KPMG Taseer Hadi & Co.
Chartered Accountants

Taurus Securities Limited

Financial Statements
For the year ended December 31, 2011

Taurus Securities Limited
Balance Sheet
As at December 31, 2011

	Note	2011 Rupees	2010 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	8,570,465	10,328,032
Intangible assets	5	11,150,564	11,270,763
Long term loans	6	20,183	69,715
Long term deposits	7	1,193,585	1,918,568
Deferred tax asset - net	8	2,135,834	2,242,113
		23,070,631	25,829,191
Current Assets			
Trade debts	9	23,168,193	46,031,531
Loans and advances	10	1,038,416	1,071,754
Deposits, prepayments and other receivables	11	12,621,482	2,012,427
Accrued interest income	12	4,195,542	2,239,168
Investments	13	97,295,168	75,209,116
Receivable against margin trading		46,424,464	-
Taxation - net		3,942,672	977,205
Cash and bank balances	14	98,840,442	198,782,840
		287,526,379	326,324,041
		310,597,010	352,153,232
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	16	135,023,060	135,023,060
Reserves		142,610,511	136,303,021
		277,633,571	271,326,081
Current Liabilities			
Trade and other payables	17	32,963,439	80,827,151
		32,963,439	80,827,151
		310,597,010	352,153,232
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE

DIRECTOR

Taurus Securities Limited
Profit And Loss Account
For the year ended December 31, 2011

	Note	2011 Rupees	2010 Rupees
INCOME			
Brokerage and commission		38,889,510	45,786,056
Other operating income	20	27,343,030	24,216,618
		66,232,540	70,002,674
EXPENSES			
Administrative	21	(56,719,207)	(61,043,474)
Other operating	22	(177,316)	(190,723)
Impairment of investments		(91,833)	(271,278)
Finance cost	24	(555,710)	(444,244)
		(57,544,066)	(61,949,719)
PROFIT BEFORE TAXATION		8,688,474	8,052,955
Taxation	25	(2,380,984)	(2,873,880)
PROFIT FOR THE YEAR		6,307,490	5,179,075
Earnings per share - basic and diluted	26	0.47	0.38

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE

DIRECTOR

Taurus Securities Limited
Statement of Comprehensive Income
For the year ended December 31, 2011

	2011 Rupees	2010 Rupees
Profit for the year	**6,307,490**	5,179,075
Other comprehensive income	-	-
Total comprehensive income for the year	**6,307,490**	5,179,075

The annexed notes 1 to 32 form an integral part of these financial statements.

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CHIEF EXECUTIVE

DIRECTOR

Taurus Securities Limited
Statement of Cash Flows
For the year ended December 31, 2011

	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,688,474	8,052,955
Adjustments for :		
Depreciation	2,894,134	3,857,981
Amortisation	120,199	537,189
Loss on disposal of fixed assets	60,512	213,087
Finance cost	555,710	444,244
Profit on bank deposits	(13,365,903)	(17,109,054)
Profit on term deposit receipts	(8,732,465)	(6,287,617)
Unrealized loss on held for trading investments	2,531,873	-
Impairment of investments	91,833	271,278
	(15,844,107)	(18,072,892)
Operating profit before working capital changes	(7,155,633)	(10,019,937)
(Increase) / decrease in operating assets :		
Trade debts	22,863,338	(7,411,060)
Loan and advances	33,338	(262,284)
Deposits, prepayments and other receivables	(10,609,055)	2,502
	12,287,621	(7,670,842)
	5,131,988	(17,690,779)
Decrease in operating liabilities :		
Trade and other payables	(47,665,895)	(28,312,182)
Net Cash used in operations	(42,533,907)	(46,002,961)
Long term loans	49,532	(44,133)
Long term deposits	724,983	350,000
Tax paid	(5,437,989)	(5,043,845)
Financial charges paid	(555,710)	(444,244)
	(5,219,184)	(5,182,222)
Net cash used in operating activities	(47,753,091)	(51,185,183)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(24,709,758)	(25,000,000)
Receivable against margin trading	(46,424,464)	-
Addition to property and equipment	(1,969,309)	(3,679,997)
Profit received on bank deposits	20,141,994	22,563,637
Sale proceeds from disposal of property and equipment	772,230	119,092
Net cash used in investing activities	(52,189,307)	(5,997,268)
Net decrease in cash and cash equivalents	(99,942,398)	(57,182,451)
Cash and cash equivalents at beginning of the year	198,782,840	255,965,291
Cash and cash equivalents at end of the year	98,840,442	198,782,840

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

Taurus Securities Limited
Statement of Changes in Equity
For the year ended December 31, 2011

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	----------	Rupees	----------
Balance as at January 01, 2010	135,023,060	131,123,946	266,147,006
Total comprehensive income for the year			
Profit for the year ended December 31, 2010	-	5,179,075	5,179,075
Balance as at December 31, 2010	**135,023,060**	**136,303,021**	**271,326,081**
Total comprehensive income for the year			
Profit for the year ended December 31, 2011	-	6,307,490	6,307,490
Balance as at December 31, 2011	**135,023,060**	**142,610,511**	**277,633,571**

The annexed notes 1 to 32 form an integral part of these financial statements.
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CHIEF EXECUTIVE

DIRECTOR

Taurus Securities Limited
Notes to the Financial Statements
For the year ended December 31, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

Taurus Securities Limited (the Company) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984. The registered office of the Company is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. The Company is a subsidiary of National Bank of Pakistan, which holds 58.32% (2010 : 58.32%) of the shareholding of the Company. The Company is engaged in the business of stock brokerage, investment counseling and fund placements. It is a corporate member of the Karachi Stock Exchange (Guarantee) Limited (KSE).

