ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED

Financial Statements
For the year ended June 30, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Icon Capital Management (Private) Limited** as at June 30, 2017 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;

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

REANDA

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, 2017 and of its loss, its comprehensive loss, its cash flows and its changes in equities 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).

Reanda Haroon Zakaria & Co.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 0 2 OCT 2017

Engagement Partner:
Muhammad Yameen

ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	**19,330,313**	14,999,519
Intangibles	5	**5,000,000**	8,370,000
Long-term investments	6	**6,630,000**	6,630,000
Long-term deposit	7	**2,612,682**	1,612,682
		33,572,995	31,612,201
Current Assets			
Trade debts	8	**8,637,240**	7,725,293
Advances, deposits and other receivable	9	**3,830,742**	1,279,292
Short term investments	10	**1,908,087**	5,030,755
Tax refunds due from government	11	**1,604,695**	310,047
Cash and bank balances	12	**30,209,462**	5,526,536
		46,190,226	19,871,923
Total Assets		**79,763,221**	51,484,124
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	13	**50,000,000**	50,000,000
Unappropriated loss		**(2,467,600)**	(2,019,250)
		47,532,400	47,980,750
Long Term Liabilities			
Long term deposits payables		**112,500**	112,500
Deferred tax liability	14	**-**	1,063,954
		112,500	1,176,454
Current Liabilities			
Trade and other payables	15	**32,028,150**	2,256,738
Short-term borrowing	16	**90,171**	70,182
		32,118,321	2,326,920
Contingency and Commitment	17		
Total Capital and Liabilities		**79,763,221**	51,484,124

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

ICON CAPITAL MANAGEMENT (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	***2017 Rupees***	*2016 Rupees*
Operating revenue	18	**7,515,071**	5,118,347
Capital gain on sale of investment - net		**669,568**	626,652
Loss on re-measurement of investments carried at fair value through profit or loss - net		**(506,273)**	(177,488)
		7,678,366	5,567,511
Administrative and operating expenses	19	**(6,860,024)**	(5,257,176)
Other charges	20	**(3,370,000)**	(1,000,000)
Other income	21	**1,522,172**	442,551
Finance cost		**(142,356)**	(365,919)
Loss before taxation		**(1,171,842)**	(613,033)
Taxation - net	22	**723,492**	(155,927)
Loss after taxation		**(448,350)**	(768,960)

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, 2017

	2017 Rupees	2016 Rupees
Loss after taxation	**(448,350)**	(768,960)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(448,350)**	(768,960)

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, 2017

	_2017_	_2016_
	Rupees	_Rupees_
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss after taxation	**(1,171,842)**	(613,033)
Adjustment for non-cash charges and other items		
Depreciation	**547,777**	532,859
Impairment of TREC	**3,370,000**	-
Amortization	**-**	40,000
	3,917,777	572,859
	2,745,935	(40,174)
Changes in Working Capital:		
(Increase) / decrease in current assets		
Trade debts	**(911,947)**	(2,798,736)
Advances, deposits and other receivable	**(2,551,450)**	446,722
Increase / (decrease) in current liabilities		
Trade and other payables	**29,771,412**	(643,401)
Short-term borrowing	**19,989**	70,182
	26,328,004	(2,925,233)
Taxes paid	**(1,635,109)**	(496,361)
Long term deposits - net	**(1,000,000)**	(128,032)
Net cash generated from / (used in) operating activities	**26,438,830**	(3,589,800)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	**(4,878,572)**	(72,520)
Intangible	**-**	1,000,000
Long term deposits payables	**-**	112,500
Investments - net	**3,122,668**	41,665
Net cash (used in) / generated from investing activities	**(1,755,904)**	1,081,645
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**24,682,926**	(2,508,155)
Cash and cash equivalents at beginning of year	**5,526,536**	8,034,691
Cash and cash equivalents at end of year	**30,209,462**	5,526,536

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, 2017

	Share capital	Revenue Reserves Unappropriated loss	Total
	- - - - - - - -	Rupees	- - - - - - - -
Balance as at June 30, 2015	50,000,000	(1,250,290)	48,749,710
Loss for the year	-	(768,960)	(768,960)
Balance as at June 30, 2016	50,000,000	(2,019,250)	47,980,750
Loss for the year	-	**(448,350)**	**(448,350)**
Balance as at June 30, 2017	**50,000,000**	**(2,467,600)**	**47,532,400**

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 Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited, and member of Pakistan Mercantile Exchange Limited. The company is principally engaged in brokerage of shares, equity and debt securities and commodities. Further, the company is engaged in trading in equity and debt securities on its own account. The registered office is situated at Icon House, Plot No.83-C, 2nd Floor, 12th commercial Street, Phase-2, DHA, Karachi.

