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COMPANY INFORMATION

Board of Directors

Mr. Reza Jaffar	Chairman
Mr. Roger Dawood Bayat	Chief Executive
Mrs. Neena Jaffar	Director
Mr. Naveed Gilani	Director
Mr. Abdul Basit Pracha Asi Nizami	Director
Mr. Syed Javed Hussain	Director
Mr. Abdul Basit	Director

Audit Committee

Mr. Abdul Basit Pracha Asi Nizami	Chairman
Mr. Reza Jaffar	Member
Mrs. Neena Jaffar	Member

Company Secretary

Mr. Abdul Basit

Auditors

Haroon Zakaria & Company
Chartered Accountants

Legal Advisor

Mr. Abdul Majid
Advocate

Bankers

Bank Alfalah Limited
MCB Bank Limited
Emirates Global Islamic Bank Limited
Habib Metropolitan Bank Limited

Registered Office

3rd Floor, Associated House, Building # 1 & 2,
7-Kashmir Road, Lahore-Pakistan.
Telephone : (042) 3637 3041-43
Fax : (042) 3637 3040

Lahore Stock Exchange Office

Room # 607, Lahore Stock Exchange Building,
19-Khayaban-e-Aiwan-e-Iqbal, Lahore - Pakistan.
Telephone : (042) 3637 4710 - 3630 0181

Faisalabad Office

Room # 501, State Life Building # 2,
2-Liaquat Road, Faisalabad - Pakistan.
Telephone: (041) 260 4112 - 13
Fax : (041) 260 4114

Sialkot Office

Room # 234, 2nd Floor, Cantt Plaza,
Allama Iqbal Road, Sialkot Cantt. - Pakistan.
Telephone: (052) 456 6172 - 73
Fax : (052) 456 6174

Our Mission

To provide our clients premium quality service and deliver optimal return to our shareholders

Our Vision

To become a leading securities firm and contribute its role in the growth of domestic capital markets and economy

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON SATURDAY, OCTOBER 31, 2009 AT 9:00 A.M. AT 3RD FLOOR, ASSOCIATED HOUSE, BUILDING # 1 & 2, 7-KASHMIR ROAD, LAHORE, TO TRANSACT THE FOLLOWING BUSINESS:-

1. To confirm the minutes of the Fifteenth Annual General Meeting held on October 30, 2008.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2009 together with the Directors' and the Auditors' reports thereon.
3. To appoint Auditors for the year 2009-10 and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

Lahore
October 10, 2009

By order of the Board
Abdul Basit
Company Secretary

Notes:

1. The share transfer books of the company will remain closed from October 24, 2009 to October 31, 2009 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as proxy. Proxies must be received at the company's registered office not less than 48 hours before the meeting and must be duly stamped and signed.
3. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy, a copy of shareholders attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to promptly notify the company of any change in their addresses.

DIRECTORS' REPORT**Dear Shareholders**

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year ended 30 June 2009, together with the audited financial statements and auditors' reports thereon.

Market Review

The KSE-100 share Index fell by almost 42 percent to 7,162 point in the year ended June 30, 2009. This was the largest annual decline in percentage terms in last 10 years where the main casualty of this historic crisis was the volume, which on an average dropped by 56 per cent to 106 million shares a day from 241 million shares in fiscal year 2007-08. Foreign investment during the fiscal year witnessed an outflow of USD 445m.

During the year under review for the first time ever in KSE 100 index history the market was freeze at August 27, 2008, for 110 days till December 15, 2008. The KSE 100 Index floor mechanism was placed at 9145 points and after the removal of the floor market fell drastically by 36% in twelve trading sessions after lifting of the floor.

The negative performance of the market is attributable to weak performance of Pakistan's economy with high inflation rate, increasing government borrowing, rising interest rates, falling rupee, below target exports and poor law & order conditions due to terrorist incidents. International financial meltdown also played its part in poor performance of the Capital market in Pakistan.

Financial Results

The summarized financial results are as follows:

	Rupees
	000
Operating revenue	4,483
Gain from dealing in marketable securities	2,794
	<u>7,277</u>
Operating and administrative expenses	(9,536)
Financial Charges	(755)
	<u>(10,291)</u>
Operating loss	(3,014)
Other income	649
	<u>(2,365)</u>
Loss before taxation	(2,365)
Taxation	(24)
	<u>(2,341)</u>
Loss after taxation	(2,341)
Loss per share- Basic and diluted	(0.23)

The company recorded total revenue of Rs.7.926 million during the financial year ended June 30, 2009, as compared to Rs.18.689 million in the corresponding year. On the expenditure side, the operating expenses were Rs.9.536 in comparison to Rs.11.654 million in previous year. After charging the credit provision of Rs.0.024 million for taxation, the company reported a net loss of Rs.2.341 million for the year under review.

Loss/earning Per Share

Loss per share of your company has been Rs.0.23.

DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

To comply with the requirements of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan, the Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- In preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and maintained.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Key operating and financial data of last six years is annexed (Annexure A & B).

- The Company has accumulated losses of Rs. 31.391 million as at June 30, 2009, therefore, the company has not declared any dividend.
- The Company provides benefit for unavailed compensated absences for all its permanent employees.
- Pattern of shareholding as at June 30, 2009 is annexed (Annexure C & D).
- During the financial year July 01, 2008 to June 30, 2009 the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children have not traded in the shares of the Company.
- During the financial year 2008-09 four meetings of the Board of Directors were held.

The attendance of the Directors was as under:

Names of Directors	Total Meetings	Attendance
Mr. Reza Jaffar	Four	-
Mr. Roger Dawood Bayat	Four	Four
Mrs. Neena Jaffar	Four	-
Mr. Naveed Gilani	Four	Four
Mr. Abdul Basit Pracha Asi Nizami	Four	-
Syed Javed Hussain	Four	Four
Mr. Abdul Basit	Four	Four

Leave of absence was granted to the Directors who could not attend the Board meetings. Company's quarterly, half yearly and annual reports are also available on the Company's website www.trustsecu.com.