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 and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of IFRS and IFAS, the requirements of the Companies Ordinance, 1984 and said directives shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for available for sale investments, held for trading investments and commitments in respect of derivative financial instruments that are carried at fair value.

2.3 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 1, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on the financial statements of the Company.

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- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on the financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. During the year, the Company has recognised actuarial gain of Rs. 31,574 in the profit and loss account and its net unrecognised actuarial gain at December 31, 2011 amounted to Rs. 2,198,203. Following the change all actuarial gains and losses will be recorded immediately in other comprehensive income.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 1, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments would result in increased disclosures in the financial statements of the Company.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after July 1, 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 1, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 1, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 1, 2013). The interpretation requires production stripping

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Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

3.5 Trade debts and other receivables

Debts originated by the Company are recognized and carried at original invoice amount (which generally equals the fair value) less any amount written off or provision made for debts considered doubtful.

3.6 Investments

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account. All regular way purchases and sales of investments are recognized/derecognized on the trade date. These are classified and measured as follows:

3.6.1 Investments at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuations in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are remeasured at fair value. Gains or losses on remeasurement of these investments are recognized in the profit and loss account currently.

3.6.2 Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity. After initial recognition, these are measured at amortized cost less any provision for impairment.

3.6.3 Available-for-sale

Investments which are not classified in any of the preceding categories are classified as available-for-sale investments. After initial recognition, these investments are remeasured at fair value. Surplus/deficit arising from re-measurement are taken to other comprehensive income until the investments are sold/disposed-off or until the investments are determined to be impaired, at which time, cumulative gain or loss previously reported in the other comprehensive income is included in the current year's profit and loss account.

3.7 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the profit and loss account.

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cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment, if any.

Depreciation is charged applying the straight line method at the rates specified in Note 4 to these financial statements, which are considered appropriate to write off the cost of the assets over their useful economic lives.

Proportionate depreciation is charged in respect of additions and disposals made during the year. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are determined by comparing the sale proceeds with the carrying values and are charged to profit and loss account.

3.2 Intangible assets

These represent computer software, website developed and stock exchange membership card.

Stock exchange membership card is considered to have an indefinite useful life and stated at cost less impairment in value, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and when carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Computer software and website developed are recognized in the financial statements, if and only if, it is probable that the future economic benefits that are attributable to the assets will flow to the Company; and the cost of the assets can be measured reliably. These are carried at cost less accumulated amortization and impairment, if any. Amortization of computer software and website developed is charged to profit and loss account for the year on a straight line basis at the rates specified in note 5.

3.3 Ijarah

The Company accounts for assets under ijarah arrangements in accordance with IFAS-2 "Ijarah" whereby periodic ijarah payments for such assets are recongnized as an expense in profit and loss account on straight line basis over the ijarah term.

3.4 Taxation

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any.

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3.8 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of securities are entered into at contracted rates for specified periods of time. These are considered to be financing transaction instead of real sale and purchase of securities and are accounted for as follows:

3.8.1 Repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in funds under repurchase agreements. The difference between sale and repurchase price is treated as mark-up on repo transactions of quoted investments and accrued over the life of the repo agreement.

3.8.2 Reverse repurchase agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet as investments. Amounts paid under these agreements are recorded as 'Financing under reverse repo'. The difference between purchase and resale price is treated as mark-up on reverse repurchase transactions, as the case may be, and accrued over the life of the reverse repo agreement.

3.9 Securities under margin trading

Securities purchased under margin financing are included as 'receivable against margin trading' at the fair value of the consideration given. All margin trading transactions are accounted for on the settlement date. Income on margin trading is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

3.10 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

3.11 Revenue recognition

Brokerage and other income is accrued as and when earned.

Gain or loss on disposal of securities is taken to income in the period in which it arises.

Dividend income is recorded when the shareholder's right to receive payment is established.

Mark-up/interest from margin trading, reverse repurchase transactions and term deposit receipts is recognised on a time proportionate basis.

Other revenues are recognised on accrual basis.

3.12 Provision

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

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3.13 Impairment

The carrying amount of Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated and impairment loss is recognized in the profit and loss account for the carrying amount of asset that exceeds its recoverable amount.

3.14 Staff retirement benefits

3.14.1 Gratuity scheme

The Company operates an approved and funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service of 5 years. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit method.

Actuarial gains / losses exceeding, the higher of 10% of present value of defined benefit obligation or 10% of the fair value of plan assets are recognized as income or expense in the profit and loss account over the estimated working lives of the employees. Where the fair value of plan assets, exceeds the present value of defined benefit obligation together with unrecognized actuarial gains or losses and unrecognized past service cost, the Company reduces the resulting asset to an amount equal to the total of present value of any economic benefit in the form of reduction in future contributions to the plan and unrecognized actuarial losses and past service costs.

