

**Spectrum Securities (Private) Limited**  
***(Formerly Mazhar Hussain Securities (Private) Limited)***  
**Financial Statements**  
**For the year ended June 30, 2015**

**Spectrum Securities (Private) Limited**  
***(Formerly Mazhar Hussain Securities (Private) Limited)***  
**Financial Statements**

**Index**

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**AUDITORS' REPORT TO THE MEMBERS**

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

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards 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.

Offices also at:

**LAHORE:** 2ND FLOOR, ABOVE THE MOTOR POINT, 26-A, QUEENS ROAD, LAHORE, PAKISTAN.  
Tel: +9242-36317512, Fax: +9242-36317513 E-mail: lahore@njmi.net

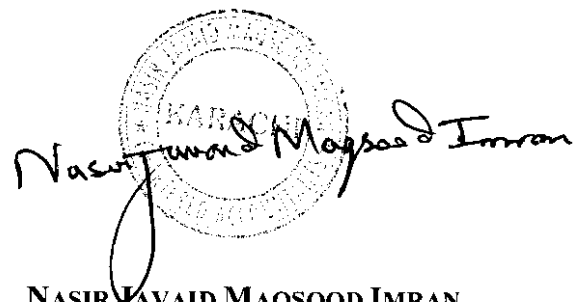
**ISLAMABAD:** Office No. 12 & 13, 2nd Floor, Feroz Avenue, F-7, Market, Islamabad, Pakistan

A member firm of



- (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at **June 30, 2015** and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
- (e) The financial statements of the company for the year ended June 30, 2014 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon.

Dated: **28 AUG 2015**  
Karachi



**NASIR JAVAID MAQSOOD IMRAN**  
Chartered Accountants

**Audit Engagement Partner: M. Javid Qasim**

**Spectrum Securities (Private) Limited**  
**(Formerly Mazhar Hussain Securities (Private) Limited)**  
**Balance Sheet**  
**As at June 30, 2015**

	Note	Rupees 2015	Rupees 2014
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Property, Plant & Equipment	7	5,685,201	-
Intangible Assets	8	10,163,800	9,532,600
Long Term Investments	9	25,467,400	25,467,400
Long Term Deposit	10	810,000	510,000
<b><u>CURRENT ASSETS</u></b>			
Trade Receivables	11	7,198,685	-
Short Term Investments	12	6,711,110	-
Advances, Deposits & Other Receivables	13	39,348,615	185,242
Cash & Bank Balances	14	3,442,889	4,728,504
		<b>56,701,299</b>	<b>4,913,746</b>
		<b>98,827,700</b>	<b>40,423,746</b>
<b><u>CAPITAL AND LIABILITIES</u></b>			
<b><u>Authorized Capital</u></b>			
1,000,000 Ordinary Shares of Rs. 100/- each		<b>100,000,000</b>	<b>100,000,000</b>
Issued, Subscribed and Paid-up capital	15	40,000,000	40,000,000
Advance against Share Capital		48,000,000	-
Unappropriated Profit / (Loss)		(4,406,359)	83,505
		<b>83,593,641</b>	<b>40,083,505</b>
<b>Long Term Loan</b>	15.2	<b>10,000,000</b>	-
<b><u>CURRENT LIABILITIES</u></b>			
Trade Payables		4,244,121	-
Accrued Expenses & Other Liabilities	16	989,938	340,241
		<b>5,234,059</b>	<b>340,241</b>
<b>Contingencies and Commitments</b>	17	-	-
		<b>98,827,700</b>	<b>40,423,746</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

Karachi

Dated : **28 AUG 2015**

  
Chief Executive

  
Director

**Spectrum Securities (Private) Limited**  
**(Formerly Mazhar Hussain Securities (Private) Limited)**  
**Profit & Loss Accounts**  
**For the year ended June 30, 2015**