The principal objects of the Company include share brokerage, money market transactions, consultancy services, underwriting etc.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance,1984. Accordingly, 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance,1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for investments which are carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off 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 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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: -

Property and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortisation and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

Trade debts

Management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in condition at the time of actual recovery.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and establish provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows :

2.5.1 New standards

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IFRS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable

IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

Standards, amendments and improvements to approved accounting standards that are not yet effective

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

Standard or Interpretation	***Effective date (annual periods beginning on or after)***
IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 7 - Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income tax treatment	01 January 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	***Effective date (annual periods beginning on or after)***
IFRS 9 - Financial Instruments: Classification and	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and Equipment

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

Depreciation is charged to income using the straight line method at the rates specified in the relevant note. Monthly depreciation is charged on additions during the month while no depreciation is charged on assets in the month of disposal.

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

Gain or loss on disposal of an asset is charged to profit and loss account.

The Company reviews the useful lives and residual value of its assets on regular basis . Any change in the estimates in future years might affect the carrying amounts of the respective items of property, equipment with a corresponding effect on the depreciation charge.

3.2 Intangible Assets

An intangible asset is recognized as an assets if it is probable that economic benefits attributable to the assets will flow to the company and cost of the assets can be measured reliably.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indenite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company.

An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit and loss account when the asset is derecognised.

3.3 Investments

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account

Held to maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investment. Held-to-maturity investments are carried at amortized cost using the effective interest rate method less any accumulated impairment losses.

Investments at fair value through profit or loss

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

Available-for-sale

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

3.4 Trade debts and other receivables

These are stated initially at fair value and subsequently measured at amortised cost less provision for impairment, if any.

A provision for impairment is recognised where there is objective evidence that the Company will not be able to collect all amounts due according to original terms of the receivable. The amount of provision is charged to profit and loss account.

Trade debts are written off when considered irrecoverable. Trade receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.5 Provisions

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

3.6 Advances

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

3.7 Cash and cash equivalents

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

3.8 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;

3.9 *Taxation*

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in statement of changes in equity or in which case it is recognised in equity.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

3.10 *Revenue*

Brokerage, commission, consultancy and other income are recognised as and when such services are provided

Interest income is recognised on a time proportion basis using the effective interest rate of return.

3.11 *Financial instruments*

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. All financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortised cost as the case may be.

3.12 *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 recognised.

3.13 *Offsetting of financial assets and financial liabilities*

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.14 *Related party transactions*

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

		Note	2016 Rupees	2015 Rupees
4	**PROPERTY AND EQUIPMENTS**			
	Operating fixed assets	4.1	**13,830,313**	9,499,519
	Capital work-in-progress	4.2	**5,500,000**	5,500,000
			19,330,313	14,999,519

4.1 *Operating fixed assets*

Particular	*Owned* Offices	Computers	Office Equipment	*Total*
	Rupees			
Net book value as at June 30, 2015	9,774,075	102,217	83,566	9,959,858
Additions	-	59,020	13,500	72,520
Depreciation charged	(488,704)	(35,348)	(8,807)	(532,859)
Net book value as at June 30, 2016	**9,285,371**	**125,889**	**88,259**	**9,499,519**
Additions	**4,000,000**	**74,700**	**803,872**	**4,878,572**
Depreciation charged	**(480,935)**	**(46,047)**	**(20,796)**	**(547,778)**
Net book value as at June 30, 2017	**12,804,436**	**154,542**	**871,335**	**13,830,313**
At June 30, 2016				
Cost	11,400,000	306,849	121,200	11,828,049
Accumulated depreciation	(2,114,629)	(180,960)	(32,941)	(2,328,530)
Net book value	**9,285,371**	**125,889**	**88,259**	**9,499,519**
At June 30, 2017				
Cost	15,400,000	381,549	925,072	16,706,621
Accumulated depreciation	(2,595,564)	(227,007)	(53,737)	(2,876,308)
Net book value	12,804,436	154,542	871,335	13,830,313
Rate of depreciation %	**5%**	**30%**	**10%**	