3.14.2 Provident fund

The Company operates an approved funded provident fund scheme covering all its employees. Equal monthly contributions @ 10% of the basic salary are made by the Company and employees to the fund in accordance with the fund rules.

3.15 Borrowing costs

Borrowing costs incurred on finances obtained for qualifying assets are capitalized up to the commencement of commercial production of the respective assets. All other borrowing costs are charged to profit and loss account as and when incurred.

3.16 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets or portion of financial assets, while a financial liability or part of financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expire. Any gain or loss on recognition of the financial assets and liabilities is taken to income currently.

3.17 Offsetting

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

3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

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4 Property and equipment

	Vehicles	*Building	Furniture and fixtures	Office equipment	Computer equipment	Library books	Total
		Rupees					
Net carrying value basis							
Year ended December 31, 2011							
Opening net book value	6,073,285	1,511,450	1,825,424	765,413	152,460	-	10,328,032
Addition / Transfer in	1,439,940	-	177,825	111,060	240,484	-	1,969,309
Disposals / write off							
Cost	1,889,590	-	1,720,419	3,520,298	4,801,236	-	11,931,543
Accumulated depreciation	(1,682,560)	-	(1,211,614)	(3,403,391)	(4,801,236)	-	(11,098,801)
	207,030	-	508,805	116,907	-	-	832,742
Depreciation charge	(1,979,930)	(79,550)	(344,022)	(313,591)	(177,041)	-	(2,894,134)
Closing net book value	5,326,265	1,431,900	1,150,422	445,975	215,903	-	8,570,465
Gross carrying value basis							
As at December 31, 2011							
Cost	12,833,304	1,591,000	4,966,462	4,774,977	8,328,809	156,612	32,651,164
Accumulated Depreciation	(7,507,039)	(159,100)	(3,816,040)	(4,329,002)	(8,112,906)	(156,612)	(24,080,699)
Net Book Value	5,326,265	1,431,900	1,150,422	445,975	215,903	-	8,570,465
Rate of depreciation (%)	20	5	10	20	33	20	
Net carrying value basis							
Year ended December 31, 2010							
Opening net book value	5,063,122	-	2,313,803	1,136,975	968,294	-	9,482,194
Addition	3,148,540	1,591,000	104,164	135,000	57,293	-	5,035,997
Disposals							
Cost	565,000	-	244,505	156,162	21,923	-	987,590
Accumulated depreciation	(475,406)	-	(63,343)	(97,986)	(18,677)	-	(655,412)
	89,594	-	181,162	58,176	3,246	-	332,178
Depreciation charge	(2,048,783)	(79,550)	(411,381)	(448,386)	(869,881)	-	(3,857,981)
Closing net book amount	6,073,285	1,511,450	1,825,424	765,413	152,460	-	10,328,032
Gross carrying value basis							
As at December 31, 2010							
Cost	13,282,954	1,591,000	6,509,056	8,184,215	12,889,561	156,612	42,613,398
Accumulated Depreciation	(7,209,669)	(79,550)	(4,683,632)	(7,418,802)	(12,737,101)	(156,612)	(32,285,366)
Net Book Value	6,073,285	1,511,450	1,825,424	765,413	152,460	-	10,328,032
Rate of depreciation (%)	20	5	10	20	33	20	

*** Building**

The rights to occupy room no. 618 at Karachi Stock Exchange building were acquired through Leave and License agreement for the purpose of the Company's business. The Karachi Stock Exchange (Guarantee) Limited as the lessee of the building has sub-leased the said room in favor of the Company.

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4.1 Detail of disposal of property and equipment having net book value in excess of Rs. 50,000 each.

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyer	Mode of diposal
		---------- Rupees ----------				
Vehicles						
Suzuki Cultus	620,000	516,242	103,758	103,758	Mr.Saleem Ahmed Khan	Company policy
Toyota Corolla	879,000	775,728	103,272	103,272	Mr.Irfan Suria	Company policy
Office Equipment						
Electric Fittings	188,501	116,130	72,371	5,000	Mr.Babar Hameed	Negotiation
Furniture & Fixtures						
Wooden Partition etc.	432,457	245,040	187,417	48,500	Mr.Zulfiqar	Negotiation
Door/Partition	83,300	5,591	77,709	5,000	Mr.Iftikhar Ahmed	Negotiation
Wooden Partition etc.	102,104	31,429	70,675	15,500	Mr.Babar Hameed	Negotiation