	Note	Rupees 2015	Rupees 2014
<b><u>Revenue</u></b>			
Operating Revenue	18	6,676,580	1,800,362
Capital Gain/(Loss) on Sale of Investments		917,928	3,968,435
Gain/(Loss) on Remeasurement of Investments - Net		(687,986)	-
		<b>6,906,522</b>	<b>5,768,797</b>
<b><u>Operating Expenses</u></b>			
Administrative Expenses	19	11,702,168	1,453,628
Financial Charges	20	27,425	1,439
		<b>11,729,593</b>	<b>1,455,067</b>
<b>Operating Profit / (Loss)</b>		<b>(4,823,071)</b>	<b>4,313,730</b>
Other Charges	21	-	1,457,074
Other Income	22	584,309	-
<b>Profit/ (Loss) before Taxation</b>		<b>(4,238,762)</b>	<b>2,856,656</b>
<b>Taxation</b>	23	(251,102)	(215,641)
<b>Profit / (Loss) after Taxation</b>		<b>(4,489,864)</b>	<b>2,641,015</b>
<b>Earning per share - basic</b>	24	<b>(11.22)</b>	<b>6.60</b>
<b>Earning per share - diluted</b>	24.1	<b>(5.10)</b>	<b>6.60</b>

*The annexed notes from 1 to 29 form an integral part of these financial statements.*

Karachi  
Dated :

**28 AUG 2015**

  
Chief Executive

  
Director

**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Statement of Comprehensive Income**  
**For the year ended June 30, 2015**

Note	Rupees 2015	Rupees 2014
<b>Profit / (Loss) after Taxation</b>	(4,489,864)	2,641,015
<b>Other Comprehensive Income</b>	-	-
<b>Total Comprehensive Income / (Loss) for the year</b>	<u>(4,489,864)</u>	<u>2,641,015</u>

*The annexed notes from 1 to 29 form an integral part of these financial statements.*

Karachi  
Dated :

**28 AUG 2015**

  
Chief Executive

  
Director

**Spectrum Securities (Private) Limited**  
(Formerly Mazhar Hussain Securities (Private) Limited)  
**Cash Flow Statement**  
For the year ended June 30, 2015

Note	Rupees 2015	Rupees 2014
<b>Cash Flow from Operating activities</b>		
Net Profit / (Loss) before taxation	(4,238,762)	2,856,656
<b>Add : Items not involved in movement of fund:</b>		
Depreciation	852,385	334,825
Amortization of Software	157,800	-
Capital Gain/(Loss) on Sale of Investments	(917,928)	(3,968,436)
Gain/(Loss) on Remeasurement of Investments - Net	687,986	-
Impairment Loss	-	1,457,074
Financial Charges	27,425	1,439
	<b>807,668</b>	<b>(2,175,098)</b>
Operating Profit before working capital changes	(3,431,094)	681,558
Net Change in working capital	(a) (41,516,704)	(120,132)
Financial Charges paid	(27,425)	(1,439)
Taxes paid	(202,638)	(25,400)
<b>Cash generated from operating activities</b>	<b>(45,177,861)</b>	<b>534,587</b>
<b>Cash Flow from Investing activities</b>		
Purchase of Property, plant and equipment	(6,537,586)	-
Purchase of Computer Software	(789,000)	-
Proceeds from disposal of ordinary shares	-	17,038,310
Short Term Investments	(6,481,168)	-
Increase in Long term Deposits	(300,000)	(100,000)
<b>Net Cash Inflow/ (Outflow) from investing activities</b>	<b>(14,107,754)</b>	<b>16,938,310</b>
<b>Cash Flow from Financing activities</b>		
Loan Received	10,000,000	-
Advance against issue of Share Capital	48,000,000	-
Dividend paid	-	(36,000,000)
<b>Net Cash Inflow/ (Outflow) from financing activities</b>	<b>58,000,000</b>	<b>(36,000,000)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,285,615)</b>	<b>(18,527,103)</b>
Cash and cash equivalent at beginning of the year	4,728,504	23,255,607
<b>Cash and cash equivalent at end of the year</b>	<b>14 3,442,889</b>	<b>4,728,504</b>
<b>(Increase) / Decrease in current assets</b>		
Trade Receivables	(7,198,685)	39,710
Advances & Deposits	(39,163,373)	(159,842)
	<b>(46,362,058)</b>	<b>(120,132)</b>
<b>Increase / (decrease) in current Liabilities</b>		
Trade Payables	4,244,121	-
Accrued Expenses & Other Liabilities	601,233	-
	<b>4,845,354</b>	<b>-</b>
<b>Net Working Capital Changes</b>	<b>(41,516,704)</b>	<b>(120,132)</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

