ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED

Financial Statements
For the year ended June 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Icon Capital Management (Private) Limited** as at June 30, 2014 and the related profit and loss account, cash flow statement and changes in equity together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of 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 account and are further in accordance with accounting policies consistently applied;

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(ii) the expenditure incurred during the period was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the eriod 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, cash flow statement and changes in equity account 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, 2014 and of the loss for the period 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 ACCOUNTANT

Haroon Zakaria & Co.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 02 OCT 2014

Engagement Partner:
Muhammad Yameen

ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	(Restated) 2013 Rupees
ASSETS			
Non-Current Assets			
Property and equipments	5	**15,424,326**	15,931,698
Intangibles	6	**3,450,000**	3,490,000
Investments	7	**6,630,000**	7,457,269
Long term deposit	8	**900,000**	900,000
		26,404,326	27,778,967
Current Assets			
Trade debts	9	**815,395**	-
Advances, deposits and other receivable		**26,487**	97,215
Short term investments	10	**16,835**	-
Cash and bank balance	11	**14,840,023**	6,276,984
		15,698,740	6,374,199
Total Assets		**42,103,066**	34,153,166
CAPITAL AND LIABILITIES			
Authorized Capital			
5,000,000 Ordinary shares of Rs. 10 each		**50,000,000**	50,000,000
Issued, subscribed and paid-up capital	12	**25,000,000**	25,000,000
Unappropriated loss		**(1,514,956)**	(1,292,963)
		23,485,044	23,707,037
Long Term Liabilities			
Advance against shares		**2,500,000**	2,500,000
Loan from shareholder		**6,400,000**	6,400,000
Differed tax liability	13	**1,119,311**	1,072,796
		10,019,311	9,972,796
Current Liabilities			
Trade and other payables	14	**8,478,498**	383,382
Provision for taxation	15	**120,213**	89,951
		8,598,711	473,333
Total Capital and Liabilities		**42,103,066**	34,153,166

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

S.A.Khan

Chief Executive | *Director*

ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	(Restated) 2013 Rupees
Revenue	16	**4,723,979**	3,719,836
Operating expenses	17	**(6,492,921)**	(4,202,257)
		(1,768,942)	(482,421)
Capital gain		**1,182,961**	1,715,504
Unrealised gain		**7,005**	-
Other income		**469,438**	-
(Loss) / profit before taxation		**(109,538)**	1,233,083
Taxation	18	**(112,455)**	(1,182,758)
(Loss) / profit after taxation		**(221,993)**	50,325
Other comprehensive income		-	-
Total other comprehensive (loss) / income		**(221,993)**	50,325

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

Chief Executive *Director*

ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	**(109,538)**	1,233,083
Adjustment for non-cash charges and other items		
Depreciation	**581,822**	601,962
Amortization	**40,000**	40,000
	621,822	641,962
	512,284	1,875,045
Changes in Working Capital:		
(Increase) / decrease in current assets		
Advances, deposits and other receivable	**70,728**	414,219
Trade debts	**(815,395)**	-
Increase / (decrease) in current liabilities		
Trade and other payables	**8,095,116**	102,917
	7,350,449	517,136
Taxes paid	**(35,678)**	(11,374)
Long term deposits - net	-	2,500
Cash generated from in operations	**7,827,055**	2,383,307
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	**(74,450)**	(11,400,000)
Intangible	-	10,000,000
Investments- net	**810,434**	1,277,430
Net cash generated from / (used in) investing activities	**735,984**	(122,570)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of loan	-	1,400,000
Net cash generated from financing activities	-	1,400,000
Net increase in cash and cash equivalents (A+B+C)	**8,563,039**	3,660,737
Cash and cash equivalents at beginning of year	**6,276,984**	2,616,247
Cash and cash equivalents at end of year	**14,840,023**	6,276,984

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

Chief Executive *Director*

ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share capital	Revenue Unappropriated profit/ (loss)	Total
	-------- Rupees --------		
Balance as at June 30, 2012	25,000,000	(1,343,288)	23,656,712
Profit for the year - restated	-	50,325	50,325
Balance as at June 30, 2013	25,000,000	(1,292,963)	23,707,037
Loss for the year	-	**(221,993)**	**(221,993)**
Balance as at June 30, 2014	**25,000,000**	**(1,514,956)**	**23,485,044**

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

Chief Executive *Director*

1 *LEGAL STATUS AND NATURE OF BUSINESS*

Icon Capital Management (Private) Limited (the Company) was incorporated in Pakistan on March 14, 2011 as a private limited company under the Companies Ordinance, 1984 (the Ordinance). The principal objects of the Company include share brokerage, money market transactions, consultancy services, underwriting etc. The registered office of the Company is situated at The registered address of the Company is Room No. 147, 3rd floor, Karachi Stock Exchange Building, Karachi.