5 INTANGIBLE ASSETS

	Stock Exchange Membership Card and Room	Computer Software	Website	Total
	---------- Rupees ----------			
Net carrying value basis				
Year ended December 31, 2011				
Opening net book value	11,000,000	270,763	-	11,270,763
Disposals / write-off				
- Cost	-	(413,000)	-	(413,000)
- Accumulated amortization	-	413,000	-	413,000
Amortization for the year	-	(120,199)	-	(120,199)
Closing net book value	11,000,000	150,564	-	11,150,564
Gross carrying value basis				
As at December 31, 2011				
Cost	11,000,000	4,423,457	1,041,000	16,464,457
Accumulated amortization	-	(4,272,893)	(1,041,000)	(5,313,893)
Net Book Value	11,000,000	150,564	-	11,150,564
Rate of amortization (%)		33%	33%	
Net carrying value basis				
Year ended December 31, 2010				
Opening net book value	12,591,000	572,952	-	13,163,952
Addition	-	235,000	-	235,000
Transfer out	(1,591,000)	-	-	(1,591,000)
Amortization for the year	-	(537,189)	-	(537,189)
Closing net book value	11,000,000	270,763	-	11,270,763
Gross carrying value basis				
As at December 31, 2010				
Cost	11,000,000	4,836,457	1,041,000	16,877,457
Accumulated amortization	-	(4,565,694)	(1,041,000)	(5,606,694)
Net Book Value	11,000,000	270,763	-	11,270,763
Rate of amortization (%)		33%	33%	

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	Note	2011 Rupees	2010 Rupees
6 LONG TERM LOANS			
Secured - considered good			
Employees (other than executives)	6.1	32,463	117,259
Current portion	10	(12,280)	(47,544)
		20,183	69,715

6.1 This represents interest-free loans provided to employees who have completed at least one year service with the Company. The facility is granted for purchase of motor cycle and is repayable in 60 monthly installments deducted from the salary. These loans are secured against registration of motor cycle in the Company's name.

	Note	2011 Rupees	2010 Rupees
7 LONG TERM DEPOSITS			
Security deposits against rental property		420,775	645,258
Karachi Stock Exchange (KSE) / National Clearing Company of Pakistan Limited (NCCPL)	7.1	400,000	900,000
Security deposits against asset acquired under ijarah agreement	23	270,000	270,000
Other deposits		102,810	103,310
		1,193,585	1,918,568

7.1 This represent deposit with KSE / NCCPL for trading in ready and future market.

	2011 Rupees	2010 Rupees
8 DEFERRED TAX ASSET - net		
Deferred tax assets arising in respect of		
Provision for doubtful debts	1,147,941	1,149,440
Accelerated tax depreciation allowance	810,862	961,901
Provision for impairment in value of investments	254,095	221,954
	2,212,898	2,333,295
Deferred tax liabilities arising in respect of		
Surplus receipt	-	(91,182)
Revaluation of securities	(77,064)	-
	2,135,834	2,242,113

8.1 **Movement in temporary differences during the year**

	January 1, 2010	Recognized in Profit and Loss Account	December 31, 2010	Recognized in Profit and Loss Account	December 31, 2011
Deferred tax assets arising in respect of:					
Provision for doubtful debts	1,149,440	-	1,149,440	(1,499)	1,147,941
Accelerated tax depreciation allowance	689,849	272,052	961,901	(151,039)	810,862
Provision for impairment in value of investments	127,006	94,948	221,954	32,141	254,095
	1,966,295	367,000	2,333,295	(120,397)	2,212,898
Less: Deferred tax liabilities arising in respect of					
Surplus receipt	(182,364)	91,182	(91,182)	91,182	-
Revaluation of securities	-	-	-	(77,064)	(77,064)
	(182,364)	91,182	(91,182)	14,118	(77,064)
Net deferred tax assets	1,783,931	458,182	2,242,113	(106,279)	2,135,834

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9	TRADE DEBTS	Note	2011 Rupees	2010 Rupees
	Secured - considered good			
	Due from clients against trading of securities		8,044,120	10,044,120
	Due from NCCPL		14,122,327	34,426,413
	Due from associated companies against trading of securities		1,001,746	1,560,998
			23,168,193	46,031,531
	Unsecured - considered doubtful	9.1	3,279,831	3,284,113
			26,448,024	49,315,644
	Provision for doubtful debts		(3,279,831)	(3,284,113)
			23,168,193	46,031,531
9.1	**Provision for doubtful debts**			
	Opening		3,284,113	3,284,113
	Reversal		(4,282)	-
	Closing		3,279,831	3,284,113

10 LOANS AND ADVANCES

	Note	2011 Rupees	2010 Rupees
Secured-considered good			
Executives	10.1	316,166	439,490
Employees (Other than executives)	10.2	709,970	584,720
Current portion of long term loans	6	12,280	47,544
		1,038,416	1,071,754

10.1 This represents interest-free loans to executives whose recovery is made in 12 equal monthly installments. The facility is secured against retirement benefits of the respective executives.

10.2 This represents interest-free advances to employees whose recovery is made in 12 equal monthly installments. The facility is secured against retirement benefits of the respective employees.

