

BARDOON ZAKARIA & COMPANY  
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have examined the financial statements prepared by the Management (Private) Limited for the year ended June 30, 2015 and the related financial statements for the corresponding period, and we found them to be in accordance with the accounting principles and practices generally accepted in the Republic of Uganda, and we are satisfied that the financial statements present a true and fair view of the financial position and performance of the Company for the year ended June 30, 2015 and the corresponding period.

We also examined the financial statements for the year ended June 30, 2014 and the corresponding period, and we found them to be in accordance with the accounting principles and practices generally accepted in the Republic of Uganda, and we are satisfied that the financial statements present a true and fair view of the financial position and performance of the Company for the year ended June 30, 2014 and the corresponding period.

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**ICON CAPITAL MANAGEMENT  
(PRIVATE) LIMITED**

**Financial Statements  
For the year ended June 30, 2015**

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# HAROON ZAKARIA & COMPANY

CHARTERED ACCOUNTANTS

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Icon Capital Management (Private) Limited** as at June 30, 2015 and the related profit and loss account, statement of other comprehensive income, cash flow statement and changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of 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;



**HAROON ZAKARIA & COMPANY**  
Chartered Accountants

BALANCE SHEET  
AS AT JUNE 30, 2015

Continuation Sheet.....

(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, statement of other comprehensive income, 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, 2015 and of the profit 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).

*H. Haroon Zakaria & Co.*  
**Haroon Zakaria & Company**  
Chartered Accountants

**Place: Karachi**  
**Dated: 02 OCT 2015**

**Engagement Partner:**  
**Muhammad Yameen**

Faint background table with columns for descriptions and numerical values. Visible rows include: Non-Current Assets, Property and equipment, Intangible Assets, Current Assets, Trade receivables, Stock, Bank balances, Total Assets, Authorized Capital, Issued, subscribed and paid up capital, Share premium, Loans from shareholders, Dividend payable, Current Liabilities, Trade and other payables, Provision for taxation, Contingency and Commitment, Total Capital and Liabilities.

**ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2015**

	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipments	4	15,459,858	15,424,326
Intangibles	5	9,410,000	3,450,000
Investments	6	6,630,000	6,630,000
Long term deposit	7	1,484,650	900,000
		32,984,508	26,404,326
<b>Current Assets</b>			
Trade debts	8	4,926,557	815,395
Advances, deposits and other receivable	9	1,726,014	26,487
Short term investments	10	5,072,420	16,835
Bank balances	11	8,034,691	14,840,023
		19,759,682	15,698,740
<b>Total Assets</b>		52,744,190	42,103,066
<b><u>CAPITAL AND LIABILITIES</u></b>			
<b>Authorized Capital</b>			
5,000,000 Ordinary shares of Rs.10 each		50,000,000	50,000,000
Issued, subscribed and paid-up capital	12	50,000,000	25,000,000
Unappropriated loss		(1,250,290)	(1,514,956)
		48,749,710	23,485,044
<b>Long Term Liabilities</b>			
Advance against shares		-	2,500,000
Loan from shareholder		-	6,400,000
Differed tax liability	13	1,080,709	1,119,311
		1,080,709	10,019,311
<b>Current Liabilities</b>			
Trade and other payables	14	2,900,139	8,478,498
Provision for taxation	15	13,632	120,213
		2,913,771	8,598,711
<b>Contingency and Commitment</b>			
	16		
<b>Total Capital and Liabilities</b>		52,744,190	42,103,066

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

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**ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
Operating revenue	17	4,240,419	2,829,219
Capital gain on sale of investment - net		1,053,683	1,182,961
Gain on re-measurement of investments carried at fair value through profit or loss - net		199,904	7,005
<b>Total comprehensive income / (loss) for the year</b>		<u>5,494,006</u>	<u>4,019,185</u>
Administrative and operating expenses	18	(5,199,626)	(4,778,084)
Other income	19	555,773	649,361
Finance cost		(596,648)	-
<b>Profit / (loss) before taxation</b>		<u>253,505</u>	<u>(109,538)</u>
Taxation - net	20	11,161	(112,455)
<b>Profit / (loss) after taxation</b>		<u><u>264,666</u></u>	<u><u>(221,993)</u></u>

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

  
 \_\_\_\_\_  
 Chief Executive

  
 \_\_\_\_\_  
 Director

**ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	2015 Rupees	2014 Rupees
<b>Profit / (loss) after taxation</b>	264,666	(221,993)
Other comprehensive income for the year	-	-
<b>Total comprehensive income / (loss) for the year</b>	264,666	(221,993)