Karachi  
Dated :

28 AUG 2015

  
Chief Executive

  
Director



**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Statement of Changes in Equity**  
**For the year ended June 30, 2015**

	<b>Share Capital</b>	<b>Profit/ (Loss)</b>	<b>Total</b>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>Balance as at June 30, 2013</b>	<b>40,000,000</b>	<b>33,442,490</b>	<b>73,442,490</b>
Profit / (Loss) after taxation	-	2,641,015	2,641,015
		36,083,505	76,083,505
Dividend paid	-	(36,000,000)	(36,000,000)
<b>Balance as at June 30, 2014</b>	<b>40,000,000</b>	<b>83,505</b>	<b>40,083,505</b>
Profit / (Loss) after taxation	-	(4,489,864)	(4,489,864)
Advance against Share Capital	48,000,000	-	48,000,000
<b>Balance as at June 30, 2015</b>	<b>88,000,000</b>	<b>(4,406,359)</b>	<b>83,593,641</b>


*The annexed notes from 1 to 29 form an integral part of these financial statements.*

Karachi

Dated :

**28 AUG 2015**

  
 Chief Executive

  
 Director

**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Notes to the accounts**

**1 Legal Status and Nature of Business**

Spectrum Securities (Private) Limited (Formerly Mazhar Hussain Securities (Private) Limited) (the Company) was incorporated in October 27, 2014 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Room No. 425, 4th Floor, Karachi Stock Exchange Building, Karachi Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counselling. It is a Trading Right Certificate Holder of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited.

**2 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 International Accounting Standards Board (IASB) 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.

**3 Basis of Measurement**

- 3.1** These financial statements have been prepared under the historical cost convention except for certain investments which are carried at their fair value.
- 3.2** These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

**4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015**

- 4.1** The following standards, amendments and interpretations are effective for the year ended December 31, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	Effective from accounting period beginning on or after January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	Effective from accounting period beginning on or after January 01, 2014
IFRIC 21 - Levies	Effective from accounting period beginning on or after January 01, 2014

**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Notes to the accounts**

**4.2 Property and Equipment**

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged for the full month in which asset is put to use and on deletions up to month immediately preceding the month of deletion. Normal repairs and maintenance costs are charged to income as and when incurred. Major renewals and improvements are capitalised. The assets residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end. Gain or loss on disposal of assets, if any, is recognized in the period of disposal.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

**4.3 Intangible Assets**

Intangible assets having definite life are stated at cost less accumulated amortization and impairment, if any. Amortization charge is based on the straight line method whereby the cost of an asset is written-off over its estimated useful life.

Rooms and trading right entitlement certificate are considered to have an indefinite useful life and are stated at acquisition cost. The carrying amount of these assets is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying amount exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gain and loss on disposal, if any, is taken to the profit and loss account.

**4.4 Investments**

All investments are initially recognised at fair value plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The management of the Company determines the appropriate classification of its investments at the time of purchase as follows.

**Held-to-maturity**

Investment with fixed maturities where management has both the intent and ability to hold to maturity, are classified as held-to-maturity investments. These investments are carried at amortized cost.

**Available-for-sale**

These are investments intended to be held for an indefinite period to time, which may be sold in response to needs for liquidity or changes in equity prices. Subsequent to initial measurement, these are re-measured to fair value except for unquoted investments which are stated at cost. Net gains and losses arising on changes in fair value of these investments are recognized directly in equity. On derecognition or impairment in available-for-sale investments, the cumulative gain or loss previously recognized in equity is included in the profit and loss account for the year.

**Investments at fair value through profit or loss**

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial recognition, these investments are remeasured at fair value and gains or losses are recognized in profit and loss account.

**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Notes to the accounts**

#### **4.5 Repurchase / Resale Agreements**

The Company enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

##### **Sale under repurchase obligation**

Securities sold with a simultaneous commitment to repurchase at a specified date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

##### **Purchase under resale obligation**

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these arrangements are included in reverse repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement.