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2011 Rupees	2010 Rupees
Prepayments	1,896,508	1,942,980
Deposit - Karachi Stock Exchange (KSE) / National Clearing Company of Pakistan Limited (NCCPL)	7,744,146	-
Advance to Contractor	-	36,000
Unrealized gain on futures contract	2,752,055	-
Receivable from provident scheme	36,794	-
Receivable from gratuity scheme	188,346	33,447
Others	3,633	-
	12,621,482	2,012,427

12 ACCRUED INTEREST INCOME

	2011 Rupees	2010 Rupees
On term deposit receipts	3,754,315	2,186,610
On saving accounts	47,693	52,558
On cash margin with KSE	116,447	-
On margin trading	277,087	-
	4,195,542	2,239,168

13 INVESTMENTS

	Note	2011 Rupees	2010 Rupees
Held-to-maturity	13.1	75,000,000	75,000,000
Available-for-sale	13.2	117,283	209,116
Fair value through profit and loss	13.3	22,177,885	-
		97,295,168	75,209,116

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13.1 Held-to-maturity

This represents PLS Term Deposit Receipts (TDRs) with MCB Bank Limited for a period of six months amounting to Rs. 50 million and Rs. 25 million carrying markup at the rate of 12.10% per annum (2010 : Rs 50 million & Rs.25million carrying markup rate of 11.5% & 11.35% per annum). These TDRs will be matured on Februrary 03, 2012 (2010 : April 07, 2011 and March 15,2011)

13.2 Available-for-sale

This represents shares acquired from National Clearing Company of Pakistan Limited (NCCPL), under the CFS MK II square up scheme (the scheme) signed up by the Company with NCCPL, on December 28, 2008. Under the provisions of the scheme, the Company as Financer had purchased 30% of the shares financed under CFS MK II, and the remaining 70% had been received in cash from NCCPL after completion of the squaring up process, as full and final settlement of all amounts receivable to the Company, as Financier, against open CFS II release transaction.

Number of Units / Shares		Name of investee	Cost	Market Value	Market Value
December 31,			December 31,		December 31,
2011	2010		2011	2011	2010
		INVESTMENT COMPANIES			
13,400	13,400	Jahangir Siddiqui & Company Limited	752,426	54,002	146,060
		COMMERCIAL BANKS			
5,625	5,625	Bank Al Falah Limited	90,843	63,281	63,056
			843,269	117,283	209,116
		Provision for impairment in value of investments	(725,986)		
		Carrying value	117,283		

13.3 Fair value through profit and loss

Number of Units / Shares		Name of investee	Cost	Market Value	Market Value
December 31,			December 31,		December 31,
2011	2010		2011	2011	2010
		OIL AND GAS			-
10,500	-	Attock Refinery Limited	1,217,490	1,130,325	-
9,000	-	Pakistan State Oil Company Limited	2,185,791	2,044,890	
		CHEMICALS			
59,000	-	Engro Corporation Limited	6,221,000	5,469,300	-
90,500	-	Fauji Fertilizer Company Limited	15,085,477	13,533,370	-
			24,709,758	22,177,885	-
		Unrealised (loss) on remeasurement to fair value	(2,531,873)		
		Carrying value	22,177,885		

13.3.1 These shares have been sold under future contracts. The total value of the contract and corresponding unrealized gain is mentioned in note 19 and 20 respectively.

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14 CASH AND BANK BALANCES

		2011 Rupees	2010 Rupees
Saving accounts	14.1	93,195,843	187,304,381
Current accounts		5,635,409	11,470,959
Cash in hand		9,190	7,500
		98,840,442	198,782,840

14.1 These carry profit rates ranging between 5% to 9.5% per annum (2010: 5% to 9.5% per annum).

14.2 Balances held with associated undertakings in current and saving accounts amounts to Rs. 2,928,067 (December 2010: Rs. 3,325,980) and Rs 3,015,958 (December 2010: Rs. 14,193) respectively.

15 EMPLOYEE BENEFITS

15.1 As mentioned in note 3.15.1, the Company operates an approved funded gratuity scheme for all its permanent employees. Actuarial valuation of the fund was carried out as at December 31, 2011.

15.2 The fair value of scheme's assets and the present value of obligation under the scheme at the balance sheet date were as follows:

	2011 Rupees	2010 Rupees
Present value of defined benefit obligation	(4,972,776)	(5,543,615)
Fair value of plan assets	7,359,325	6,820,031
	2,386,549	1,276,416
Unrecognized actuarial gain	(2,198,203)	(1,242,969)
Asset to be recognised as at December 31	188,346	33,447

15.3 Movement in this account, during the year, was as follows:

Net balance as at January 1	(33,447)	(24,535)
Cost recognized during the year	1,064,989	1,383,330
Contribution made during the year	(1,219,888)	(1,392,242)
Net balance as at December 31	(188,346)	(33,447)

15.4 Movement in the present value of defined benefit obligation:

Present value of obligation as at January 1	5,543,615	5,405,045
Current service cost	571,409	862,338
Interest cost	900,398	806,295
Benefit paid	(1,070,505)	(209,729)
Actuarial gain on obligation	(972,141)	(1,320,334)
Present value of obligation as at December 31	4,972,776	5,543,615

15.5 Movement in the fair value of plan assets:

Fair value of plan assets as at January 1	6,820,031	5,528,540
Expected return on plan assets	375,244	309,838
Contributions paid	1,219,888	1,358,795
Benefit paid	(1,070,505)	(209,729)
Actuarial gain / (loss) on assets	14,667	(167,413)
Fair value of plan assets as at December 31	7,359,325	6,820,031

	2011 Rupees	2010 Rupees

15.6 The following amounts have been charged to the profit and loss account during the current year in respect of the scheme:

	2011 Rupees	2010 Rupees
Current service cost	571,409	862,338
Interest cost	900,398	806,295
Expected return on plan assets	(375,244)	(309,838)
Actuarial gain recognized	(31,574)	-
	1,064,989	1,358,795

15.7 Projected unit credit method using the following significant assumptions was used for valuation of the scheme:

	2011	2010
Expected rate of increase in salary level	8% p.a.	10% p.a.
Valuation discount rate	13% p.a.	14.25% p.a.
Rate of return on plan assets	5% p.a.	5% p.a.