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 Accounting and Financial Reporting Standard for Economically Significant Entities issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 *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.

2.3 *Functional and presentation currency*

The financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

2.4 *Use of 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: -

- Useful lives and residual values of property and equipment (note 3.1)
- Impairment of intangibles (note 3.2)
- Investment classification (note 3.3)
- Provision for taxation (note 3.7)
- Impairment of investments and tangible assets (note 3.9)

2.5 *Accounting convention*

These financial statements have been prepared under the historical cost convention.

2.6 *New, revised and amended standards and interpretations*

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

- IAS 19 Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects

- IAS 28 Investments in Associates and Joint Ventures (2011) - 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.

- IFRS 7 Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – 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.

2.7 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IAS 32 -Offsetting Financial Assets and Financial Liabilities. 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.

- IAS 39 Amendments for novations of derivatives and continuation of hedge accounting. The amendments addresses circumstances when a hedging instrument is required to be novated to the central counter party as a result of laws and regulations.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on financial statements of the Company.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). The amendment has no impact on financial statements of the Company.

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

Standards	*Title of standard*	*IASB Effective date (annual periods beginning on or after*
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with	January 01, 2017

3 *CORRECTION OF PRIOR PERIOD ERROR*

The deferred tax liability related to temporary difference arises during the year ended June 30, 2013 was not recognised in prior year financial statements owing to which the financial statement of last year as shown in comparatives in this financial statements have been restated. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" this error is corrected by recognising deferred tax liability and deferred tax charge of the previous reported period. The effect of the restatement on previous financial statements are summarised below.

	Rupees
Increase in deferred tax charge - Profit & Loss account - June 30, 2013	1,072,796
Decrease in statement of changes in equity due to reduction in profit- June 30, 2013	1,072,796
Increase in deferred tax liability - Balance Sheet - June 30, 2013	1,072,796

4 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

4.1 *Property and Equipment*

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

The depreciation is charged to income applying reducing balance method at the rates specified in relevant note. Full years depreciation has been charged on additions during the year while no depreciation is charged on assets disposed off during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

4.2 *Intangible Assets*

Trading Rights Entitlement Certificate

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

4.3 *Investments*

The management of the company determines the appropriate classification of the investments at the time of purchase or increase in holdings and classifies/reclassifies its investment as at fair value through profit or loss and available for sale.

Unquoted investments, for which active market does not exist and fair value cannot be reasonably calculated are carried at cost, impairment in value, if any, is taken to profit or loss account currently.

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). The investment for which a quoted market price is not available, are measured at cost unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision. 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.

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 includes 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.

Investments available-for-sale

Available for sale investments are those non derivative Investments that are designated as available for sale or are not classified in any other category. These are measured initially and subsequent to the initial recognition at fair value plus, 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 and, until the derecognisION 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.

4.4 *Advances*

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

4.5 *Cash and cash equivalents*

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

4.6 *Trade and other payables*

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received up to the year end, whether or not billed to the Company.

4.7 *Taxation*

Current

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

4.8 *Revenue*

Brokerage commission is recognized as and when services have been provided.

Dividend income on equity investments is recognized, when the right to receive the same is established.

Income on placement of funds is recognized on receipt basis.

Gain or loss from re-measurement of investment is recognized at year end.

4.9 *Impairment*

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization. if no impairment loss had been recognized.

4.10 *Related party transactions*

All transactions with related parties are carried out by the Company at arms' length price using the admissible pricing method.

	Note	2014 Rupees	2013 Rupees

5 PROPERTY AND EQUIPMENTS

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	5.1	**10,424,326**	10,931,698
Advance against rooms - Pakistan Mercantile Exchange Limited		**5,000,000**	5,000,000
		15,424,326	15,931,698

5.1 *Operating fixed assets*

Particular	Owned Offices	Owned Computers	Owned Office Equipment	Total
	Rupees			
Net book value as at June 30, 2012	-	92,980	40,680	133,660
Additions	11,400,000	-	-	11,400,000
Depreciation charged	(570,000)	(27,894)	(4,068)	(601,962)
Net book value as at June 30, 2013	10,830,000	65,086	36,612	10,931,698
Additions	-	48,450	26,000	74,450
Depreciation charged	(541,500)	(34,061)	(6,261)	(581,822)
Net book value as at June 30, 2014	**10,288,500**	**79,475**	**56,351**	**10,424,326**
At June 30, 2013				
Cost	11,400,000	132,829	45,200	11,578,029
Accumulated depreciation	(570,000)	(67,743)	(8,588)	(646,331)
Net book value	10,830,000	65,086	36,612	10,931,698
At June 30, 2014				
Cost	11,400,000	181,279	71,200	11,652,479
Accumulated depreciation	(1,111,500)	(101,804)	(14,849)	(1,228,153)
Net book value	**10,288,500**	**79,475**	**56,351**	**10,424,326**
Rate of depreciation %	**5%**	**30%**	**10%**	