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

  
 \_\_\_\_\_  
 Chief Executive

  
 \_\_\_\_\_  
 Director

**ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	2015 Rupees	2014 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) after taxation	253,505	(109,538)
Adjustment for non-cash charges and other items		
Depreciation	567,518	581,822
Amortization	40,000	40,000
	<u>607,518</u>	<u>621,822</u>
	₹ 861,023	512,284
<b>Changes in Working Capital:</b>		
<b>(Increase) / decrease in current assets</b>		
Advances, deposits and other receivable	(1,699,527)	70,728
Trade debts	(4,111,162)	(815,395)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(5,578,359)	8,095,116
	<u>(11,389,048)</u>	<u>7,350,449</u>
Taxes paid	(134,022)	(35,678)
Long term deposits - net	(584,650)	-
<b>Net cash (used in) / generated from in operations</b>	<u>(11,246,697)</u>	<u>7,827,055</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(603,050)	(74,450)
Intangible	(6,000,000)	-
Investments- net	(5,055,585)	810,434
<b>Net cash (used in) / generated from investing activities</b>	<u>(11,658,635)</u>	<u>735,984</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital	25,000,000	-
Repayment of loan	(8,900,000)	-
<b>Net cash generated from financing activities</b>	<u>16,100,000</u>	<u>-</u>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<u>(6,805,332)</u>	<u>8,563,039</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>14,840,023</u>	<u>6,276,984</u>
<b>Cash and cash equivalents at end of year</b>	<u>8,034,691</u>	<u>14,840,023</u>

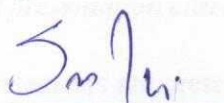
The annexed notes form an integral part of the financial statements.



**ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Share capital	Revenue	Total
		Unappropriated (loss) / profit	
----- Rupees -----			
<b>Balance as at June 30, 2013</b>	25,000,000	(1,292,963)	23,707,037
Loss for the year	-	(221,993)	(221,993)
<b>Balance as at June 30, 2014</b>	25,000,000	(1,514,956)	23,485,044
Issue of share capital	25,000,000	-	25,000,000
Profit for the year	-	264,666	264,666
<b>Balance as at June 30, 2015</b>	<b>50,000,000</b>	<b>(1,250,290)</b>	<b>48,749,710</b>

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

  
 \_\_\_\_\_  
 Chief Executive

  
 \_\_\_\_\_  
 Director



**ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**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 such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail

**2.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies Further accrual basis of accounting is followed in the preparation of these financial statements.

**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



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).



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.

<i>Standards</i>	<i>Title of standard</i>	<i>IASB Effective date (annual periods beginning on or after</i>
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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 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.

#### 3.2 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 recoverable amount, it is written down to its estimated recoverable amount.

#### 3.3 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



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 derecognition at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. Dividend on these investment are recognised in profit and loss as per revenue recognition policy of The Company.

#### **3.4 *Advances***

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

#### **3.5 *Cash and cash equivalents***

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

#### **3.6 *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.

#### **3.7 *Taxation***

##### ***Current***

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

#### **3.8 *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.

#### **3.9 *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



### ***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	2015 Rupees	2014 Rupees
<b>4 PROPERTY AND EQUIPMENTS</b>			
Operating fixed assets	4.1	9,959,858	10,424,326
Capital work-in-progress	4.2	5,500,000	5,000,000
		<u>15,459,858</u>	<u>15,424,326</u>

#### 4.1 Operating fixed assets

Particular	Owned			Total
	Offices	Computers	Office Equipment	
----- Rupees -----				
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
Additions	-	66,550	36,500	103,050
Depreciation charged	(514,425)	(43,808)	(9,285)	(567,518)
Net book value as at June 30, 2015	<u>9,774,075</u>	<u>102,217</u>	<u>83,566</u>	<u>9,959,858</u>
<b>At June 30, 2014</b>				
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
<b>At June 30, 2015</b>				
Cost	11,400,000	247,829	107,700	11,755,529
Accumulated depreciation	(1,625,925)	(145,612)	(24,134)	(1,795,671)
Net book value	<u>9,774,075</u>	<u>102,217</u>	<u>83,566</u>	<u>9,959,858</u>
Rate of depreciation %	5%	30%	10%	