#### **4.6 Trade debts and fund placements**

In accordance with good accounting practices the company provides fully against the trade debts and fund placements for which no security is available without prejudice to its right to take appropriate legal and commercial action for the recovery of the said trade debts and fund placements.

#### **4.7 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 instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

#### **4.8 Off-setting of financial instruments**

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

#### **4.9 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events 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 obligation.

**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Notes to the accounts**

**4.10 Taxation**

**4.10.1 Current**

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any. For income covered under Final Tax Regime, taxation is based on applicable tax rates under such regime.

**4.10.2 Deferred**

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences, unused tax assets and unused tax losses can be utilised.

**4.11 Revenue recognition**

- Brokerage commission is recognized as and when services are provided.
- Income from placements of funds is recognized on time proportionate basis.
- Mark-up on over due balances is recognized on accrual basis.
- Underwriting commission is recognized when the agreement is executed.
- Dividend income is recognized when right to receive the same is established.
- Gain / loss arising on disposal of investments is included in income currently and is accounted for on the date at which the transaction takes place.
- Profit of bank accounts is recognized on accrual basis.
- Corporate Advisory Fee is recognized on accrual basis.

**5 Accounting Estimates and Judgments**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 result of which forms the basis of making judgment about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

Provision for doubtful debts  
Investments  
Useful lives of assets and methods of depreciation and impairment  
Recognition of taxation & deferred taxation  
Useful lives of intangible assets

**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Notes to the accounts**

**6 New accounting standards / amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
IAS 27 (Revised 2011) - Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10
IAS 28 (Revised 2011) - Investments in Association and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
IFRS 10 - Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.
IFRS 11 - Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 - Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 - Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers

**Spectrum Securities (Private) Limited**  
(Formerly Mazhar Hussain Securities (Private) Limited)  
Notes to the accounts

**7 Property, Plant and Equipments**

	Office (Rupees)	Office Equipments (Rupees)	Motor Cycle (Rupees)	Furniture & Fixtures (Rupees)	Computer Equipments (Rupees)	Total (Rupees)
<b>Net carrying value basis</b>						
<b>Year ended June 30, 2015</b>						
Opening net book value (NBV)	-	-	-	-	-	-
Additions (at cost)	2,100,000	1,143,858	-	2,367,460	926,268	6,537,586
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(105,000)	(114,386)	-	(355,119)	(277,880)	(852,385)
Closing net book value (NBV)	<b>1,995,000</b>	<b>1,029,472</b>	<b>-</b>	<b>2,012,341</b>	<b>648,388</b>	<b>5,685,201</b>
<b>Gross carrying value basis</b>						
<b>As at June 30, 2015</b>						
Cost	2,100,000	1,143,858	-	2,367,460	926,268	6,537,586
Accumulated depreciation	(105,000)	(114,386)	-	(355,119)	(277,880)	(852,385)
<b>Net book value (NBV)</b>	<b>1,995,000</b>	<b>1,029,472</b>	<b>-</b>	<b>2,012,341</b>	<b>648,388</b>	<b>5,685,201</b>
<b>Net carrying value basis</b>						
<b>Year ended June 30, 2014</b>						
Opening net book value (NBV)	-	-	1,556,354	-	-	1,791,899
Additions (at cost)	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	-	(23,555)	(311,271)	-	-	(334,825)
Impairment	-	211,991	1,245,083	-	-	1,457,074
Closing net book value (NBV)	<b>-</b>	<b>(211,991)</b>	<b>(1,245,083)</b>	<b>-</b>	<b>-</b>	<b>(1,457,074)</b>
<b>Gross carrying value basis</b>						
<b>As at June 30, 2014</b>						
Cost	-	635,404	3,869,989	-	-	4,505,393
Accumulated depreciation	-	(423,414)	(2,624,906)	-	-	(3,048,320)
Impairment	-	211,990	1,245,083	-	-	1,457,074
<b>Net book value (NBV)</b>	<b>-</b>	<b>(211,990)</b>	<b>(1,245,083)</b>	<b>-</b>	<b>-</b>	<b>(1,457,074)</b>
<b>Depreciation rate (% per annum)</b>	<b>5</b>	<b>10</b>	<b>20</b>	<b>15</b>	<b>30</b>	