15.8 Actual return on plan assets during the year was Rs. 331,927 (2010: Rs. 142,425).

16 SHARE CAPITAL

16.1 Authorised Share capital

2011 Number of shares	2010 Number of shares		2011 Rupees	2010 Rupees
40,000,000	40,000,000	Ordinary shares of Rs. 10 each	400,000,000	400,000,000

16.2 Issued, subscribed and paid-up capital

13,502,306	13,502,306	Ordinary shares of Rs. 10 each fully paid in cash	135,023,060	135,023,060

16.3 Pattern of shareholding of the Company is as follows:

	Number of shares	% holding
National Bank of Pakistan (Holding Company)	7,875,002	58.32
The Bank of Khyber (Associated Company)	4,050,374	30.00
Saudi Pak Industrial and Agricultural Investment Company Ltd.	1,125,001	8.33
The Bank of Khyber-Employee Gratuity Fund	449,627	3.33
Other Individual Shareholders	2,302	0.02
	13,502,306	100

16.4 The Board of Directors in their meeting held on April 9, 2012 have proposed a cash dividend of Rs. 0.90 per share (2010: Nil) amounting to Rs. 12.152 million. These financial statements do not reflect this dividend, which would be accounted in the period in which it is approved.

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		Note	2011 Rupees	2010 Rupees
17	**TRADE AND OTHER PAYABLES**			
	Due to clients against trading of securities	17.1	31,154,140	78,159,583
	Accrued and other liabilities		1,629,800	2,467,568
	Payable to Workers Welfare Fund		179,499	200,000
			32,963,439	80,827,151
17.1	Due to customers		31,153,942	78,159,583
	Associated undertaking		198	-
			31,154,140	78,159,583

18 SHORT TERM RUNNING FINANCE FACILITIES

18.1 Running finance facility of Rs. 240 million (2010 : Rs. 240 million) has been obtained by the Company from the holding company (National Bank of Pakistan) which is secured against hypothecation of amounts due from customers. The mark-up is repayable quarterly. During the year, mark-up structure of the facility was on floating rate which is KIBOR plus 200 basis points per annum. Moreover, there is no outstanding balance as at December 31, 2011.

		2011 Rupees	2010 Rupees
19	**CONTINGENCIES AND COMMITMENTS**		
19.1	**Commitments**		
	For sale of quoted securities under future contracts against counter commitments	24,953,205	-

		2011 Rupees	2010 Rupees
20	**OTHER OPERATING INCOME**		
	PLS income on bank deposits	13,365,903	17,109,054
	Mark-up on receivable against margin trading	1,708,548	-
	Profit on term deposit receipts	8,732,465	6,287,617
	Unrealized gain on futures' contracts	2,752,055	-
	Unrealized loss on securities under fair value through profit and loss	(2,531,873)	-
	Dividend income	-	17,900
	Capital gain	2,640,037	-
	Profit on cash margin with KSE	353,912	-
	Share application money	-	5,173
	Bad debts recovered	4,282	791,960
	Miscellaneous income	317,701	4,914
		27,343,030	24,216,618

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		Note	2011 Rupees	2010 Rupees
21	**ADMINISTRATIVE EXPENSES**			
	Salaries, benefits and allowances		30,534,595	33,150,640
	Staff retirement benefit	21.1	3,051,122	3,584,525
	Rent		3,023,295	3,497,424
	Telephone and fax		1,867,477	2,375,864
	Karachi Stock Exchange service charges		1,607,675	1,228,027
	Depreciation	4	2,894,134	3,857,981
	Electricity and utilities		2,056,533	1,983,107
	Vehicle running expenses		2,146,409	2,064,407
	Insurance		1,500,899	1,462,738
	Legal and professional		1,128,660	752,855
	Central Depository Company charges		458,005	530,845
	Repairs and maintenance		1,427,044	1,430,616
	Amortisation	5	120,199	537,189
	Printing and stationery		669,285	609,723
	Entertainment		685,261	631,045
	Postage / courier		300,063	396,171
	Umrah facility to employees		513,234	480,497
	Subscriptions		234,977	161,838
	SECP transactions fees		276,587	245,803
	Office supplies		323,935	288,509
	Auditor's remuneration	21.2	316,030	270,000
	Ijarah charges		670,260	670,260
	Loss on disposal of fixed assets		60,512	213,087
	Computer expenses		163,619	152,580
	Travelling and conveyance		343,516	212,982
	Professional tax		217,489	29,270
	Advertising and business promotion		79,546	196,181
	Library and periodicals		48,846	29,310
			56,719,207	61,043,474

21.1 Includes contribution to staff gratuity fund Rs. 1,064,989 (2010: Rs. 1,383,330) as referred to in note 15, contribution to staff provident fund amounting to Rs. 1,545,473 (2010: Rs. 1,646,518) and contribution to E.O.B.I. and S.E.S.S.I amounting to Rs. 440,660 (2010: Rs.554,677).