	Note	2015 Rupees	2014 Rupees
<b>4.2 Capital work-in-progress</b>			
Advance against rooms - Pakistan Mercantile Exchange Limited		5,000,000	5,000,000
Advance against capital expenditure		500,000	-
		<u>5,500,000</u>	<u>5,000,000</u>

#### 5 INTANGIBLES

Software	5.1	40,000	80,000
Membership cards and trading right			



	Note	2015 Rupees	2014 Rupees
<b>5.1 Software</b>			
<b>Year ended June 30, 2014</b>			
Opening net book value		80,000	120,000
Additions		-	-
Amortization charge		(40,000)	(40,000)
Closing net book value		<u>40,000</u>	<u>80,000</u>
<b>As at June 30, 2014</b>			
Cost		200,000	200,000
Accumulated amortization		(160,000)	(120,000)
		<u>40,000</u>	<u>80,000</u>
<b>Year ended June 30, 2013</b>			
Opening net book value			
Addition		200,000	200,000
Amortization charge		(40,000)	(40,000)
Closing net book value		<u>160,000</u>	<u>160,000</u>
<b>As at June 30, 2012</b>			
Cost		200,000	200,000
Accumulated amortization		(40,000)	(40,000)
		<u>160,000</u>	<u>160,000</u>
Rate of amortization (%)		20%	20%

**5.2 Membership card and trading right entitlement certificates**

**Membership card**

- Membership card of Pakistan Mercantile Exchange Ltd.		2,500,000	2,500,000
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**Trading right entitlement certificates**

- Karachi Stock Exchange Limited		6,000,000	-
- Islamabad Stock Exchange Limited	5.2.1	870,000	870,000
		<u>6,870,000</u>	<u>870,000</u>
		<u>9,370,000</u>	<u>3,370,000</u>

5.2.1 The trading right entitlement certificate has been pledged with Islamabad Stock Exchange Limited against base minimum capital requirement.

**6 INVESTMENTS**

- Available for sale - at cost - Unquoted

2015 Number of Shares	2014 Number of Shares	Note	2015 Rupees	2014 Rupees
3,034,603	3,034,603	Islamabad Stock Exchange		

6.1 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	2015 Rupees	2014 Rupees
<b>7 LONG TERM DEPOSITS</b>			
Central Depository Company Limited		100,000	100,000
National Clearing Company of Pakistan Limited		500,000	300,000
Pakistan Mercantile Exchange Clearing Karachi Stock Exchange		500,000	500,000
		<u>384,650</u>	-
		<u>1,484,650</u>	<u>900,000</u>

**8 TRADE DEBTS**

Considered good

4,926,557      815,395

8.1 This includes Rs. 4.806 million (2014 : Nil) due from chief executive officer of the company.

**9 ADVANCES, DEPOSITS AND OTHER RECEIVABLE**

Advances - considered good

-      12,353

Bank profit receivable

10,198      14,134

Capital gain tax refundable

1,159      -

Other receivable

9.1      1,714,657      -

1,726,014      26,487

9.1 This represents amount due from chief executive officer of the company.

**10 SHORT TERM INVESTMENTS**

Held for trading - through profit and loss

In quoted securities

10.1      5,072,420      16,835

**10.1 In quoted securities**

2015	2014	Name of Security	Market value	
			2015 Rupees	2014 Rupees
10,000	-	Engro Fertilizers Limited	886,900	-
13,000	-	Nishat Mills Limited	1,484,990	-
7,000	-	Pakistan State Oil Company Limited	2,700,530	-
-	500	Ghandhara Industries Limited	-	16,835



	Note	2015 Rupees	2014 Rupees
<b>11 BANK BALANCES</b>			
in current accounts		3,079,774	80,044
in deposit accounts	11.1	4,954,917	14,759,979
		<u>8,034,691</u>	<u>14,840,023</u>

11.1 The deposit account carries markup rate ranging from 8% to 9.5% (2014 : 5% to 10%).

## 12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015 Number of Shares	2014 Number of Shares		2015 Rupees	2014 Rupees
3,000,000	500,000	Ordinary shares of Rs.10 each fully paid in cash	30,000,000	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
<u>2,500,000</u>	<u>2,500,000</u>		<u>50,000,000</u>	<u>25,000,000</u>

### 12.1 Reconciliation of issued, subscribed and paid-up capital

Opening balance	5,000,000	5,000,000
Issued as fully paid in cash	25,000,000	-
	<u>30,000,000</u>	<u>5,000,000</u>