**Spectrum Securities (Private) Limited**  
**(Formerly Mazhar Hussain Securities (Private) Limited)**  
**Notes to the accounts**

Note	Rupees 2015	Rupees 2014
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**8 Intangible Assets**

Trading Right Entitlement Certificate - Karachi Stock Exchange Limited	6,809,000	6,809,000
Trading Right Entitlement Certificate - Lahore Stock Exchange Limited	2,723,600	2,723,600
Computer Software	631,200	-
<b>8.1</b>	<b>10,163,800</b>	<b>9,532,600</b>

**8.1 Computer Software**

Acquisition cost	789,000	-
Accumulated Balance of Amortization	-	-
	<b>789,000</b>	
Amortization for the Year	(157,800)	-
Net Carrying Value	<b>631,200</b>	

**9 Long Term Investments**

**Available for sale - unquoted**

Investment in shares of Karachi Stock Exchange Limited	9.1	18,191,000	18,191,000
Investment in shares of Lahore Stock Exchange Limited		7,276,400	7,276,400
		<b>25,467,400</b>	<b>25,467,400</b>

9.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act) the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the Company has received equity shares of KSE and LSE (the Exchanges) and a Trading Right Entitlement (TREC) in lieu of membership card of the Exchanges. The Company's entitlement in respect of the Exchanges shares is determined on the basis of valuation of assets and liabilities of the Exchanges as approved by the SECP and the Company has been allotted 4,007,383 shares of KSE of the face value of Rs. 10/- each and 843,975 shares of LSE of the face value of Rs. 10/- each, out of which 2,404,430 shares of KSE and 506,385 shares of LSE are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

In the absence of an active market of the shares of KSE and LSE and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) has been made by the Company on the basis of the face value of ordinary shares and the estimated TREC value assigned by the KSE and LSE for minimum capital requirement

Note	Rupees 2015	Rupees 2014
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**10 Long-term Deposits**

Karachi Stock Exchange Limited	210,000	210,000
Central Depository Company	200,000	200,000
National Clearing Company Pakistan Limited	400,000	100,000
	<b>810,000</b>	<b>510,000</b>



**Spectrum Securities (Private) Limited**  
**(Formerly Mazhar Hussain Securities (Private) Limited)**  
**Notes to the accounts**

Note	Rupees 2015	Rupees 2014
<b>11 <u>Trade Receivables - (Unsecured - considered good)</u></b>		
- from clients	7,198,685	-
	<b>7,198,685</b>	<b>-</b>
<b>12 <u>Short Term Investment</u></b>		
<b>Investments at fair values through profit &amp; loss</b>		
<b><u>Listed equity securities</u></b>		
Listed Securities	7,399,096	-
Unrealized Gain/(Loss) as a result of measurement at market value - net	(687,986)	-
	<b>6,711,110</b>	<b>-</b>
<b>13 <u>Advances, Deposits &amp; Other receivables</u></b>		
Deposits	37,668,138	-
Advance payment of tax	823,750	185,242
Advance Rent	832,500	-
Other Receivables	24,227	-
	<b>39,348,615</b>	<b>185,242</b>
<b>14 <u>Cash &amp; Bank balances</u></b>		
Cash In hand	246,098	2,111,295
Cash at Bank- at current & PLS accounts	3,196,791	2,617,209
	<b>3,442,889</b>	<b>4,728,504</b>
<b>15 <u>Issued, subscribed &amp; paid-up-capital</u></b>		
<b>Ordinary Shares of Rs. 100 /- each</b>		
400,000 Ordinary shares of Rs. 100 each fully paid in cash	40,000,000	40,000,000
	-	-
	<b>40,000,000</b>	<b>40,000,000</b>

**15.1** The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

**15.2** Markup free loan obtained from shareholders payable after one year.

**Spectrum Securities (Private) Limited**  
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**Notes to the accounts**

Note	Rupees 2015	Rupees 2014
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**16 Accrued Expenses and Other liabilities**

Accrued Expenses & Other Liabilities	751,233	150,000
Provision for Taxation	238,705	190,241
	<b>989,938</b>	<b>340,241</b>

**17 Contingencies and Commitments**

There are no contingencies and commitments as at June 30, 2015 (2014:Nil).