21.2 Auditor's remuneration

Audit fee	250,000	250,000
Out-of-pocket expenses	66,030	20,000
	316,030	270,000

22 OTHER OPERATING EXPENSES

Workers Welfare Fund	177,316	190,723
KIMGR	177,316	190,723

23 IJARAH AGREEMENT

The Company has obtained vehicle under Ijarah agreement from Invest Capital Investment Bank (formerly known as Al Zamin Leasing Modaraba) for a period of four years for fixed rental per month.

	Note	2011 Rupees	2010 Rupees
The total ijrah payments under ijarah are as follows:			
Not later than one year		670,260	670,260
Later than one year and not later than five years		55,855	726,115
		726,115	1,396,375

24 FINANCE COST

	Note	2011 Rupees	2010 Rupees
Mark-up on short term running finances		42,526	13,634
Bank charges		213,184	130,610
Guarantee commission charges	24.1	300,000	300,000
		555,710	444,244

24.1 Guarantee of Rs. 50 million (2010 : Rs. 50 million) has been obtained by the Company from MCB Bank Limited in favor of The Karachi Stock Exchange (Guarantee) Limited which is secured against the pledge of term deposit receipts of Rs. 50 million. The term of the facility is one year which shall remain valid till October 1, 2012. The rate of guarantee commission was fixed at 0.15% (2010 : 0.15%) per quarter.

25 TAXATION

	Note	2011 Rupees	2010 Rupees
Current tax expense		2,274,705	3,332,062
Deferred	8.1	106,279	(458,182)
		2,380,984	2,873,880

25.1 Relationship between income tax expense and accounting profit

	2011 Rupees	2010 Rupees
Profit before taxation	8,688,474	8,052,955
Tax at the applicable tax rate of 35% (2010: 35%)	3,040,966	2,818,534
Tax effect of permanent differences	-	59,821
Tax effect of lower tax rate on capital gain	(659,982)	-
Tax effect of lower tax rate on dividend income	-	(4,475)
Adjusted income tax charge	2,380,984	2,873,880

The average effective tax rate on accounting profit is 27.40% (2010: 35.69%)

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25.2 Status of tax assessments

The income tax assessments upto assessment year 2002 - 2003 corresponding to the accounting year June 30, 2002 have been finalized.

The return for the tax years 2003 - 2011 were filed under section 120 of the Income Tax Ordinance, 2001 according to which the return filed is deemed assessment order.

26 EARNINGS PER SHARE - BASIC AND DILUTED

	2011 Rupees	2010 Rupees
Profit for the year	6,307,490	5,179,075
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	13,502,306	13,502,306
	Rupees	
Earnings per share - Basic and diluted	0.47	0.38

There is no dilutive effect on the basic earning per share as the company has no outstanding commitments for issue of shares.

27 REMUNERATION OF CHIEF EXECUTIVE / DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rupees							
Managerial remuneration	3,600,000	3,400,000	600,000	600,000	9,468,000	10,700,000	13,668,000	14,700,000
Bonus	388,430	694,236	-	-	534,793	694,236	923,223	1,388,472
Other benefits	698,424	624,987	-	-	516,300	476,373	1,214,724	1,101,360
Retirement benefits	218,182	181,820	-	-	573,818	648,485	792,000	830,305
Commission	-	-	-	-	-	228,018	-	228,018
	4,905,036	4,901,043	600,000	600,000	11,092,911	12,747,112	16,597,947	18,248,155
Number of persons	1	1	1	1	7	8	9	10

27.1 The chief executive and certain executives are provided with free use of the Company's maintained cars/cash in lieu of cars and mobile phones (subject to limits authorized by the Company) in accordance with their terms of employment.

27.2 The bonus to the Chief executive and other executives is recorded as an expense in the period in which it is paid.

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28 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent company, its subsidiaries and associated companies, directors and their related concerns and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2011 Rupees	2010 Rupees
Holding Company- National Bank of Pakistan		
Brokerage earned	4,135,072	6,463,509
Borrowings	100,000,000	35,000,000
Repayment of borrowings	100,000,000	35,000,000
Financial cost paid	42,526	13,634
Commission paid	-	334,928
Associated Company- The Bank of Khyber, First Credit Investment Bank Limited and First National Bank Modarba		
Brokerage earned	1,302,350	450,995
Directors and Chief Executive		
Brokerage earned	54,050	113,632
Funds		
Provident Fund - employer's contribution	1,545,473	1,646,518
Gratuity Fund contribution	1,219,888	1,392,242

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29 **FINANCIAL RISK MANAGEMENT**