Audit Committee

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance. The Committee consists of:

- | | | |
|--------------------------------------|----------|------------------------|
| 1. Mr. Abdul Basit Pracha Asi Nizami | Chairman | Non-Executive Director |
| 2. Mr. Reza Jaffar | Member | Non-Executive Director |
| 3. Mrs. Neena Jaffar | Member | Non-Executive Director |

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. The Audit Committee also reviewed internal auditor findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

Auditors

The present auditors M/s Haroon Zakaria & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board recommends the appointment of M/s Haroon Zakaria & Co., Chartered Accountants as auditors of the company for the next year, as suggested by the Audit Committee. Approval of this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on October 31, 2009.

Future Outlook

There is no doubt that the year ahead will be very challenging for all. The existing economic climate has forced us to decide about expansion of the company towards Modern IT infrastructure to cope with upcoming challenges.

Acknowledgement

We are grateful to the Securities & Exchange Commission of Pakistan, KSE and LSE for their continued corporation and guidance. We also value the support and corporation of our clients, banks and all shareholders and wish to record our thanks and gratitude. The Board also appreciates the efforts of all employees who have adopted to the difficult business environment and in last pray to ALMIGHTY ALLAH for the continuous success of your company.

For and on behalf of the Board

Lahore: October 03, 2009

**ROGER DAWOOD BAYAT
CHIEF EXECUTIVE**

Annexure - A

BALANCE SHEETS AS AT 30TH JUNE

	2009	2008	2007	2006	2005	2004
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
ASSETS						
Non-Current Assets						
Property and equipment	3,464,958	4,130,255	3,227,117	2,296,176	1,520,071	1,537,926
Intangibles	4,262,600	4,162,600	4,162,600	4,162,600	4,162,600	4,079,000
Investments - available for sale	120,478	377,110	658,935	703,509	750,478	933,005
Long term advance & deposits	1,235,900	1,235,900	984,650	1,234,150	1,359,150	408,150
	9,083,936	9,905,865	9,033,302	8,396,435	7,792,299	6,958,081
Current Assets	86,440,119	87,600,637	84,444,060	80,428,670	16,796,780	11,768,179
TOTAL ASSETS	95,524,055	97,506,502	93,477,362	88,825,105	24,589,079	18,726,260
EQUITY AND LIABILITIES						
Share Capital and Reserves						
Authorised share capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up capital	100,000,000	100,000,000	100,000,000	100,000,000	40,000,000	40,000,000
General reserve	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Accumulated losses	(31,390,830)	(29,049,263)	(34,369,186)	(38,029,130)	(42,754,616)	(47,708,577)
	72,109,170	74,450,737	69,130,814	65,470,870	745,384	(4,208,577)
Capital Reserve-fair value reserve	(239,002)	17,630	299,455	344,029	390,998	620,948
Non-Current Liabilities						
Deferred liability	1,617,162	1,749,232	1,366,962	493,627	-	-
Liability against asset subject to finance lease	298,205	565,608	-	-	-	-
Long term advance	-	-	-	-	9,000,000	10,000,000
	1,915,367	2,314,840	1,366,962	493,627	9,000,000	10,000,000
Current Liabilities	21,738,520	20,723,295	22,680,131	22,516,579	14,452,697	12,313,889
TOTAL EQUITY AND LIABILITIES	95,524,055	97,506,502	93,477,362	88,825,105	24,589,079	18,726,260

Annexure - B

PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE

	2009	2008	2007	2006	2005	2004
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
REVENUE						
Operating revenue	4,483,638	14,193,487	10,285,029	9,770,373	12,862,474	7,269,125
Gain / (Loss) from dealing in marketable securities	2,793,780	2,934,247	3,233,821	1,429,498	(129,011)	1,677,971
Other income	649,271	1,561,446	1,609,471	1,930,471	250,349	227,209
	7,926,689	18,689,180	15,128,321	13,130,342	12,983,812	9,174,305
LESS: EXPENDITURE						
Operating and administrative expenses	9,536,744	11,654,944	9,227,421	7,527,475	7,141,386	19,518,954
Financial charges	755,184	74,596	1,209,385	6,185	9,116	73,399
	10,291,928	11,729,540	10,436,806	7,533,660	7,150,502	19,592,353
(Loss) / profit before taxation	(2,365,239)	6,959,640	4,691,515	5,596,682	5,833,310	(10,418,048)
Taxation	(23,672)	1,639,717	1,031,571	871,196	879,349	400,076
(Loss) / profit after taxation	(2,341,567)	5,319,923	3,659,944	4,725,486	4,953,961	(10,818,124)
(Loss) / earning per share - basic & diluted	(0.23)	0.53	0.37	0.53	1.33	(2.70)

**PATTERN OF SHAREHOLDINGS
AS AT JUNE 30, 2009**

Number of ShareHolders	SHAREHOLDINGS		Total Number of Shares Held
	From	To	
113	1 -	100	10,461
716	101 -	500	322,600
92	501 -	1000	90,234
93	1001 -	5000	231,355
9	5001 -	10000	67,500
4	10001 -	15000	49,500
1	15001 -	20000	17,500
2	20001 -	25000	46,000
2	25001 -	30000	52,000
1	30001 -	35000	30,300
6	35001 -	40000	238,000
1	40001 -	45000	41,000
2	45001 -	50000	99,500
1	55001 -	60000	59,300
1	110001 -	115000	113,000
1	115001 -	120000	120,000
1	150001 -	155000	155,000
1	195001 -	200000	200,000
1	295001 -	300000	300,000
1	350001 -	355000	352,000
1	3625001 -	3630000	3,627,375
1	3775001 -	3780000	3,777,375
1,051	Total		10,000,000

**COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS
AS AT JUNE 30, 2009**

Ctgr Code	Description	Number of Shareholders	Shares Held	Percentage of T.Capital
1	Associated Cos., Undertaking and Related Parties -Emirates Global Investments Ltd. 3,777,375 -Emirates Investment Group LLC. 3,627,375	2	7,404,750	74.05
2	ICP(CDC A/C)	-	-	-
3	Directors, CEO and their spouses and Minor children:- -Mr. Reza Jaffar 40,000 -Mr. Roger Dawood Bayat 1,250 -Mrs. Neena Jaffar 40,000 -Mr. Naveed Gilani 500 -Mr. Abdul Basit Pracha Asi Nizami 40,000 -Mr. Syed Javed Hussain 40,000 -Mr. Abdul Basit 500	7	162,250	1.62
4	Executives			
5	Public Sector Companies & Corporations	-	-	-
6	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarbas and Mutual Funds	27	590,117	5.90
7	Joint Stock Companies			-
8	Individuals	1015	1,842,883	18.43
9	Others	-	-	-
	Total	1,051	10,000,000	100.00