**18 Operating Revenue**

Brokerage Commission	4,846,400	-
Dividend Income	1,830,180	1,800,362
	<b>6,676,580</b>	<b>1,800,362</b>

**19 Administrative Expenses**

Staff Salaries & Benefits	3,816,365	72,000
Director's Remuneration	3,000,000	-
Rent, rates & taxes	353,410	241,575
Repair & Maintenance	247,555	-
Printing & Stationary	201,225	-
Fees & Subscription	899,697	200,000
Travelling & Conveyance	48,050	-
Commission expense	63,928	-
Computer expenses	37,455	-
Entertainment	206,485	-
Vehicle running expenses	186,644	257,017
Auditor's remuneration	150,000	150,000
Utilities & Communication Charges	1,042,446	7,810
Postage & Courier	6,315	-
Misc. & General	195,164	-
Depreciation	852,385	334,825
Amortization of Software	157,800	-
Service Transaction Charges	237,244	190,401
	<b>11,702,168</b>	<b>1,453,628</b>

**Spectrum Securities (Private) Limited**  
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**Notes to the accounts**

	Note	Rupees 2015	Rupees 2014	
<b>20 <u>Financial Charges</u></b>				
Bank Charges & Commission		27,425	1,439	
		<u>27,425</u>	<u>1,439</u>	
<b>21 <u>Other Charges</u></b>				
Impairment Loss		-	1,457,074	
		-	<u>1,457,074</u>	
<b>22 <u>Other Income</u></b>				
Profit on KSE Deposit		201,839	-	
Recoveries		380,466	-	
Miscellaneous		2,004	-	
		<u>584,309</u>	<u>-</u>	
<b>23 <u>Taxation</u></b>				
Current		251,102	190,241	
Prior		-	25,400	
		<u>251,102</u>	<u>215,641</u>	
<b>23.1</b>	Income tax returns of the company have been finalized upto and including the tax year 2014, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.			
<b>24 <u>Earnings per share - basic</u></b>				
Profit/ (Loss) after taxation		(4,489,864)	2,641,015	
Weighted average number of shares at the end of the year		400,000	400,000	
		<u>(11.22)</u>	<u>6.60</u>	
<b>24.1 <u>Earnings per share - diluted</u></b>				
Profit/ (Loss) after taxation		(4,489,864)	2,641,015	
Weighted average number of shares at the end of the year		880,000	400,000	
		<u>(5.10)</u>	<u>6.60</u>	
<b>25 <u>Remuneration of Directors and Chief Executive</u></b>				
		<b>2015</b>	<b>2014</b>	
	<b>Directors</b>	<b>Chief Executive</b>	<b>Directors</b>	<b>Chief Executive</b>
Managerial Remuneration	-	3,000,000	-	-
	-	<u>3,000,000</u>	-	-
Number of person(s)	-	<u>1</u>	-	-

**Spectrum Securities (Private) Limited**  
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**Notes to the accounts**

**26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**26.1 Financial Instruments by category**

**26.1.1 Financial Assets**

	<b>2015</b>			<b>Total</b>
	<b>At fair value through profit or loss - held for trading</b>	<b>Available for sale</b>	<b>Loans and receivables</b>	
Long term loans, advances & deposits	-	-	810,000	810,000
Short term investments	6,711,110	-	-	6,711,110
Trade debts - unsecured	-	-	7,198,685	7,198,685
Short term deposits, advances & other receivables	-	-	39,348,615	39,348,615
Cash and bank balances	-	-	3,442,889	3,442,889
	<b>6,711,110</b>	<b>-</b>	<b>50,800,189</b>	<b>57,511,299</b>