	Note	2017 Rupees	2016 Rupees
4.2 *Capital work-in-progress*			
Advance against rooms - Pakistan Mercantile Exchange Limited		**5,000,000**	5,000,000
Advance against capital expenditure		**500,000**	500,000
		5,500,000	5,500,000

5 *INTANGIBLES*

	Note		
Entitlement certificates	5.2	**5,000,000**	8,370,000

		2017	2016
		Rupees	Rupees

5.1 *Software*

	2017	2016
Year ended June 30, 2016		
Opening net book value	-	40,000
Amortization charge	-	(40,000)
Closing net book value	-	-
As at June 30, 2016		
Cost	-	200,000
Accumulated amortization	-	(200,000)
	-	-
Year ended June 30, 2015		
Opening net book value		80,000
Amortization charge		(40,000)
Closing net book value	-	40,000
As at June 30, 2015		
Cost		200,000
Accumulated amortization		(200,000)
	-	-
Rate of amortization (%)	**20%**	20%

5.2 *Membership card and trading right entitlement certificates*

	2017	2016
Membership		
Pakistan Mercantile Exchange Limited	**2,500,000**	2,500,000
Trading Rights Entitlement Certificate (TREC)		
Pakistan Stock Exchange Limited	**2,500,000**	5,870,000
	5,000,000	8,370,000

5.2.1 Pursuant to Memorandum of Understanding was signed between Karachi Stock Exchange Limited (KSE), Lahore Stock Exchange Limited (LSE) and Islamabad Stock Exchange Limited (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 (XV of 2012) [the Act], the Company has been issued two TREC's of Pakistan Stock Exchange, in lieu of TREC of KSE and ISE previously issued. These have been carried at cost less impairment.

6 *LONG-TERM INVESTMENT*

- Available for sale - at cost - Unquoted

2017	2016		Note	2017	2016
Number of Shares				***Rupees***	*Rupees*
3,034,603	3,034,603	ISE Towers Reit Management			

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.

The company has pledged these shares with Pakistan Stock Exchange (PSX).

	Note	2017 Rupees	2016 Rupees
7 LONG-TERM DEPOSITS			
Central Depository Company of Pakistan Limited		**100,000**	100,000
National Clearing Company of Pakistan Limited		**1,500,000**	500,000
Pakistan Mercantile Exchange Limited		**500,000**	500,000
Pakistan Stock Exchange Limited		**512,682**	512,682
		2,612,682	1,612,682

	Note	2017 Rupees	2016 Rupees
8 TRADE DEBTS			
Considered good			
Receivable from clients	8.1 & 8.2	**7,324,780**	7,430,950
Receivable from National Clearing Company of Pakistan Ltd.		**1,312,460**	294,343
		8,637,240	7,725,293

8.1 Receivable from clients

Considered good	**7,954,067**	7,430,950
Provision for doubtful receivables	**(629,287)**	-
	7,324,780	7,430,950

8.2 Clients securities pledged

The total value of securities pertaining to clients are Rs. 713.574 million held in sub-accounts of the company. Among which securities of Rs. 54.583 million are pledged by client to the financial institutions.

The above receivables include amounting to Rs. 7,954,067 which are due more than five days. Therefore provision is provided for amounting Rs. 629,287 where value of collateral in the form of listed shares decreased after applying hair cut.

	2017 Rupees	2016 Rupees
9 ADVANCES, DEPOSITS AND OTHER RECEIVABLE		
Loans and advances		
Loan to employees	**10,000**	-
Deposits		
Exposure margin with NCCPL	**3,808,000**	1,095,000
Other receivable		
Bank profit receivable	-	4,292
Other receivable	**6,000**	180,000
Prepayments	**6,742**	-

	Note	2017 Rupees	2016 Rupees
10 SHORT TERM INVESTMENTS			
Held for trading - through profit and loss			
In quoted securities	10.1	**1,908,087**	5,030,755

10.1 In quoted securities

2017 Number of Shares	2016 Number of Shares	Name of Security	Market value 2017 Rupees	Market value 2016 Rupees
600	-	Pakistan State Oil Company Limited	**232,410**	-
-	7,500	Askari General Insurance Company Ltd.	-	154,575
-	1,000	Attock Refinery Limited	-	280,140
12,000	12,000	Engro Foods Limited	**1,457,880**	1,959,960
-	5,000	MCB Bank Limited	-	1,100,100
300	2,500	National Refinery Limited	**217,797**	1,188,500
-	1,000	Pakistan Oilfields Limited	-	347,480
			1,908,087	5,030,755