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

30 **Risk Management Framework**

The Company is exposed to the following risks in respect of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.1 **Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The risk is generally limited to principal amounts and accrued interest thereon, if any. The company's policy is to enter into financial contracts in accordance with the risk management framework. Out of total assets of Rs. 311 million (2010: Rs. 352 million) the financial assets which are subject to credit risk amounted to Rs. 260 million (2010: 325 million). The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	2011	2010
	(Rupees)	
Long term loans	20,183	69,715
Long term deposits	1,193,585	1,918,568
Trade debts	23,168,193	46,031,531
Loans and advances	1,038,416	1,071,754
Deposits, prepayments and other receivables	10,724,974	69,447
Accrued interest income	4,195,542	2,239,168
Investments	75,000,000	75,000,000
Receivable against margin trading	46,424,464	-
Cash and bank balances	98,831,252	198,775,340
	260,596,609	325,175,523

30.2 **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	2011		
	Carrying Amount	Contractual cash flows	Maturity upto three months
Trade and other payables	32,963,439	32,963,439	32,963,439
	32,963,439	32,963,439	32,963,439

	2010		
	Carrying Amount	Contractual cash flows	Maturity upto three months
Trade and other payables	80,827,151	80,827,151	80,827,151
	80,827,151	80,827,151	80,827,151

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30.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest/mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

30.3.1 *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2011				
	Effective yield / interest rate percent	**Interest / mark-up bearing**		**Non interest / mark-up bearing**	**Total**
		Upto three months	**Between three months to one year**		
		(Rupees)			
On Balance Sheet Assets					
Financial Assets					
Long term loans	-	-	-	20,183	20,183
Long term deposits	-	-	-	1,193,585	1,193,585
Trade debts	-	-	-	23,168,193	23,168,193
Loans and advances	-	-	-	1,038,416	1,038,416
Deposits, prepayments and other receivables	-	-	-	7,972,919	7,972,919
Accrued interest income	-	-	-	4,195,542	4,195,542
Investments	12.10%-12.20%	75,000,000	-	22,295,168	97,295,168
Receivable against margin trading	15%	46,424,464	-	-	46,424,464
Cash and bank balances	5%-9.5%	93,195,843	-	5,644,599	98,840,442
		214,620,307	-	65,528,605	280,148,912
Financial Liabilities					
Trade and other payables	-	-	-	32,963,439	32,963,439
On Balance Sheet Gap		214,620,307	-	32,565,166	247,185,473
Non financial net assets					30,448,098
Total net assets					277,633,571

	2010				
	Effective yield / interest rate percent	Interest / mark-up bearing		Non interest / mark-up bearing	Total
		Upto three months	Between three months to one year		
		(Rupees)			
On Balance Sheet Assets					
Financial Assets					
Long term loans	-	-	-	69,715	69,715
Long term deposits	-	-	-	1,918,568	1,918,568
Trade debts	-	-	-	46,031,531	46,031,531
Loans and advances	-	-	-	1,071,754	1,071,754
Deposits, prepayments and other receivables	-	-	-	69,447	69,447
Accrued interest income	-	-	-	2,239,168	2,239,168
Investments	11.35%-11.50%	25,000,000	50,000,000	209,116	75,209,116
Cash and bank balances	5%-9.5%	187,304,381	-	11,478,459	198,782,840
		212,304,381	50,000,000	63,087,758	325,392,139
Financial Liabilities					
Trade and other payables	-	-	-	80,827,151	80,827,151
On Balance Sheet Gap		212,304,381	50,000,000	(17,739,393)	244,564,988
Non financial net assets					26,761,093
Total net assets					271,326,081

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30.3.2 *Price risk*

Equity price risk is the risk of unfavourable changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities for which prices in the future are uncertain. The Company's policy is to manage price risk through selection of blue chip securities.

Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 22.295 million (2010: Rs 0.209 million) at the balance sheet date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

A 10% increase / decrease in redemption and share prices at year end would have increased / decreased the Company's profit in case of available for sale' investments by increasing / decreasing impairment loss. Held of trading investments are currently not exposed to any price risk since the Company has entered into future sale contract in respect of these securities

		2011	2010
		(Rupees)	
Effect on profit or loss (impairment loss)	*Rupees*	11,728	20,912
Effect on equity	*Rupees*	-	-
Effect on investments	*Rupees*	11,728	20,912

30.3.3 *Currency risk*

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

30.4 **Fair value of financial assets and liabilities**

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in arm's length transaction. The table below analysis financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

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

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

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

Fair value of the financial assets that are traded in active markets are based on quoted market prices.

KPMG

	Level 1	Level 2	Level 3	Total
	(Rupees)			
- Available for sale	117,283	-	-	117,283
- Fair value through profit and loss	22,177,885	-	-	22,177,885

30.5 **Capital risk management**

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

31. NUMBER OF EMPLOYEES

The number of employees at the balance sheet was 54 (2010: 67).

32. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 09 APR 2012.

Chief Executive

Director

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Auditors' Report to the Members

We have audited the annexed Balance Sheet of **Taurus Securities Limited** ("The Company") as at December 31, 2011 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 as applicable in Pakistan 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 the 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 December 31, 2011 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, (XVIII of 1980).

The financial statements of the Company for the year ended December 31, 2010 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated March 7, 2011.

KPMG Taseer Hadi

Date: April 9, 2012

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum