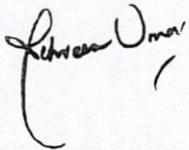


DIRECTOR

MND INVESTMENT (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Profit / (Loss) for the year	566,848	(3,727,036)
Total comprehensive income/(loss) for the year	<u>566,848</u>	<u>(3,727,036)</u>

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



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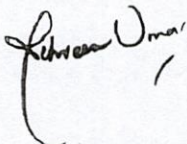


DIRECTOR

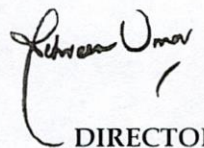
**MND INVESTMENT (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

	Paid up capital	Acumulated loss	Total
	----- (R u p e e s) -----		
Balance as at June 30, 2013	38,680,000	(17,949,319)	20,730,681
Total comprehensive loss for the year	-	(3,727,036)	(3,727,036)
Balance as at June 30, 2014	38,680,000	(21,676,355)	17,003,645
Total comprehensive income for the year	-	566,848	566,848
Balance as at June 30, 2015	<u>38,680,000</u>	<u>(21,109,507)</u>	<u>17,570,493</u>

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



CHIEF EXECUTIVE



DIRECTOR

MND INVESTMENT (PVT) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		694,381	(3,689,483)
Adjustments of items not involving movements of cash:			
Depreciation		94,979	87,938
Finance cost		12,957	196,471
Unrealised (gain) /loss on remeasurement of investment		(757,774)	(98,297)
		<u>(649,838)</u>	<u>186,112</u>
Operating cash Flows Before Working capital changes		44,543	(3,503,371)
(Increase) / Decrease in Working Capital			
(Increase) / decrease in current assets			
Account receivables		5,532,893	(5,985,386)
Trade deposits and short term prepayments		(1,009,917)	(52,109)
Increase / (decrease) in current liabilities			
Trade and other payables		7,592,028	(1,173,950)
		<u>12,115,003</u>	<u>(7,211,445)</u>
Cash Generated From Operations		12,159,546	(10,714,816)
Taxes paid		(183,737)	(52,462)
Finance cost paid		(12,957)	(196,471)
		<u>(196,694)</u>	<u>(248,933)</u>
Net cash Flows From Operating Activities		11,962,852	(10,963,749)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(295,200)	-
Investment made during the year		-	-
Net cash Flows From Investing Activities		(295,200)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		-	11,500,000
Director's loan (repayment)/receipt		378,602	-
Net Cash Flows From Financing Activities		<u>378,602</u>	<u>11,500,000</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		12,046,254	536,251
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>2,199,626</u>	<u>1,663,375</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u><u>14,245,880</u></u>	<u><u>2,199,626</u></u>
A Cash and Cash Equivalents			
Cash and bank balances	9	<u>14,245,880</u>	<u>2,199,626</u>
		<u><u>14,245,880</u></u>	<u><u>2,199,626</u></u>

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


CHIEF EXECUTIVE


DIRECTOR

MND INVESTMENT (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1 COMPANY AND ITS OPERATION

- 1.1 The company was incorporated as Private Limited Company on June 22, 2007 under the Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the company is situated at Room No. 509, 5th Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore.

The company is a holder of Trading Right Entitlement Certificate (TREC) Holder of Lahore Stock Exchange..

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

2.2 ACCOUNTING CONVENTION

These accounts have been prepared under the historical cost convention.

2.3 PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation.

Depreciation is charged on reducing balance method at the rates mentioned in the note no. 3. Depreciation on addition is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacement are capitalized.

Gain or loss on disposal of property and equipment, if any is taken to profit and loss account.

2.4 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount.



2.5 FINANCIAL ASSETS

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each balance sheet date.

2.5.1 Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

2.5.2 At fair value through profit

Investments classified as held for trading are included in the category of financial assets at fair value through profit and loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit and loss account of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on balance sheet date.

2.5.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

2.6 ACCOUNT RECEIVABLES

These are stated at net of provision for doubtful debts, if any. Account receivables are reviewed at each balance sheet date. Full provision is made against the debts considered doubtful. Bad debts and other receivables are written off as and when identified.

