

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **Topline Securities (Private) Limited** ("the Company") as at June 30, 2013; and the 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 purpose of our audit.

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

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

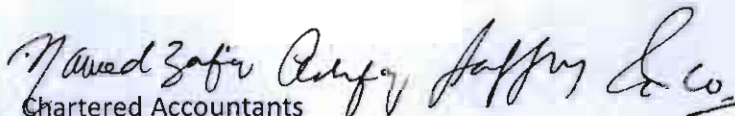
- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - i. the balance sheet and profit and loss account and cash flow statement, together with the notes thereon have been drawn up in conformity with the Companies 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;

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- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and the 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, 2013; and of the profit, its cash flows and changes in equity for the year ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 5.1 to the Financial Statements which indicates company has ascertained the fair market value of its shares through independent valuer and based on the vetting the value between TREC and Long Term Investment has been bifurcated.

The financial statements of the company for the year ended June 30, 2012; were audited by another firm of Chartered Accountants who vide their auditors' report dated September 20, 2012; issued an unqualified opinion on those financial statements.

  
Chartered Accountants  
Engagement Partner - Ashfaq Tola - FCA

Karachi

Dated: 07 OCT 2013

**TOPLINE SECURITIES (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2013**

**TOPLINE SECURITIES (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	4,127,895	4,987,057
Intangible assets	5	21,882,236	80,133,290
		26,010,131	85,120,347
Investments in Karachi Stock Exchange Limited Shares	5.1	58,211,067	-
Long term deposits	6	624,500	623,500
<b>Total non-current assets</b>		<b>84,845,698</b>	<b>85,743,847</b>
<b>Current assets</b>			
Trade debts-considered good	7	163,093,836	59,496,050
Loans and advances	8	206,314	65,745
Trade deposits and short term prepayments	9	107,935,125	54,113,764
Mark-up accrued		-	10,725
Other receivables		237,573	158,656
Investments	10	-	8,973,063
Cash and bank balances	11	21,007,505	23,268,056
<b>Total current assets</b>		<b>292,480,352</b>	<b>146,086,059</b>
<b>Total assets</b>		<b>377,326,050</b>	<b>231,829,906</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized</b>			
12,500,000 (2012: 12,500,000) ordinary shares of Rs. 10 each		125,000,000	125,000,000
Issued, subscribed and paid up capital	12	125,000,000	109,999,430
Unappropriated profit		30,147,628	13,615,223
<b>Total Equity</b>		<b>155,147,628</b>	<b>123,614,653</b>
Surplus on revaluation of fixed assets	13	60,000,000	60,000,000
<b>Non-current liability</b>			
Deferred taxation	14	95,461	173,083
<b>Current liabilities</b>			
Trade and other payables	15	145,946,125	44,362,774
Short term borrowing - secured	16	5,915,112	2,529,332
Mark-up accrued		950,626	534,525
Provision for taxation		9,271,096	615,539
<b>Total current liabilities</b>		<b>162,082,960</b>	<b>48,042,170</b>
<b>Total equity and liabilities</b>		<b>377,326,050</b>	<b>231,829,906</b>

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**TOPLINE SECURITIES (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
Operating revenue	18	109,325,452	52,368,423
Capital gain on sale of investments - net	19	3,137,179	5,301,478
Gain on remeasurement of investments at fair value through profit or loss		-	676,345
		<u>112,462,631</u>	<u>58,346,246</u>
Operating and administrative expenses	20	(53,354,895)	(38,132,749)
<b>Operating profit</b>		<b>59,107,736</b>	<b>20,213,497</b>
Finance cost	21	(3,557,667)	(1,325,682)
		55,550,069	18,887,815
Other operating income	22	5,310,201	2,522,402
<b>Profit before taxation</b>		<b>60,860,270</b>	<b>21,410,217</b>
Taxation	23	(19,427,346)	(5,746,823)
<b>Profit for the year</b>		<b>41,432,924</b>	<b>15,663,394</b>

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CHIEF EXECUTIVE

DIRECTOR

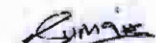
**TOPLINE SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2013**

	2013 Rupees	2012 Rupees
Profit for the year	41,432,924	15,663,394
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>41,432,924</u></b>	<b><u>15,663,394</u></b>

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The annexed notes 1 to 31 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

**TOPLINE SECURITIES (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		60,860,270	21,410,217
<b>Adjustments for:</b>			
Depreciation	4	1,031,364	1,083,564
Amortization of software	5	39,987	57,124
Assets - written off	20	13,849	250,000
Loss on disposal		2,950	
Gain on remeasurement of investments		-	(676,345)
Finance cost	21	3,557,667	1,325,682
		<u>4,645,817</u>	<u>2,040,025</u>
<b>Operating profit before working capital changes</b>		<b>65,506,087</b>	<b>23,450,242</b>
<b>Working Capital changes</b>			
<b>(Increase) / Decrease in current assets</b>			
Trade debts-considered good		(103,597,786)	(26,218,389)
Loans and advances		(140,569)	1,093,954
Trade deposits and short term prepayments		(53,821,361)	(33,487,513)
Mark-up accrued		10,725	154,247
Other receivables		(78,917)	195,938
		<u>(157,627,907)</u>	<u>(58,261,763)</u>
<b>Increase / (Decrease) in current liabilities</b>			
Trade and other payables		101,583,351	11,909,275
		<u>9,461,531</u>	<u>(22,902,246)</u>
Long term deposits		(1,000)	2,600
Financial charges paid		(3,141,566)	(794,770)
Income tax paid		(10,849,411)	(5,141,553)
<b>Net cash (used in) operating activities</b>		<b>(4,530,446)</b>	<b>(28,835,969)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(221,400)	(2,042,560)
Insurance claim received against mobile		32,400	-
Proceeds from sale / (purchase) of investments- net		8,973,063	12,308,226
<b>Net cash generated from investing activities</b>		<b>8,784,063</b>	<b>10,265,666</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(9,899,948)	-
Short term borrowings-net		3,385,780	1,543,532
<b>Net cash (used in) / generated from financing activities</b>		<b>(6,514,168)</b>	<b>1,543,532</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,260,551)</b>	<b>(17,026,771)</b>
Cash and cash equivalents at the beginning of the year		23,268,056	40,294,827
<b>Cash and cash equivalents at the end of the year</b>	24	<b>21,007,505</b>	<b>23,268,056</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**TOPLINE SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2013**

	Issued, Subscribed and paid up capital	Unappropriated Profit / Accumulated (Loss) Rupees	Total
Balance as on June 30, 2011	109,999,430	(2,048,171)	107,951,259
<i>Total comprehensive income for the year</i>	-	15,663,394	15,663,394
<b>Balance as at June 30, 2012</b>	<b>109,999,430</b>	<b>13,615,223</b>	<b>123,614,653</b>
Interim cash dividend @ 0.9 per share		(9,899,948)	(9,899,948)
Interim Bonus Issue @ 13.636952 %	15,000,570	(15,000,570)	-
<i>Total comprehensive income for the year</i>	-	41,432,924	41,432,924
<b>Balance as at June 30, 2013</b>	<b>125,000,000</b>	<b>30,147,628</b>	<b>155,147,628</b>

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CHIEF EXECUTIVE

*Ranjit*  
DIRECTOR