SHARE HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

S/No.	Name of Shareholder	Description	No. of Shares Held	Percentage %
1	EMIRATES GLOBAL INVESTMENTS LTD.	Falls in Category 1	3,777,375	37.77
2	EMIRATES INVESTMENT GROUP LLC.	Falls in Category 1	3,627,375	36.27

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of the Karachi and Lahore Stock Exchanges 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.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present, the Board has five independent Non-Executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten 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 NBFIL.
4. No casual vacancy occurred in the Board during the current year.
5. The Company has prepared a statement of ethics and business practices which has been signed by all the Directors and employees of the company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 and other Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once in every quarter during the year ended June 30, 2009. Written notices of the Board Meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the Directors were apprised of their duties and responsibilities with regard to the Company's Memorandum and Article of Association and the Listing regulations of the Stock Exchanges of Pakistan.
10. There is no new appointment of CFO, Company Secretary and Head of Internal Auditor.
11. The Director's Report for the year ended June 30, 2009 has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly signed by the CEO and CFO before approval of the Board.
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 complied with all the corporate and financial reporting framework requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are Non Executive Directors including the chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function of the company.
18. The statutory auditors of the company have confirmed that:
 - a They have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.
 - a They or any of the partners of the firm, their spouses and minor children do not hold shares of the company and
 - a 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.

19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

ROGER DAWOOD BAYAT
CHIEF EXECUTIVE

Lahore: October 03, 2009

Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance.

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Trust Securities and Brokerage Limited (the Company) to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

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 of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of TRUST SECURITIES & BROKERAGE LIMITED as at June 30, 2009 and related profit and loss account, 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 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 include assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a. In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b. In our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c. In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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, 2009 and of the loss, 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 (XVIII of 1980).

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS
ZAKARIA

Place: Karachi
Dated: October 03, 2009

BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	3,464,958	4,130,255
Intangibles	5	4,262,600	4,162,600
Investments - available for sale	6	120,478	377,110
Long term advance	7	100,000	100,000
Long term deposits	8	1,135,900	1,135,900
		9,083,936	9,905,865
CURRENT ASSETS			
Investment - at fair value through profit or loss	9	6,600,000	27,806,220
Receivable from customers	10	73,967,315	34,826,423
Placement of funds in CFS	11	-	7,176,070
Advances, deposits and prepayments	12	1,590,406	4,486,596
Cash and bank balances	13	4,282,398	13,305,328
		86,440,119	87,600,637
TOTAL ASSETS		95,524,055	97,506,502
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 10,000,000 ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	14	100,000,000	100,000,000
Reserves			
General reserve		3,500,000	3,500,000
Capital reserve - fair value reserve		(239,002)	17,630
Accumulated losses		(31,390,830)	(29,049,263)
		(28,129,832)	(25,531,633)
SHAREHOLDERS' EQUITY		71,870,168	74,468,367
NON-CURRENT LIABILITIES			
Deferred liability	15	1,617,162	1,749,232
Liabilities against asset subject to finance lease	16	298,205	565,608
CURRENT LIABILITIES			
Current portion of lease liability against asset subject to finance lease	16	267,403	244,381
Short term borrowing	17	7,000,000	-
Trade and other payables	18	13,035,523	19,417,665
Accrued Mark up	19	664,267	-
Provision for taxation - net	20	771,327	1,061,249
		21,738,520	20,723,295
CONTINGENCY AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		95,524,055	97,506,502

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

Chief Executive

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
Operating revenue	22	4,483,638	14,193,487
Gain from dealing in marketable securities	23	2,793,780	2,934,247
		7,277,418	17,127,734
Operating and administrative expenses	24	(9,536,744)	(11,654,944)
Financial charges	25	(755,184)	(74,596)
		(10,291,928)	(11,729,540)
Operating (loss) / profit		(3,014,510)	5,398,194
Other income	26	649,271	1,561,446
(Loss) / profit before taxation		(2,365,239)	6,959,640
Taxation	27	(23,672)	1,639,717
(Loss) / profit after taxation		(2,341,567)	5,319,923
(Loss) / earning per share - basic and diluted	28	(0.23)	0.53

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

Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) operations	29	(39,470,846)	(14,945,965)
Financial charges paid		(90,917)	(74,596)
Income tax paid		(460,560)	(1,387,199)
Long term deposits - net		-	(251,250)
Profit on saving account		482,838	1,398,572
Interest and Consultancy income received		-	70,922
Net cash (used in) operating activities		(39,539,485)	(15,189,516)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(230,500)	(925,188)
Proceeds from sale of fixed assets		3,420	12,000
Acquisition of investment at fair value		-	(17,000,000)
Proceeds from sale of investments		24,000,000	27,828,027
Dividend received		100	57
Net cash generated from investing activities		23,773,020	9,914,896
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from Morabaha Financing Facility		7,000,000	-
Lease repayment		(244,381)	(195,011)
Payment of employees compensated absences		(12,084)	-
Net cash generated from / (used in) financing activities		6,743,535	(195,011)
Net decrease in cash and cash equivalents		(9,022,930)	(5,469,631)
Cash and cash equivalents at beginning of year		13,305,328	18,774,959
Cash and cash equivalents at end of year	13	4,282,398	13,305,328

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

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009**

	RESERVES					SHARE HOLDERS' EQUITY
	SHARE CAPITAL	CAPITAL	REVENUE		GRAND TOTAL	
		FAIR VALUE RESERVE	GENERAL RESERVE	ACCUMULATED LOSSES		
						Rupees
Balance as at June 30, 2007	100,000,000	299,455	3,500,000	(34,369,186)	(30,869,186)	69,430,269
Change in fair value of investments available for sale	-	(281,825)	-	-	-	(281,825)
Recognized profit for the year	-	-	-	5,319,923	5,319,923	5,319,923
Balance as at June 30, 2008	100,000,000	17,630	3,500,000	(29,049,263)	(25,549,263)	74,468,367
Change in fair value of investments available for sale	-	(256,632)	-	-	-	(256,632)
Recognized (Loss) for the year	-	-	-	(2,341,567)	(2,341,567)	(2,341,567)
Balance as at June 30, 2009	100,000,000	(239,002)	3,500,000	(31,390,830)	(27,890,830)	71,870,168

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

Chief Executive

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

1. The Company and its operation

The Company was incorporated as a Public Limited Company on October 19, 1993 in Pakistan and is listed on Karachi and Lahore Stock Exchanges in Pakistan. The Company is a Corporate Member of Lahore Stock Exchange (Guarantee) Limited. The registered office of The Company is situated at 3rd Floor, Associated House, Building 1 & 2, 7 - Kashmir Road, Lahore. The Company is principally engaged in shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

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 (IFRS) issued by the International Accounting Standards 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 under the historical cost convention except as stated hereafter in the relevant accounting policies. Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

2.3. Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is also The Company's functional currency.

2.4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting 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 the 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 on-going basis. Revisions 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.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

a) Property and equipment and depreciation

The Company estimates the rate of depreciation of property and equipment. Further, The Company reviews the value of the 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 and equipment with a corresponding effect on the depreciation charge and impairment.

b) Income tax

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 appellate authorities on certain issues in the past.

c) Intangibles

The Company reviews the value of the intangible 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 intangible assets.

d) Receivable from customers

The Company reviews its receivables against any provision required for any doubtful balances on a on-going basis. The provision is made while taking into consideration expected recoveries, if any.

e) Investments

The Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exist, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

2.5. Standards, interpretations and amendments to published approved accounting standards

a) Initial application of standards, Amendments or interpretation to existing standards

The following standards, amendments and interpretations became effective during the current year.

- ◆ IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after July 01, 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of the standard affected the disclosure requirement (Note. 31) of the financial statements.
- ◆ IAS 29- Financial Reporting in Hyper inflationary Economies (effective for annual periods beginning on or after July 01, 2008). The Company does not have any operation in hyper inflationary economics, therefore the application of this standard did not affect The Company's financial statements.
- ◆ IFRIC 12 – Service Concession Arrangements (effective for annual period beginning on or after January 1, 2008). The application of this standard did not affect the financial statements of The Company.

- ◆ IFRIC 13- Customer Loyalty Programs (effective for annual period beginning on or after July 1, 2008) Addresses the accounting by entities that operates or otherwise participate in Customer Loyalty Programs under which the customer can redeem credit for awards, such as free or discounted goods or services. The application of this standard did not affect the financial statement of The Company.
- ◆ IFRIC 14- (IAS-19) The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual period beginning on or after January 1, 2008), clarifies when refunds or reduction in future contribution in relation to the defined benefit assets should be regarded as available and provides guidance on minimum funding requirements on such assets. Effectiveness of this interpretation did not affect The Company's current financial statement.

b) Amendments to published standards not yet effective

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

Standards or interpretation	Date
IFRS 2 - Share-based Payment (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 4 - Insurance Contracts	January 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	July 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 - Financial Instruments Recognition and Measurement (Amended)	January 01, 2009
IFRIC 15 - Agreement for the Construction of Real Estate	October 01, 2009
IFRIC 16 - Hedge of Net Investment in a Foreign Operation	October 01, 2009
IFRIC 17 - Distribution of Non-Cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009

The Company expects that the adoption of the above standards and interpretations will have no material impact on The Company's financial statements in the period of initial application other than certain changes and / or enhancements in the presentation and disclosures of financial statements.

3. Summary of significant accounting policies

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

3.1. Property and equipment and depreciation

Owned

These are initially measured at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment loss if any.

Maintenance and normal repairs are charged to income as and when incurred while major improvements, if any, are capitalized. Gains and losses on disposal of assets are included in the profit and loss account.

Full year's depreciation is charged on the assets, whereas, no depreciation is charged in the year of disposal.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gain/ loss on disposal of fixed assets are recognized in the profit and loss account.

The assets' residual values and useful lives are continually reviewed by The Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at June 30, 2009 has not required any adjustment as its impact is considered insignificant.

Leased

Leased asset held under finance lease are stated at the lower of cost or present value of minimum lease payments less accumulated depreciation at the rates and basis applied to The Company's owned assets. The outstanding obligations relating to assets subject to finance lease are accounted for at the net present value of liabilities.

The financial charges are calculated at the finance rates implicit in the lease and are charged to profit and loss account.

3.2. Intangibles

Membership card and offices

This is stated at cost less impairment, if any, The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount. Where the carrying amount exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3. Investments

The investments made by The Company are classified for the purpose of measurement into the following categories:

a) Held to maturity

Investments with fixed maturity, if any, that the management has intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

b) Investment at fair value through profit or loss

Investments at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value (quoted market price), unless fair value cannot be reliably measured. The Investments for which a quoted market price is not available, are measured at recent available sale price. Realized and unrealized gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

Investments intended to be held for less than twelve months from the balance sheet date are included in current assets, all other investments are classified as non-current asset.

All purchases and sales of investments are recognised on the trade date which is the date that The Company commits to purchase or sell the investment. Cost of purchase does not include transaction cost.

At each reporting date, The Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exist, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income.

c) Investments available-for-sale

Investments that can not be classified as either held to maturity, financial assets at fair value through profit or loss or loans and receivables are classified under this category. These are measured initially and subsequent to the initial recognition at fair value plus includes, in the case of initial recognition, transaction costs that are directly attributable to the acquisition of these investments.

Gain or loss from re-measurement to fair value are recognised directly in equity, except for impairment losses, until the derecognition at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividend on these investment are recognised in profit and loss as per revenue recognition policy of The Company.

3.4. Receivables from customers

Trade debts originated by The Company are carried at an amount, net of any allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when identified.

3.5. Advances, deposits and prepayments.

Advances, deposits and prepayments are carried at nominal amount. Provisions are made for doubtful amounts. Irrecoverable amounts are written off to profit and loss account.

3.6. Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to The Company.

3.7. Borrowing cost

Borrowing cost is recognised as expense in the period in which these are incurred.

3.8. Employees compensated absences

Provision for liabilities towards employees compensated absences is made on the basis of last drawn gross salary, for all its permanent employees.

3.9. Taxation

a) Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

b) Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. 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 or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets, if arise, are reviewed at each balance sheet date and reduced to the extent, if 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 assets and liabilities are recognised to the extent of income subject to normal taxation.

3.10. Provisions

A provision is recognized when The Company has an obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.11. Revenue recognition

a) Gain/ (loss) from dealing in securities

Gain or loss on sale of marketable and unquoted securities are recognised in the year in which it arises.

b) Brokerage, consultancy and advisory fee

Brokerage, consultancy and advisory fees are recognized as and when services are provided.

c) Others

Dividend income is recognized when right to receive dividend is established.

Interest income is recognized on accrual basis using effective interest rates.

Profit on bank deposits is recognized on an accrual basis using effective interest rates.

Gain or loss from re-measurement of investment (at fair value through profit and loss) is recognized at year end.

3.12. Cash and cash equivalents

These include cash in hand and bank balances and are carried at cost

3.13. Financial instruments

All the financial assets and financial liabilities are recognized at the time when The Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

3.14. Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if The Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.15. Impairment

The carrying value of Company's assets 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.

3.16. Related party transactions

All transactions with related parties are carried out by The Company at arms' length price using the method prescribed under the Companies Ordinance, 1984.

4. Property and equipment

Particular	Owned				Leased	Total
	Computers	Furniture and fittings	Vehicles	Office equipments	Vehicles	
	← Rupees →					

At June 30, 2007

Cost	2,611,099	1,919,687	1,182,500	941,990	-	6,655,276
Accumulated depreciation	1,640,526	861,569	425,700	500,364	-	3,428,159
Net book value	970,573	1,058,118	756,800	441,626	-	3,227,117

Year ended June 30, 2008

Addition	630,559	14,000	-	280,629	1,005,000	1,930,188
Disposal						
- Cost	-	-	-	(66,505)	-	(66,505)
- Depreciation	-	-	-	(49,936)	-	(49,936)
Depreciation charged	480,340	107,212	151,360	70,569	201,000	1,010,481
Net book value as at June 30, 2008	1,120,792	964,906	605,440	635,117	804,000	4,130,255

Year ended June 30, 2009

Addition	7,700	8,500	-	114,300	-	130,500
Disposal						
- Cost	-	-	-	(3,800)	-	(3,800)
- Depreciation	-	-	-	(380)	-	(380)
Depreciation charged	338,548	97,341	121,088	74,600	160,800	792,377
Net book value as at June 30, 2009	789,944	876,065	484,352	671,397	643,200	3,464,958

At June 30, 2008

Cost	3,241,658	1,933,687	1,182,500	1,156,114	1,005,000	8,518,959
Accumulated depreciation	2,120,866	968,781	577,060	520,997	201,000	4,388,704
Net book value	1,120,792	964,906	605,440	635,117	804,000	4,130,255

At June 30, 2009

Cost	3,249,358	1,942,187	1,182,500	1,266,614	1,005,000	8,645,659
Accumulated depreciation	2,459,414	1,066,122	698,148	595,217	361,800	5,180,701
Net book value	789,944	876,065	484,352	671,397	643,200	3,464,958

Rate of depreciation %	30%	10%	20%	10%	20%	
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4.1. No operating fixed asset having a net book value of more than 50,000 were disposed off during the year.

	Note	2009 Rupees	2008 Rupees
5. Intangibles			
Membership card			
- Lahore Stock Exchange (Guarantee) Limited	5.1	4,000,000	4,000,000
Offices			
- at Lahore Stock Exchange			
Opening Balance	5.2	162,600	162,600
Addition during the year		100,000	-
		262,600	162,600
		4,262,600	4,162,600

5.1. This represents cost of membership card of Lahore stock exchange of Pakistan. The useful life of this card is assessed as indefinite because the Membership Card is issued by Stock Exchange on permanent basis. Further, there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

5.2. This represent cost of offices and trading rights given by Lahore stock exchange with indefinite useful life. These are considered to be indefinite as there is no foreseeable limit on the period during which an entity expects to consume the future economic benefits.

6. Investments - available for sale

In shares of quoted companies

Number of Shares		Particulars	Carrying Value	
			2009	2008
2009	2008		Rupees	
43,705	43,705	Standard Chartered Leasing Ltd	87,847	266,601
82,500	82,500	*Interasia Leasing Company Ltd	-	49,500
15,070	15,070	Al-Zamin Leasing Corporation Ltd	28,181	55,759
5,000	5,000	Sunshine Cotton Mills Ltd	4,450	5,250
			120,478	377,110

*Interasia Leasing Company Limited is in process of winding up, therefore, trading of its shares were ceased during the current year.

	Note	2009 Rupees	2008 Rupees
7. Long term advance			
Considered good			
Advance against office of Lahore Stock Exchange (Guarantee) Limited		<u>100,000</u>	<u>100,000</u>
8. Long term deposits			
Lahore Stock Exchange (Guarantee) Limited		600,000	600,000
National Clearing Company of Pakistan Limited		200,000	200,000
Utility deposits		84,650	84,650
Lease deposit		<u>251,250</u>	<u>251,250</u>
		<u>1,135,900</u>	<u>1,135,900</u>
9. Investment - at fair value through profit or loss			
Related party - associated undertaking			
In shares of unquoted company	9.1	<u>6,600,000</u>	<u>27,806,220</u>

9.1.	Number of Shares		Name of company	Carrying value		Recent selling rate		Fair value	
	2009	2008		2009	2008	2009	2008	2009	2008
	<u>550,000</u>	<u>2,550,000</u>	Takaful Pakistan Limited - Unquoted	<u>5,997,420</u>	<u>26,775,000</u>	<u>12.00</u>	<u>10.90</u>	<u>6,600,000</u>	<u>27,806,220</u>