6 INTANGIBLES

	Note	2014 Rupees	2013 Rupees
Software	6.1	**80,000**	120,000
Membership cards	6.2	**3,370,000**	3,370,000
		3,450,000	3,490,000

6.1 *Software*

	2014 Rupees	2013 Rupees
Year ended June 30, 2014		
Opening net book value	**120,000**	160,000
Amortization charge	**(40,000)**	(40,000)
Closing net book value	**80,000**	120,000
As at June 30, 2014		
Cost	**200,000**	200,000
Accumulated amortization	**(120,000)**	(80,000)
	80,000	120,000

	Note	2014 Rupees	2013 Rupees
6.2 *Membership card and rooms*			
- Membership card of Pakistan Mercantile Exchange Ltd.		**2,500,000**	2,500,000
- Trading Rights Entitlement Certificate (TREC)		**870,000**	870,000
		3,370,000	3,370,000

7 *INVESTMENTS*

- Available for sale - at cost - Unquoted

2014	*2013*		Note		
Number of Shares					
3,034,603	3,034,603	Islamabad Stock Exchange Limited	7.1	**6,630,000**	6,630,000
-	589	Sukuk – Maple leaf		-	827,269
				6,630,000	7,457,269

7.1 Investment in unlisted company is carried at cost, as the fair value can not be reliably measured on account of limitation of trading in active market. 60% of the shares are in sub - account under Islamabad Stock Exchange participation. 40% of total shares have been credited to the Company's CDC account which are under pledge in favor of Islamabad Stock Exchange Limited.

	Note	2014 Rupees	2013 Rupees
8 *LONG TERM DEPOSITS*			
Central Depository Company Limited		**100,000**	100,000
National Clearing Company of Pakistan Limited		**300,000**	300,000
Pakistan Mercantile Exchange Clearing Deposit		**500,000**	500,000
		900,000	900,000
9 *ADVANCES, DEPOSITS AND OTHER RECEIVABLE*			
Advances - considered good		**12,353**	12,353
Deposits		-	69,091
Other receivable		**14,134**	15,771
		26,487	97,215
10 *SHORT TERM INVESTMENTS*			
Held for trading - through profit and loss			
In quoted securities	10.1	**16,835**	-

10.1 In quoted securities

2014 Number of Shares	2013	Name of Security	Note	Market value 2014 Rupees	Market value 2013 Rupees
500	-	Ghandhara Industries Limited		**16,835**	-

11 CASH AND BANK BALANCES

	Note	2014	2013
Cash in hand		-	103
Cash at bank			
in current accounts		**80,044**	2,086,989
in deposit accounts	11.1	**14,759,979**	4,189,892
		14,840,023	6,276,881
		14,840,023	6,276,984

11.1 The deposit account carries markup rate ranging from 5% to 10% (2013 : 5% to 10%).

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014 Number of Shares	2013		2014 Rupees	2013 Rupees
500,000	500,000	Ordinary shares of Rs.10 each fully paid in cash	**5,000,000**	5,000,000
2,000,000	2,000,000	Ordinary shares of Rs.10 each fully paid against membership cards and offices	**20,000,000**	20,000,000
2,500,000	2,500,000		**25,000,000**	25,000,000

13 DEFERRED TAX LIABILITIES

This comprises of the following:

Taxable temporary differences		
Accelerated depreciation for tax purposes	**1,119,311**	1,072,796

14 TRADE AND OTHER PAYABLES

Trade creditors	**8,103,344**	188,501
Accrued liabilities	**375,154**	99,180
Withholding tax payable	-	95,701
	8,478,498	383,382

	Note	2014 Rupees	2013 Rupees

15 PROVISION FOR TAXATION

Balance as at July 01		**89,951**	8,637
Paid / deducted during the period		**(35,678)**	11,374
Prior year		**(75,426)**	-
		(21,153)	20,011
Provision for taxation		**141,366**	(109,962)
Balance as at June 30		**120,213**	89,951

16 REVENUE

Brokerage income		**5,264,345**	2,906,421
Dividend income		**-**	250
Interest income on TFC		**-**	732,514
Profit on bank deposit		**179,923**	80,651
		5,444,268	3,719,836
Sales tax related to Brokerage income		**(720,289)**	-
		4,723,979	3,719,836