	Note	2017 Rupees	2016 Rupees
11 TAX REFUNDS DUE FROM GOVERNMENT			
Opening tax payable		**310,047**	(13,632)
Provision for the year		**(340,462)**	(159,050)
		(30,415)	(172,682)
Tax paid during the year		**1,635,110**	482,729
		1,604,695	310,047
12 CASH AND BANK BALANCES			
Cash in hand		**4,060**	-
Cash at bank - client account		**29,286,062**	2,732,907
Cash at bank - house account		**919,340**	2,793,629
	12.1	**30,205,402**	5,526,536
		30,209,462	5,526,536

12.1 Cash at bank

	Note	2017 Rupees	2016 Rupees
Current account		**30,066,655**	2,803,591
Deposit account	12.2	**138,747**	2,722,944
		30,205,402	5,526,536

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
Number of Shares			Rupees	Rupees
3,000,000	3,000,000	Ordinary shares of Rs.10 each fully paid in cash	**30,000,000**	30,000,000
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
5,000,000	5,000,000		**50,000,000**	50,000,000

14 DEFERRED TAX LIABILITIES

This comprises of the following:

	Note	2017	2016
Taxable temporary differences			
Accelerated depreciation for tax purposes		**1,519,184**	1,165,468
Deductible temporary differences			
Impairment of intangible		-	(31,000)
Minimum tax impact		**(116,706)**	(70,514)
Tax losses		**(1,637,210)**	(998,933)
Un recognized deferred tax asset	14.1	**234,732**	998,933
		(1,519,184)	(101,514)
		-	1,063,954

14.1 The deferred tax asset of Rs. 0.234 million (2016 : Rs. 0.999 million) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

15 TRADE AND OTHER PAYABLES

	2017 Rupees	2016 Rupees
Trade creditors	**28,457,129**	2,002,382
Accrued liabilities	**3,455,170**	179,780
Sales tax payable	**72,415**	74,576
Others	**43,436**	-
	32,028,150	2,256,738

16 SHORT-TERM BORROWING

- Unsecured

- From related party

	2017 Rupees	2016 Rupees
Loan from Icon Securities (Private) Limited	**90,171**	70,182

17 CONTINGENCY AND COMMITMENT

Contingency

17.1 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 Pakistan Stock Exchange Limited.

17.2 The Company has pledged quoted shares amounting to Rs. 38.86 million (2016: Rs. 42.674 million) in favour of Pakistan Stock Exchange against Exposure Limit. The above stated shares are owned by the major shareholder of the company.

	Note	*2017* *Rupees*	*2016* *Rupees*
18 OPERATING REVENUE			
Brokerage income			
- Retail customers		**6,524,438**	3,050,587
- Institutional customers		**662,633**	1,568,573
		7,187,071	4,619,160
Dividend income		**328,000**	499,187
		7,515,071	5,118,347

	Note	*2017* *Rupees*	*2016* *Rupees*
19 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other benefits		**2,856,866**	2,468,070
Printing and stationary		**49,900**	58,700
C.D.C & clearing house charges		**634,946**	479,485
Postage and telephone		**70,766**	125,924
Legal and professional charges		**127,300**	69,230
Insurance expense		**43,606**	10,293
Conveyance		**9,390**	1,150
Membership, fees and other subscription		**466,339**	350,843
Auditors' remuneration	19.1	**160,000**	125,000
Repair and maintenance		**44,302**	4,400
Depreciation	4.1	**547,777**	532,859
Amortization		**-**	40,000
Software maintenance charges		**65,000**	60,000
Communication expenses		**285,710**	213,050
Utilities expenses		**314,259**	146,812
Miscellaneous expenses		**275,756**	295,079
Bad debt expense		**629,287**	
Others		**278,820**	276,281
		6,860,024	5,257,176

19.1 Auditors' remuneration

Statutory audit fee		**100,000**	80,000
Other certification fee		**60,000**	45,000
		160,000	125,000

20 OTHER CHARGES

	2017 Rupees	2016 Rupees

21 OTHER INCOME

Other income	**179,937**	24,547
Property income	**1,274,000**	360,000
Profit on savings account	**68,235**	58,004
	1,522,172	442,551

22 TAXATION

Current year	**340,462**	159,050
Deferred	**(1,063,954)**	(16,755)
Prior year	**-**	13,632
	(723,492)	155,927