2.7 TRADE AND OTHER PAYABLES

These are stated at cost.

2.8 REVENUE RECOGNITION

- Brokerage income is recorded on the date of transaction.
- Capital gains or losses on sale of marketable securities are accounted for the year in which they arise.
- Dividend income is recognized on receipt basis.

2.9 TAXATION

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax as envisaged u/s 233A of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

The company accounts for deferred taxation using the liability method on all timing differences which are considered reversible in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date. ✓

3. PROPERTY AND EQUIPMENT

Particulars	Cost		Rate %	Depreciation		WDV As at June 30, 2015
	As at June 30, 2014	As at June 30, 2015		As at June 30, 2014	As at June 30, 2015	
	Additions	Charge for the year				
OWNED						
Furniture and fittings	90,000	93,700	10	44,961	49,557	44,143
Office equipment	36,000	186,000	10	17,984	21,036	164,964
Computers	977,000	1,118,500	30	869,205	928,749	189,752
Vehicles	600,000	600,000	20	461,064	488,851	111,149
Rupees	1,703,000	1,998,200		1,393,213	1,488,193	510,007
2014	1,703,000	1,703,000		1,305,275	1,393,213	309,787

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	Note	2015 Rupees	2014 Rupees
4. INTANGIBLE ASSETS			
Rights of room		7,000,000	7,000,000
Trading right entitlement certificate	4.1	4,000,000	4,000,000
		<u>11,000,000</u>	<u>11,000,000</u>

4.1 It represents Trading Right Entitlement Certificate (TREC) received from Lahore Stock Exchange Limited (LSE) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act). The Company has also received shares of LSE after completion of demutualization process. For details, refer note 5.1 to the financial statements.

	Note	2015 Rupees	2014 Rupees
5. LONG TERM INVESTMENTS			
Available for sale investment			
Unquoted - Shares of Lahore Stock Exchange Limited (LSE)	5.1	9,553,797	9,553,797

5.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a Stock Exchange had been segregated from the right to trade on the Exchange. Accordingly, the company had received equity shares of LSE and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of LSE. The company's entitlement in respect of LSE's share is determined on the basis of valuation of assets and liabilities of LSE as approved by the SECP and the company had been allotted 843,975 shares of the face value of Rs. 10 each out of which 506,385 shares in the name of ex-chief executive of the company are kept in blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

The cost/book value of the LSE membership card amounts to Rs. 30 million as at June 30, 2013. In the absence of an active market of the shares of LSE and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (intangible asset) had been made by the company proportionately on the basis of latest break-up value of ordinary shares of LSE and the TREC value assigned by the LSE for the minimum capital requirement purposes applicable to the Stock Exchange brokers currently.

The company has pledged/hypothecated 337,490 shares of Lahore Stock Exchange Limited and TREC certificate as referred to note no. 4.1 to the financial statements.

	2015 Rupees	2014 Rupees
6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Cost of investment	2,274,812	2,176,515
Gain on remeasurment of investment at fair value	757,774	98,297
	<u>3,032,586</u>	<u>2,274,812</u>

	2015 Rupees	2014 Rupees
7. LOANS AND ADVANCES		
Advances(Unsecured)		
Employee	132,800	-
8. TRADE DEPOSITS, SHORT TERM REPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES		
Deposits with:		
Lahore Stock Exchange	1,251,000	251,000
National Clearing Company	300,000	300,000
Central Depository Company	100,000	100,000
Prepaid insurance	9,916	-
Tax deducted source	115,730	59,526
	<u>1,776,646</u>	<u>710,526</u>
9. CASH AND BANK BALANCES		
These were held as under:		
In hand	-	109,950
At bank - on current accounts	14,245,880	2,089,676
	<u>14,245,880</u>	<u>2,199,626</u>
10. SHARE CAPITAL		
Authorized		
4,500,000 (2014:4,500,000) ordinary shares of Rs.10/- each	45,000,000	45,000,000
Issued, subscribed and paid up		
1,000 (2014:1,000) ordinary shares of Rs.10/- each	10,000	10,000
3,867,000 (2014: 3,867,000) ordinary shares of Rs.10/- each fully paid for consideration other than cash	38,670,000	38,670,000
	<u>38,680,000</u>	<u>38,680,000</u>