## 13 DEFERRED TAX LIABILITIES

This comprises of the following:

### Taxable temporary differences

Accelerated depreciation for tax purposes

1,153,524 1,119,311

### Deductible temporary differences

Impairment of intangible

(25,600) -

Minimum tax impact

(47,215) -

Tax losses

(879,137) (1,150,796)

Un recognized deferred tax asset

879,137 1,150,796

(72,815) -

1,080,709 1,119,311

Note

13.1

13.1 The deferred tax asset of Rs. 0.879 million (2014: Rs. 1.15 million) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

## 14 TRADE AND OTHER PAYABLES

	2015 Rupees	2014 Rupees
Trade creditors	1,379,375	8,103,344
Accrued liabilities	1,383,157	375,154
Sales tax payable	137,607	-

	Note	2015 Rupees	2014 Rupees
<b>15 PROVISION FOR TAXATION</b>			
Balance as at July 01		120,213	89,951
Paid / deducted during the period		(134,022)	(35,678)
Prior year		(72,998)	(75,426)
		(86,807)	(21,153)
Provision for taxation		100,439	141,366
<b>Balance as at June 30</b>		<b>13,632</b>	<b>120,213</b>

#### 16 CONTINGENCY AND COMMITMENT

##### Contingency

Guarantee issued by bank on behalf of the Company	16.1	<b>31,000,000</b>	-
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16.1 The above guarantee facility has been secured against pledged of quoted shares of equivalent value owned by associate company M/S Icon Securities (Pvt) Limited. The aforesaid guarantee has been furnished to Karachi Stock Exchange Limited.

16.2 The Company has pledged quoted shares amounting to Rs. 27.269 million in favour of Karachi Stock Exchange against Exposure Limit. The above stated shares are owned by the major shareholder of the company.

	Note	2015 Rupees	2014 Rupees
<b>17 OPERATING REVENUE</b>			
Brokerage income		8,052,405	5,264,345
Dividend income		82,500	-
		8,134,905	5,264,345
Sales tax related to Brokerage income		(1,000,977)	(720,289)
Commission		(2,893,509)	(1,714,837)
		(3,894,486)	(2,435,126)
		4,240,419	2,829,219

#### 18 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries		1,862,316	1,787,000
Printing and stationary		130,265	48,979
C.D.C & clearing house charges		419,979	96,011
Postage and telephone		202,620	127,560
Legal and professional charges		112,800	70,500
Insurance expense		19,673	24,190
Conveyance		18,550	14,717
Membership, fees and other subscription		699,944	343,526
Auditors' remuneration		80,000	65,000
Repair and maintenance		8,100	6,650
Depreciation	4.1	567,518	581,822
Amortization		40,000	40,000
Software maintenance charges		60,000	76,575
Communication expenses		62,848	-
Bad debt expense		206,860	-
Sales tax penalty		100,000	-
Miscellaneous expenses		54,566	51,779



	2015 Rupees	2014 Rupees
<b>19 OTHER INCOME</b>		
Liabilities written back	-	469,438
Profit on savings account	555,773	179,923
	<u>555,773</u>	<u>649,361</u>

## 20 TAXATION

Current year	100,439	141,366
Deferred	(38,602)	46,515
Prior year	(72,998)	(75,426)
	<u>(11,161)</u>	<u>112,455</u>

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### FINANCIAL ASSETS AND LIABILITIES

#### Financial assets

Investments	6,630,000	6,630,000
Long term deposits	1,484,650	900,000
Advances, deposits and other receivable	1,726,014	26,487
Cash and bank balances	8,034,691	14,840,023
	<u>17,875,355</u>	<u>22,396,510</u>

#### Financial Liabilities

Loan from shareholder	-	6,400,000
Trade and other payables	2,900,139	8,478,498
	<u>2,900,139</u>	<u>14,878,498</u>

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.