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

FINANCIAL ASSETS AND LIABILITIES

Financial assets		
Long-term investments	**6,630,000**	6,630,000
Long-term deposit	**2,612,682**	1,612,682
Advances, deposits and other receivable	**3,824,000**	1,279,292
Short term investments	**1,908,087**	5,030,755
Trade debts	**8,637,240**	7,725,293
Cash and bank balances	**30,209,462**	5,526,536
	53,821,471	27,804,558
Financial Liabilities		
Trade and other payables	**32,028,150**	2,256,738
Short-term borrowing	**90,171**	70,182
	32,118,321	2,326,920

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

23.1 *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: -

	2017	*2016*
	Rupees	*Rupees*
Long-term investments	**6,630,000**	6,630,000
Long-term deposit	**2,612,682**	1,612,682
Trade debts	**8,637,240**	7,725,293
Advances, deposits and other receivable	**3,830,742**	1,279,292
Short term investments	**1,908,087**	5,030,755
Cash and bank balances	**30,209,462**	5,526,536
	53,828,213	27,804,558

The maximum exposure to credit risk for trade debtors and other receivables at the balance sheet date are as follows:

	2017	
	Gross	*Impairment*
	Rupees	*Rupees*
5 days	-	-
More than 5 days	**7,974,148**	-

	2016	
	Gross	*Impairment*
	Rupees	*Rupees*
Past due 14 days	1,901,944	-
More than 14 days	5,823,349	-

23.2 *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:-

	2017			
	Carrying Amount	**Contractual cash flows**	**Upto one year**	**More than one year**
	---------- Rupees ----------			
Financial liabilities				
Trade and other payables	**32,028,150**	**32,028,150**	**32,028,150**	-
Short-term borrowing	**90,171**	**90,171**	**90,171**	-
	32,118,321	**32,118,321**	**32,118,321**	-

	2016			
	Carrying Amount	Contractual cash flows	Upto one year	More than one year
	---------- Rupees ----------			
Financial liabilities				
Trade and other payables	2256738	2256738	2256738	-
Short-term borrowing	70,182	70,182	70,182	-
	2,326,920	2,326,920	2,326,920	-

23.3 *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.0.138 million (2016 : Rs.2.722 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: -

	2017	2016
	Carrying amount	
Financial assets		
Cash and bank balances	**138,747**	2,722,944
Financial liability		
Short-term borrowing	**90,171**	70,182

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	Profit and loss 100 bp decrease
As at June 30, 2017		
Cash flow sensitivity -Variable rate financial instruments	**534**	(534)
As at June 30, 2016		
Cash flow sensitivity -Variable rate financial instruments	**429**	(429)

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

Sensitivity analysis

The table below summarizes Company's equity price risk as of June 30, 2016 and 2015 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	*Hypothetical price change*	*Estimated fair value after hypothetical change in prices*	*Hypothetical increase (decrease) in Shareholders' Equity*
	Rupees		***Rupees***	*Rupees*
June 30, 2017	**1,908,087**	**10% increase**		2,098,896
		10% decrease		1,717,278
June 30, 2016	5,030,755	10% increase		5,533,831
		10% decrease		4,527,680

23.4 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.

23.5 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).

	Level 1	*Level 2*	*Level 3*
		Rupees	
June 30, 2017			
Investments available for sale		-	6,630,000
Investments at fair value through Profit or loss	**1,908,087**	-	-
June 30, 2016			
Investments available for sale		-	6,630,000
Investments at fair value through Profit or loss	5,030,755	-	-

24 *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, 2016.

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

25 *CHIEF EXECUTIVE REMUNERATION*

	Chief Executive 2017 Rupees	Chief Executive 2016 Rupees
Managerial remuneration	**1,500,000**	1,500,000
Number of persons	**1**	1

26 *TRANSACTIONS WITH RELATED PARTIES*

The related parties comprise directors of the Company and key management Personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Transaction with associated undertakings and key management personnel under the term of their employment, are as follows: -

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

	2017 Rupees	2016 Rupees
Brokerage income earned from		
Director	**248,300**	79,316
Chief executive officer	**-**	76,250
Other related party	**56,507**	1,041,601
Balances		
Directors' payable	**-**	247,484
Chief executive receivables	**-**	4,837,594
Other related party receivables	**201,512**	1,742,925
Loan obtained from associate	**90,171**	70,182

27 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, 2016 are located in Pakistan.

28 NUMBER OF EMPLOYEES

	2017	*2016*
Number of employees as at	6	6
Average number of employees	6	6

29 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors and were authorized for issue on 02 OCT 2017.

30 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive | **Director**