
**H. M. IDREES H. ADAM
(PRIVATE) LIMITED**

Financial Statements
For the year ended June 30, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **H. M. Idrees H. Adam (Private) Limited** as at June 30, 2017 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 Repelled Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct 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 Repelled 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 Repelled Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- 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 other 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 Repelled 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 the profit, its comprehensive income, its cash flows and changes in equity 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 & Company
Chartered Accountants

Place: Karachi
Dated: 25 SEP 2017

Engagement Partner:
Farhan Ahmed Memon

H. M. IDREES H. ADAM (PRIVATE) LIMITED
BALANCE SHEET
AS ON JUNE 30, 2017

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	5,271,650	4,563,617
Investment available for sale	5	74,058,930	73,137,237
Intangible assets	6	7,649,120	10,222,569
Long term security deposits	7	4,010,000	3,010,000
Deferred tax asset	8	5,495,919	2,547,085
		96,485,619	93,480,508
Current Assets			
Trade debts- consider good		4,982,048	225,158,556
Short term deposits	9	15,136,686	16,552,619
Short term investments	10	336,390,790	287,762,923
Tax refunds due from government		6,069,179	2,814,189
Loan, Advances & Other receivables	11	54,588,205	508,382
Cash and bank balances	12	1,958,186,394	1,374,345
		2,375,353,302	534,171,014
Total Assets		2,471,838,921	627,651,522
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
9,000,000 Ordinary shares of Rs. 10 each		90,000,000	90,000,000
Issued, subscribed and paid up capital	13	89,439,260	89,439,260
Reserve		238,664,456	145,715,033
Shareholders' Equity		328,103,716	235,154,293
Non Current Liability			
Long term loans	14	-	11,210,740
Current Liabilities			
Short term loan	15	178,608,929	369,179,304
Accrued markup		2,544,885	2,256,965
Trade and other payables	16	1,958,093,122	9,850,220
Deferred income		4,488,269	-
Provision for income tax		-	-
		2,143,735,205	381,286,489
Contingencies and Commitments	17		
Total Equity and Liabilities		2,471,838,921	627,651,522

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


 Chief Executive Officer




 Chief Financial Officer

H. M. IDREES H. ADAM (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Operating revenue	18	21,077,062	17,310,125
(Loss) / gain on re-measurement of investment carried at fair value through profit and loss - Net		(35,994,688)	34,585,608
Gain on disposal of investment carried at fair value through profit and loss - Net		<u>88,383,254</u>	<u>47,933,683</u>
		73,465,628	99,829,416
Operating expenses	19	<u>(23,560,586)</u>	<u>(12,262,855)</u>
Operating profit		49,905,042	87,566,561
Other income	20	49,067,323	11,134,773
Other charges-impairment in respect of PSX TREC		(2,500,000)	(5,000,000)
Financial cost	21	<u>(15,912,302)</u>	<u>(9,875,865)</u>
Profit before taxation		80,560,063	83,825,469
Taxation - current	22	<u>(12,560,601)</u>	<u>(7,357,771)</u>
Profit after taxation		<u><u>67,999,462</u></u>	<u><u>76,467,698</u></u>

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


 Chief Executive Officer




 Chief Financial Officer

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit for the year	67,999,462	76,467,698
Gain / (loss) on remeasurement of available for sale investments	24,949,961	(131,661)
Total comprehensive profit for the year	92,949,423	76,336,037

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



Chief Executive Officer





Chief Financial Officer

	2017 Rupees	2016 Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of / proceeds from short / long term running finance	(205,992,636)	161,449,549
Net cash (used in) / generated from financing activities	<u>(205,992,636)</u>	<u>161,449,549</u>
Net increase / (decrease) in cash and cash equivalent (A+B+C)	1,956,812,049	(20,073,318)
Cash and cash equivalents at beginning of year	1,374,345	21,447,663
Cash and cash equivalents at end of year	<u>1,958,186,394</u>	<u>1,374,345</u>