Equity held in Takaful Pakistan Limited 1.83% (2008: 8.5%)

		2009 Rupees	2008 Rupees
9.2. Summarised financial information of associated undertaking as on March 31, 2009 (un audited):			
Non current assets		58,888,761	57,976,254
Current assets		331,350,685	495,004,244
Liabilities		186,142,180	393,144,469
Revenues		41,903,048	6,678,383
Profit / (loss) after taxation		7,310,585	(8,982,010)
10. Receivable from customers			
Considered good	10.1	73,967,315	33,924,563
Considered doubtful		<u>17,179,127</u>	<u>17,179,127</u>
		<u>91,146,442</u>	<u>51,103,690</u>
Provision for doubtful debts	10.2	<u>(17,179,127)</u>	<u>(16,277,267)</u>
		<u>73,967,315</u>	<u>34,826,423</u>

10.1. This amount includes receivable from director as at June 30, 2009 amounting to Rs. 36.961 million (2008: 14.241 million).

	Note	2009 Rupees	2008 Rupees
10.2. Provision for Bad Debts			
Opening balance		16,277,267	33,158,491
Provision made during the year		901,860	715,907
		<u>17,179,127</u>	<u>33,874,398</u>
Written off during the year		-	(17,597,131)
Closing balance		<u>17,179,127</u>	<u>16,277,267</u>

11. Placement of funds in CFS

It carried average markup/return 11% to 14% (2008: 11% to 14%) per annum and is secured against marketable securities.

	Note	2009 Rupees	2008 Rupees
12. Advances, deposits and prepayments			
Advances - considered good			
- to staff		371,368	263,200
- to associated undertakings			
Emirates Global Islamic Bank Limited		997,390	997,390
Ensha NLC		54,416	54,416
		<u>1,051,806</u>	<u>1,051,806</u>
- to others		114,353	118,311
		<u>1,537,527</u>	<u>1,433,317</u>
Deposits			
- with Lahore Stock Exchange (Guarantee) Limited		-	3,000,000
Prepayments			
- prepaid insurance		52,879	53,279
		<u>1,590,406</u>	<u>4,486,596</u>

13. Cash and bank balances

Cash in hand		3,278	5,356
Cash at banks			
In current accounts		186,471	1,596,477
In saving account	13.1	4,092,649	11,703,495
		<u>4,279,120</u>	<u>13,299,972</u>
		<u>4,282,398</u>	<u>13,305,328</u>

13.1. The balance in Saving account bears markup which ranges from 5% to 8.75% (2008: 2.75% to 8.75%) per annum.

	Note	2009 Rupees	2008 Rupees
14. Issued, subscribed and paid-up capital			
10,000,000 ordinary shares of Rs.10 each, fully paid in cash	14.1 & 14.2	<u>100,000,000</u>	<u>100,000,000</u>
14.1.	7,404,750 (2008: 7,404,750) ordinary shares of the Company are held by associated companies.		
14.2.	The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.		

	Note	2009 Rupees	2008 Rupees
15. Deferred liability			
- Deferred taxation - net	15.1	-	194,310
- Employees compensated absences		<u>1,617,162</u>	<u>1,554,922</u>
		<u>1,617,162</u>	<u>1,749,232</u>
15.1.	Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the followings:		
Taxable temporary difference			
Accelerated tax depreciation		125,986	195,644
Assets subject to finance lease		<u>103,235</u>	<u>179,142</u>
		<u>229,221</u>	<u>374,786</u>
Deductible temporary difference			
Liabilities against asset subject to finance lease		<u>(90,781)</u>	<u>(180,476)</u>
Provision for employees compensated absences		<u>(259,558)</u>	-
Assessed tax losses		<u>(142,259)</u>	-
		<u>(492,598)</u>	<u>(180,476)</u>
		<u>(263,377)</u>	<u>194,310</u>

Deferred tax liability is reversed by Rs. 194,310 and remaining deferred tax asset of Rs. 69,067 is not recognised due to non availability of taxable profits.

16. Liabilities against asset subject to finance lease	
The company has entered into the lease agreement with Bank Al-Habib against vehicle. The purchase order is available to company after payment of last installment and on surrender of deposit at the end of the lease. Taxes, repairs and maintenance, insurance and other costs relating to the leased assets are to be borne by the company. The implicit rate of return on lease finance is 9.04% (2008: 9.04%) per annum.	

	Note	2009 Rupees	2008 Rupees
The amount of future payments for the lease and the period in which these payments will become due are:			
Minimum lease Payment			
Upto One Year		307,620	307,620
More than One Year but less than five year		302,520	610,140
		<u>610,140</u>	<u>917,760</u>
Financial Charges			
Upto One Year		40,217	63,239
More than One year		4,315	44,532
		<u>44,532</u>	<u>107,771</u>
Present Value of Minimum Lease Payment			
Upto One Year		267,403	244,381
More than One Year		298,205	565,608
		<u>565,608</u>	<u>809,989</u>
Less: Current portion shown under current liabilities		<u>267,403</u>	<u>244,381</u>
		<u>298,205</u>	<u>565,608</u>
17. Short term borrowing			
From banking company - related party (secured)			
Morabaha Facility	17.1	<u>7,000,000</u>	-
17.1.	The company availed Rs. 7 million credit facility from Emirates Global Islamic Bank Limited under the Bai Salam arrangement in January 2009, which carries mark up at the rate ranging from 6 months KIBOR plus 4% (2008: Nil) and secured against charge over all present and future current assets of the company with 30% margin. The unavailed balance as at June 30, 2009 amounting to NIL (2008: NIL).		
		2009 Rupees	2008 Rupees
18. Trade and other payables			
Payable to customers		10,311,189	16,871,037
Creditors for services		1,744,532	1,472,559
Accrued liabilities		979,802	1,074,069
		<u>13,035,523</u>	<u>19,417,665</u>
19. Accrued Mark up			
On short term borrowing - from related party		<u>664,267</u>	-

	2009 Rupees	2008 Rupees
20. Provision for taxation - net		
Balance at beginning of the year	1,061,249	927,799
Provision for taxation - current year	170,638	1,541,137
	<u>1,231,887</u>	<u>2,468,936</u>
Payments made during the year	460,560	1,387,199
Balance at end of the year	<u>771,327</u>	<u>1,061,249</u>
	2009 %	2008 %
20.1. Tax charge reconciliation		
Applicable tax rate	-	35
Tax effects of items that are		
non deductible for tax purpose	-	2
deductible for tax purpose	-	(1)
effect of tax on certain items under presumptive tax regime	-	(14)
	-	(13)
Average effective tax rate charged to profit and loss account	-	22

Reconciliation between tax expense and accounting profit has not been prepared for the current year because the company has incurred loss.