17 OPERATING EXPENSES

Salaries		**1,787,000**	1,865,853
Printing and stationary		**48,979**	28,219
PMX charges		**11,750**	30,200
CDC charges		**96,011**	57,930
Postage and telephone		**127,560**	122,885
Commission expenses		**3,158,612**	1,022,063
Legal and professional charges		**70,500**	62,500
Insurance expense		**24,190**	-
Conveyance		**14,717**	8,031
Fees and subscription		**331,776**	167,496
Auditors' remuneration		**65,000**	35,000
Repair and maintenance		**6,650**	41,130
Depreciation	4.1	**581,822**	601,962
Amortization		**40,000**	40,000
Software maintenance charges		**76,575**	100,000
Miscellaneous expenses		**51,779**	18,989
		6,492,921	4,202,257

18 TAXATION

Current year		**141,366**	109,962
Deferred		**46,515**	1,072,796
Prior year		**(75,426)**	-
		112,455	1,182,758

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

FINANCIAL ASSETS AND LIABILITIES

	2014 Rupees	2013 Rupees
Financial assets		
Investments	**6,630,000**	7,457,269
Long term deposits	**900,000**	900,000
Advances, deposits and other receivable	**26,487**	97,215
Cash and bank balances	**14,840,023**	6,276,984
	22,396,510	14,731,468
Financial Liabilities		
Loan from shareholder	**6,400,000**	6,400,000
Trade and other payables	**8,478,498**	383,382
	14,878,498	6,783,382

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained below: -

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. All treasury related transactions are carried out within the parameters of these policies.

19.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

	Note	2014 Rupees	2013 Rupees
Long term investments	7	**6,630,000**	7,457,269
Long term deposits	8	**900,000**	900,000
Advances, deposits and other receivable	9	**26,487**	97,215
Cash at banks	11	**14,840,023**	6,276,984

19.2 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

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

	2014			
	Carrying Amount	*Contractual cash flows*	*Upto one year*	*More than one year*
	Rupees			
Financial liabilities				
Loan from shareholder	**6,400,000**	**6,400,000**	**-**	**6,400,000**
Trade and other payables	**8,478,498**	**8,478,498**	**8,478,498**	**-**
	14,878,498	**14,878,498**	**8,478,498**	**6,400,000**

	2013			
	Carrying Amount	*Contractual cash flows*	*Upto one year*	*More than one year*
	Rupees			
Financial liabilities				
Loan from shareholder	6,400,000	6,400,000	-	6,400,000
Trade and other payables	383,382	383,382	383,382	-
	6,783,382	6,783,382	383,382	6,400,000

19.3 *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 optimizing 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:-

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. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

Interest / mark up rate risk

Financial assets and liabilities include balances of Rs.14.76 million (2013 : Rs.4.19 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

	2014	2013	2014	2013
	Effective interest rate (in %)		*Carrying amount*	
Financial assets				
Cash and bank balances	**5% to 10%**	5% to 10%	**14,759,979**	4,189,892

Sensitivity analysis

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect profit and loss account and equity.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bp	
	increase	*decrease*
As at June 30, 2014		
Cash flow sensitivity -Variable rate financial instruments	**1,413**	(1,413)
As at June 30, 2013		
Cash flow sensitivity -Variable rate financial instruments	**1,577**	(1,577)

Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable which if not, impairment loss has been recognised and other opportunities may be considered. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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 except for, unquoted associates which are carried at fair value determined through latest sales price. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. 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. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes Company's equity price risk as of June 30, 2014 and 2013 and shows the effects of hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worst because of the nature of the equity market and aforementioned concentrations existing in company's equity investment portfolio.

	Fair Value Rupees	***Hypothetical price change***	***Estimated fair value after hypothetical change in prices Rupees***	***Hypothetical increase (decrease) in Shareholders' Equity Rupees***
June 30, 2014	**6,630,000**	**10% increase**	**7,293,000**	**663,000**
		10% decrease	**5,967,000**	**(663,000)**
June 30, 2013	7,457,269	10% increase	8,202,996	745,727
		10% decrease	6,711,542	(745,727)

20 *CAPITAL RISK MANAGEMENT*

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2014.

The Company monitors capital by effective control over expenses and investment. Therefore no debt is taken by the company.

21 *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: -

	2014 Rupees	2013 Rupees
Transactions with associates		
Sale of securities	**85,970,545**	29,337,129
Purchase of securities	**161,610,095**	15,797,385

22 *OPERATING SEGMENT*

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company at June 30, 2014 are located in Pakistan.

23 *NUMBER OF EMPLOYEES*

	2014	2013
Number of employees as at	3	3
Average number of employees	3	3

24 *DATE OF AUTHORIZATION FOR ISSUE*

The financial statements were approved by the Board of Directors and were authorized for issue on 02 OCT 2014.

25 *GENERAL*

Figures have been rounded off to the nearest rupee.

Chief Executive

S.A.Khan
Director