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11. DEFERRED TAXATION

Deferred credits/(debits) arising due to:

Accelerated tax depreciation	37,382	14,502
Brought forward losses	(44,967)	(1,169,842)
	<u>(7,586)</u>	<u>(1,155,340)</u>
Balance as at July 01,	-	14,909
Add: charge for the year	-	(14,909)
	<u>-</u>	<u>-</u>

At year end net deductible temporary differences amounting Rs. 19,447/- (2014:Rs.3,501,030) which results in a net deferred tax asset of Rs. 7,586 /- (2014:Rs.1,155,340). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2016.

	2015 Rupees	2014 Rupees
12. TRADE AND OTHER PAYABLES		
Creditors for sale of shares on behalf of clients	16,706,077	8,899,479
Accrued expense	307,248	521,818
	<u>17,013,325</u>	<u>9,421,297</u>
13. SHORT TERM BORROWINGS		
From related parties - unsecured	13.1 378,601	-
	<u>378,601</u>	<u>-</u>

13.1 This represents interest free and unsecured loan obtained from associate of the company.

14. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments as at balance sheet date were Rs. Nil (2014: Rs. Nil).

	Note	2015 Rupees	2014 Rupees
15. BROKERAGE AND COMMISSION			
Commission income		<u>4,705,404</u>	<u>4,402,164</u>
16. DIRECT COST			
Lahore Stock Exchange Limited		55,752	32,032.00
National Clearing Company trade fee		209,965	27,483
Commission paid		503,377	413,871
Central Depository Company charges		<u>315,182</u>	<u>62,952</u>
		<u>1,084,276</u>	<u>536,338</u>
17. OPERATING EXPENSES			
Staff salaries and benefits		2,555,805	1,647,449
Rent, rates and taxes		37,488	30,000
Communication expenses		204,053	309,608
Electricity charges		125,560	213,487
Postage and courier charges		101,813	32,628
Printing and stationery		56,420	64,761
Repair and maintenance		224,000	101,660
Legal and professional charges		102,500	149,197
Fee and subscription		62,330	74,395
Insurance		9,916	9,916
Books and newspapers		15,450	16,723
Entertainment		363,376	248,040
Advertisement		-	91,580
Donation		424,746	747,900
Depreciation	3	94,979	87,938
Travelling and conveyance		58,034	-
Others		<u>178,180</u>	<u>215,317</u>
		<u>4,614,650</u>	<u>4,040,599</u>

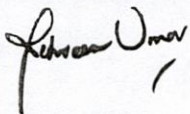
	2015 Rupees	2014 Rupees
18. OTHER OPERATING INCOME/(EXPENSES)		
Dividend income	705,214	84,397
Profit on remeasurement of investment at fair value through profit and loss	757,774	98,297
Other income	237,872	-
Old balances written off	-	(3,239,580)
	<u>1,700,860</u>	<u>(3,056,886)</u>
19. FINANCE COST		
Bank charges	<u>12,957</u>	<u>196,471</u>
20. EARNINGS/(LOSS) PER SHARE		
Profit/(Loss) for the year-Rupees	<u>566,848</u>	<u>(3,727,036)</u>
Weighted Average Number of ordinary shares	<u>3,868,000</u>	<u>3,868,000</u>
Earnings/(Loss) per share	<u>0.15</u>	<u>(0.96)</u>
21. NUMBER OF EMPLOYEES		
Total number of employees at the end of year:	<u>2015</u>	<u>2014</u>
	<u>(N u m b e r)</u>	
	<u>10</u>	<u>7</u>

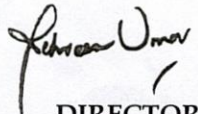
22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 17 SEP 2015 by the Board of Directors of the Company.

23. GENERAL

- Figures have been rounded off to the nearest of rupee.
- Comparative figures have been rearranged wherever needed for comparison purpose, however, there were no material rearrangements need to be disclosed.


CHIEF EXECUTIVE


DIRECTOR