### 21.1 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



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

	Note	2015 Rupees	2014 Rupees
Long term investments	6	6,630,000	6,630,000
Long term deposits	7	1,484,650	900,000
Advances, deposits and other receivable	9	1,726,014	26,487
Cash at banks	11	8,034,691	14,840,023
		<u>17,875,355</u>	<u>22,396,510</u>

### 21.2 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:-

	2015			
	Carrying Amount	Contractual cash flows	Upto one year	More than one year
	----- Rupees -----			
<b>Financial liabilities</b>				
Trade and other payables	<u>2,900,139</u>	<u>2,900,139</u>	<u>2,900,139</u>	<u>-</u>
	2014			
	Carrying Amount	Contractual cash flows	Upto one year	More than one year
	----- Rupees -----			
<b>Financial liabilities</b>				
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	-
	<u>14,878,498</u>	<u>14,878,498</u>	<u>8,478,498</u>	<u>6,400,000</u>

### 21.3 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



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.4.954 million (2014 : Rs.14.76 million) which are subject to interest rate risk. Applicable interest/mark-up rates for financial assets and liabilities have been indicated in respective notes.

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: -

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>Effective interest rate (in %)</u>		<u>Carrying amount</u>	
<b>Financial assets</b>				
Cash and bank balances	<u>8% to 9.5%</u>	<u>5% to 10%</u>	<u>4,954,917</u>	<u>14,759,979</u>

**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.

	<u>Profit and loss 100 bp</u>	
	<u>increase</u>	<u>decrease</u>
<b>As at June 30, 2015</b>		
Cash flow sensitivity -Variable rate financial instruments	<u>1,020</u>	<u>(1,020)</u>
<b>As at June 30, 2014</b>		
Cash flow sensitivity -Variable rate financial instruments	<u>1,413</u>	<u>(1,413)</u>

**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 strategy.



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, 2015 and 2014 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.

	<i>Fair Value Rupees</i>	<i>Hypothetical price change</i>	<i>Estimated fair value after hypothetical change in prices Rupees</i>	<i>Hypothetical increase (decrease) in Shareholders' Equity Rupees</i>
<b>June 30, 2015</b>	11,702,420	10% increase	12,872,662	1,170,242
		10% decrease	10,532,178	(1,170,242)
June 30, 2014	6,630,000	10% increase	7,293,000	663,000
		10% decrease	5,967,000	(663,000)

#### *21.4 Fair value of financial instruments*

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

#### *21.5 Fair value hierarchy*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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: Inputs for the asset or liability that are not based on observable market data (unobservable).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>----- Rupees -----</i>		
<b>June 30, 2015</b>			
Investments available for sale	-	-	6,630,000



	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- <i>Rupees</i> -----		
<i>June 30, 2014</i>			
Investments available for sale	-	-	6,630,000
Investments at fair value through Profit and loss	16,835	-	-

## 22 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, 2015.

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

## 23 CHIEF EXECUTIVE REMUNERATION

	<i>Chief Executive</i>	
	<i>2015</i>	<i>2014</i>
	----- <i>Rupees</i> -----	
Managerial remuneration	<u>1,500,000</u>	<u>1,500,000</u>
Number of persons	<u>1</u>	<u>1</u>

## 24 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management employees. 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 except below:

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

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>Brokerage income earned from</b>		
Director	<u>199,459</u>	<u>69,542</u>
Chief executive officer	<u>2,769,277</u>	<u>1,758,742</u>
Other related party	<u>1,083,430</u>	<u>935,588</u>

	2015 Rupees	2014 Rupees
<b>Balances</b>		
Directors' payable	<u>81,875</u>	<u>2,179,576</u>
Chief executive receivables	<u>5,800,895</u>	<u>-</u>
Other related party receivables	<u>274,922</u>	<u>589,040</u>
Other related party payables	<u>-</u>	<u>15,252</u>

## 25 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, 2015 are located in Pakistan.

## 26 RECLASSIFICATION

Corresponding figure have been rearranged and reclassified, wherever necessary for the purpose of better presentation. Reclassification is as follows:

<i>Description</i>	<i>Head of account of the financial statements for the year ended June 30, 2014</i>	<i>Head of account of the financial statements for the year ended June 30, 2015</i>	<i>Amount Rupees</i>
Commission expenses	Administrative and operating expenses	Operating revenue	1,714,837

## 27 NUMBER OF EMPLOYEES

	2015	2014
Number of employees as at	<u>3</u>	<u>3</u>

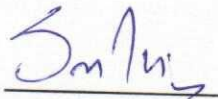


28 *DATE OF AUTHORIZATION FOR ISSUE*

The financial statements were approved by the Board of Directors and were authorized for issue on 02 OCT 2015

29 *GENERAL*

Figures have been rounded off to the nearest rupee.

  
\_\_\_\_\_  
*Chief Executive*

  
\_\_\_\_\_  
*Director*