20.2. Returns for the tax year upto 2008 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001.

21. Contingency and commitments

21.1. Contingency

Defamation suit of Rs. 5.00 million has been decreed against the Company by the Civil Court. The Company has filed an appeal before the Lahore High Court, which has granted stay against the judgment and decree passed by the trial court. The case is still pending with the Lahore High Court and the legal advisor of the Company is of the opinion that there are fair chances for the case to be decided in favor of the Company, hence no provision for the amount decreed against the Company has been made in these financial statements.

21.2. Commitments

a) Commitment against unrecorded transactions executed before the year end having settlement date subsequent to year end:

	2009 Rupees	2008 Rupees
For purchase of shares	4,287,327	26,410,688
For sale of shares	(4,522,427)	(24,086,549)

	Note	2009 Rupees	2008 Rupees
22. Operating revenue			
Brokerage income		3,965,341	12,950,102
Income from CFS transactions		492,508	1,179,178
Brokerage income from Initial Public Offers		-	25,850
Income from Market Access Fee		25,789	38,357
		<u>4,483,638</u>	<u>14,193,487</u>
23. Gain from dealing in marketable securities			
Gain on disposal of unquoted investment		2,191,200	1,031,442
Gain on trading in investments		-	21,585
Unrealized gain on re-measurement of investment (at fair value through profit or loss)		602,580	1,881,220
		<u>2,793,780</u>	<u>2,934,247</u>
24. Operating and administrative expenses			
Salaries, benefits and allowances	24.1	4,099,839	4,796,681
Commission and clearing house expenses		154,149	406,576
Communication expenses		549,355	709,951
Printing and stationary		194,387	270,123
Entertainment expenses		164,805	307,886
Traveling and lodging expenses		196,207	685,155
Repairs and maintenance		158,963	202,499
Advertisement and publicity		16,247	67,064
Electricity and utilities		372,358	322,203
Insurance expenses		66,504	69,696
Depreciation	4	792,377	1,010,481
Internet and software maintenance charges		401,080	508,844
Legal and professional charges		383,739	442,365
Fees and subscription		137,046	158,507
Rent, rates and taxes		663,024	684,373
Share transfer payment		-	34,500
Other operating charges	24.2	1,186,664	978,040
		<u>9,536,744</u>	<u>11,654,944</u>

24.1. This includes provision for employees compensated absences amounting to Rs. 74,324 (2008: Rs.301,264).

	Note	2009 Rupees	2008 Rupees
24.2. Other operating charges			
Auditors remuneration	24.2.1	215,000	207,350
Loss on disposal of fixed assets		-	4,569
Bad debt expense - receivable from customers	10.2	901,860	715,907
Miscellaneous expenses		69,804	50,214
		<u>1,186,664</u>	<u>978,040</u>
24.2.1 Auditors' remuneration			
Audit fee		150,000	150,000
Interim review fee		25,000	25,000
Certifications for code of corporate governance and net capital		25,000	20,000
Out of pocket expenses		15,000	12,350
		<u>215,000</u>	<u>207,350</u>
25. Financial charges			
Mark up on			
- Lease		63,239	61,339
- short term borrowing		664,267	-
		<u>727,506</u>	<u>61,339</u>
Bank charges		27,678	13,257
		<u>755,184</u>	<u>74,596</u>
26. Other income			
Income from financial assets			
- profit on saving account		482,838	1,398,572
- interest income from CFS		166,333	-
- dividend income		100	57
		<u>649,271</u>	<u>1,398,629</u>
Income from others			
- interest and consultancy services		-	70,922
- liability no longer payable written back		-	91,895
		-	162,817
		<u>649,271</u>	<u>1,561,446</u>
27. Taxation			
- Current		170,638	1,541,137
- Deferred		(194,310)	98,580
		<u>(23,672)</u>	<u>1,639,717</u>

	2009 Rupees	2008 Rupees
28. Earning per share - basic and diluted		
(Loss)/Profit attributable to ordinary shareholders	<u>(2,341,567)</u>	<u>5,319,923</u>
Weighted average number of ordinary shares in issue	<u>10,000,000</u>	<u>10,000,000</u>
(Loss)/Earning per share - basic and diluted	<u>(0.23)</u>	<u>0.53</u>
29. Cash (used in) / generated from operations		
(Loss)/Profit before taxation	(2,365,239)	6,959,640
Adjustment for non-cash charges and other items		
Depreciation	792,377	1,010,481
Profit on saving account	(482,838)	(1,398,572)
Dividend income	(100)	(57)
Provision for employees compensated absences	74,324	283,690
Interest and Consultancy income	-	(70,922)
Provision for doubtful receivables	901,860	715,907
Liabilities no longer payable written back	-	(91,895)
Financial charges	755,184	74,596
Loss on disposal of fixed assets	-	4,569
Gain on sale of investments	(2,793,780)	(2,934,247)
	<u>(752,973)</u>	<u>(2,406,450)</u>
Operating (loss)/profit before working capital changes	<u>(3,118,212)</u>	<u>4,553,190</u>
Changes in Working Capital		
(Increase) / decrease in current assets		
Receivable from customers	(40,042,752)	(24,308,272)
Fund placement in CFS	7,176,070	6,672,975
Advances, deposit, prepayments and other receivables	2,896,190	399,402
	<u>(29,970,492)</u>	<u>(17,235,895)</u>
(Decrease)/Increase in Creditors, accrued and other liabilities	<u>(6,382,142)</u>	<u>(2,263,260)</u>
	<u>(36,352,634)</u>	<u>(19,499,155)</u>
Cash (used in) operations	<u>(39,470,846)</u>	<u>(14,945,965)</u>
30. Transactions with related parties		

The related parties comprise associated undertakings, directors of the Company, key management employees and staff retirement benefits. The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions. Year end balances with related parties are shown in the relevant notes to the financial statements.