	<b>2014</b>			<b>Total</b>
	<b>At fair value through profit or loss - held for trading</b>	<b>Available for sale</b>	<b>Loans and receivables</b>	
Long term loans, advances & deposits	-	-	510,000	510,000
Short term investments	-	-	-	-
Trade debts - unsecured	-	-	-	-
Short term deposits, advances & other receivables	-	-	185,242	185,242
Cash and bank balances	-	-	4,728,504	4,728,504
	<b>-</b>	<b>-</b>	<b>5,423,746</b>	<b>5,423,746</b>

**26.1.2 Financial Liabilities**

	<b>2015</b>		<b>Total</b>
	<b>Amortised cost</b>	<b>At fair value through profit or</b>	
Creditors, accrued expenses and other liabilities	5,234,059	-	5,234,059
	<b>5,234,059</b>	<b>-</b>	<b>5,234,059</b>

	<b>2014</b>		<b>Total</b>
	<b>Amortised cost</b>	<b>At fair value through profit or</b>	
Creditors, accrued expenses and other liabilities	340,241	-	340,241
	<b>340,241</b>	<b>-</b>	<b>340,241</b>

**Spectrum Securities (Private) Limited**  
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Notes to the accounts

**27 Financial Risk Management**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

**27.1 Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

**(i) Interest Rate Risk**

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by Rs. Nil and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

**(ii) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**(iii) Equity Price Risk**

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by Rs. 671,111 and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

**27.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

Carrying amount	Contractual cash flows	2015			
		Six month or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----					
<b>Financial liabilities</b>					
Creditors, accrued expenses and other liabilities	5,234,059	5,234,059	5,234,059	-	-
	<b>5,234,059</b>	<b>5,234,059</b>	<b>5,234,059</b>	<b>-</b>	<b>-</b>

**Spectrum Securities (Private) Limited**  
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**Notes to the accounts**

**2014**

Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
-----------------	------------------------	-------------------	----------------------	------------------	-------------------

----- (Rupees) -----

**Financial liabilities**

Creditors, accrued expenses & other liabilities

340,241	340,241	340,241	-	-	-
<b>340,241</b>	<b>340,241</b>	<b>340,241</b>	-	-	-

**27.3 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

**Exposure to credit risk**

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2015	Rupees 2014
Long term loans, advances & deposits	810,000	510,000
Short term investments	6,711,110	-
Trade debts - unsecured	7,198,685	-
Short term deposits, advances & other receivables	39,348,615	185,242
Cash and bank balances	3,442,889	4,728,504
	<b>57,511,299</b>	<b>5,423,746</b>

**Spectrum Securities (Private) Limited**  
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**Notes to the accounts**

#### **27.4 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

#### **27.5 Fair value of financial instruments**

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

**Spectrum Securities (Private) Limited**  
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**Notes to the accounts**

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

**Financial assets at fair value through profit and loss**

	2015			
	Level 1	Level 2	Level 3	Total
Listed securities	6,711,110	-	-	6,711,110
	<b>6,711,110</b>	<b>-</b>	<b>-</b>	<b>6,711,110</b>
<b>Available for sale</b>				
Investment in shares of Karachi Stock Exchange Limited	-	-	18,191,000	-
Investment in shares of Lahore Stock Exchange Limited	-	-	7,276,400	-
	<b>-</b>	<b>-</b>	<b>25,467,400</b>	<b>-</b>

**Financial assets at fair value through profit and loss**

	2014			
	Level 1	Level 2	Level 3	Total
Listed securities	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Available for sale</b>				
Investment in shares of Karachi Stock Exchange Limited	-	-	18,191,000	-
Investment in shares of Lahore Stock Exchange Limited	-	-	7,276,400	-
	<b>-</b>	<b>-</b>	<b>25,467,400</b>	<b>-</b>

**27.6 Capital management**

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.



**Spectrum Securities (Private) Limited**  
*(Formerly Mazhar Hussain Securities (Private) Limited)*  
**Notes to the accounts**

**28 Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel, staff provident fund and financial institution having nominee on the Board of Directors.

**29 Date of Authorization For Issue**

These financial statements have been authorized for issue by the Board of Directors of the Company on

**28 AUG 2015**

**29.1 General**

**29.2** Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

**29.3** Figures have been rounded off to the nearest rupee.

Karachi

Dated : **28 AUG 2015**

  
Chief Executive

  
Director