Transaction with associated undertakings and key management personnel under the term of their employment, are as follows:

	Note	2009 Rupees	2008 Rupees
Commission paid to Chief Executive/Director	30.1	266,329	237,777
Commission received from Director		551,273	388,505
Underwriting commission due to related parties		-	146,868
CEO's traveling and lodging payable to associated undertaking		-	28,250
Expenses incurred by the Chief Executive and Director		-	652,288
Sale of 2.0 million shares of Takaful Pakistan Limited to Emirates Investment Group		24,000,000	-
Morabaha financing from a banking company		7,000,000	-

30.1. Remuneration and benefits to Chief executive, Directors and Executives

To Chief Executive Officer (One)

Commission paid	159,711	101,363
Expenses incurred	70,716	637,885

To Director (One)

Managerial remuneration	899,166	216,255
Commission paid	106,618	136,414
Expenses incurred	38,560	14,403
Total	<u>1,274,771</u>	<u>1,106,320</u>

- ◆ During the year, the Company has not paid remuneration to its Chief Executive Officer (2008: Nil).
- ◆ None of the employees fall under the category of "Executives" as defined by the Companies Ordinance, 1984.

31. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**31.1. Risk management policies**

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market risk, interest rate risk and investing excessive liquidity. The Company's activities expose it to a variety of financial risks. These are:

31.2. Financial instruments

The Company has exposures to the following risks from its use of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted. Out of total financial assets of Rs. 87.640 million (2008: Rs. 89.055 million), the financial assets which are subject to credit risk amounted to Rs. 80.919 million (2008: Rs. 60.871 million).

As at June 30, 2009 receivable from customers amounting to Rs. 17.18 million (2008: Rs. 16.28 million) are overdue for more than 360 days for which provision for doubtful debts has been made. Based on the past experience, consideration of financial position, past track record and recoveries, the Company believes that trade debtors past due upto one year do not require any impairment.

The carrying amount of financial assets represents the maximum credit exposure, the maximum exposure to credit risk at the reporting date is;

	2009	2008
	Rupees	Rupees
Advances and Deposits	2,673,427	5,569,217
Placement of funds in CFS	-	7,176,070
Trade receivables	73,967,315	34,826,423
Bank balances	4,279,120	13,299,972
	<u>80,919,862</u>	<u>60,871,682</u>

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of liability against assets subject to finance lease and creditors accrued and other liabilities.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2009			
	Carrying amount	Contractual cash flows	One year or less	One to two year
Financial Liabilities				
Liabilities against assets subject to finance lease.	565,608	(610,140)	(307,620)	(302,520)
Short term borrowing	7,000,000	(7,664,267)	(7,664,267)	-
Trade and other payables and Accrued Mark up	13,699,790	(13,699,790)	(13,699,790)	-
	<u>21,265,398</u>	<u>(21,974,197)</u>	<u>(21,671,677)</u>	<u>(302,520)</u>

	2008			
	Carrying amount	Contractual cash flows	Six months or less	One to two year
Financial Liabilities				
Liabilities against assets subject to finance lease.	809,989	(917,760)	(307,620)	(610,140)
Trade and other payables and Accrued Mark up	19,417,665	(19,417,665)	(19,417,665)	-
	<u>20,227,654</u>	<u>(20,335,425)</u>	<u>(19,725,285)</u>	<u>(610,140)</u>

c) Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instrument.

(i) Price risk

Price risk arises from the company's investments in shares. The company is exposed to price risk as it has made investment in quoted and unquoted securities amounting to Rs.6.72 million (2008: Rs.28.183 million).

	2009 Rupees	2008 Rupees
Investments		
- Available for sale	120,478	377,110
- At fair value through profit and loss	6,600,000	27,806,220
	<u>6,720,478</u>	<u>28,183,330</u>

Sensitivity analysis for price risk

A 10% increase / (decrease) in the fair market value of shares available for sale would have increased / (decreased) the fair value reserve of investment by Rs.12,048.

A 10% increase / (decrease) in the fair value of shares held for trading at fair value through profit and loss, would result in gain / (loss) on re-measurement of investment by Rs. 660,000.

(ii) Interest rate risk

The company has availed Morabaha and lease financing facilities from banking companies carrying mark up based on KIBOR, therefore the company is exposed to Interest rate risk.

Sensitivity analysis for interest rate risk

A 1% increase / (decrease) in KIBOR would have increased / (decreased) the loss for the year by Rs.75,656.

(iii) Currency risk

Currently 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. At year end, the Company is not exposed to any currency risk.

32. Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may issue new shares and take other measures commensurating the circumstances.

Consistent with others in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2009 Rupees	2008 Rupees
Total borrowings		
Liabilities against asset subject to finance lease	565,608	809,989
Short term borrowing	<u>7,000,000</u>	-
	7,565,608	809,989
Less: Cash and bank balances	<u>4,282,398</u>	13,305,328
Net debt	<u>3,283,210</u>	(12,495,339)
Total Equity	<u>71,870,168</u>	74,468,367
Total Capital	<u><u>75,153,378</u></u>	<u><u>61,973,028</u></u>
Gearing ratio	<u><u>4.37%</u></u>	<u><u>(20.16)%</u></u>

Fair value of financial assets and liabilities

The estimated fair value of financial instruments is not significantly different from their book value as shown in these financial statements.

33. Reclassification

The following heads are reclassified as below for better presentation.

Note	Particulars	From	To	2009	2008
12	Receivable from associated undertakings	Other receivable - associated undertakings	Advances - associated undertakings	1,051,806	1,051,806
15	Employees compensated absences	Trade and other payables	Deferred liabilities	1,617,162	1,554,922

34. Date of authorization of issue

These financial statements were authorized for issue by the Board of Directors of the Company on October 03, 2009.

35. General

Figures have been rounded off to the nearest rupee.

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Director

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