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


 Chief Executive Officer




 Chief Financial Officer

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up capital	Capital	Reserve	Sub Total	Share holders' equity
	----- Rupees -----				
Balance as at June 30, 2014	89,439,260	27,650,064	25,603,978	53,254,042	142,693,302
Profit for the year	-	-	15,579,950	15,579,950	15,579,950
Gain on remeasurement of available for sale investments	-	545,004	-	545,004	545,004
Total comprehensive income for the year				16,124,954	
Balance as at June 30, 2015	89,439,260	28,195,068	41,183,928	69,378,996	158,818,256
Profit for the year	-	-	76,467,698	76,467,698	76,467,698
Loss on remeasurement of available for sale investments	-	(131,661)	-	(131,661)	(131,661)
Total comprehensive income for the year				76,336,037	
Balance as at June 30, 2016	89,439,260	28,063,407	117,651,626	145,715,033	235,154,293
Profit for the year	-	-	67,999,462	67,999,462	67,999,462
Gain on remeasurement of available for sale investments	-	24,949,961	-	24,949,961	24,949,961
Total comprehensive income for the year				92,949,423	
Balance as at June 30, 2017	89,439,260	53,013,368	185,651,088	238,664,456	328,103,716

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



[Signature]
Chief Executive Officer

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Chief Financial Officer

H. M. IDREES H. ADAM (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	80,560,063	83,825,469
Adjustment for non-cash charges and other items		
Depreciation	1,347,967	1,185,762
Provision for impairment	2,500,000	5,000,000
Deposits written off	11,335,130	-
Unwinding of long term loan	4,211,521	1,306,023
Realized profit	(127,190,758)	-
Unrealized profit	35,994,688	(34,585,608)
Gain on disposal of fixed asset	(253,000)	-
Amortization	73,448	109,624
Finance cost	11,395,087	9,875,865
	<u>(60,585,917)</u>	<u>(17,108,334)</u>
Cash generated before working capital changes	<u>19,974,146</u>	<u>66,717,135</u>
Working Capital Changes		
(Increase) in current assets		
Trade debts- consider good	220,176,508	(17,358,795)
Trade deposits and short term prepayments	(9,919,197)	(10,090,758)
Loan, advances and other receivables	(54,079,823)	(229,491)
	<u>156,177,488</u>	<u>(27,679,044)</u>
Increase in current liabilities		
Deferred income	4,488,269	
Trade and other payables	1,948,242,902	(16,510,623)
	<u>1,952,731,171</u>	<u>(16,510,623)</u>
Cash generated from / (used in) operating activities after working capital changes	<u>2,128,882,805</u>	<u>22,527,468</u>
Taxes paid	(18,764,424)	(10,697,597)
Increase in long term deposit	(1,000,000)	300,000
Finance cost paid	(11,107,167)	(8,179,697)
	<u>(30,871,591)</u>	<u>(18,577,294)</u>
Net cash generated from operating activities	<u>2,098,011,214</u>	<u>3,950,174</u>
 B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(3,898,000)	(2,372,525)
Proceeds from disposal of PSX shares	66,596,471	(183,100,516)
Proceeds from disposal of fixed assets	2,095,000	-
Net cash generated from / (used in) investing activities	<u>64,793,471</u>	<u>(185,473,041)</u>

H. M. IDREES H. ADAM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 NATURE AND STATUS OF BUSINESS

H. M. Idress H. Adam is a (Private) Limited (the Company) was incorporated in Pakistan on March 08, 2013 as a single member private limited company under the Repealed Companies Ordinance, 1984 (the Ordinance). On June 7, 2017 the status of the company changed from Single Member Company to Private Limited Company. The Company is a corporate member of the Pakistan Stock Exchange. The principal objects of the Company include share brokerage, money market transactions, consultancy services, underwriting etc. The registered office of the company is Office No. 902-903, 9th Floor, New Karachi Stock Exchange Building, Off I.I. Chundrigar Road, Karachi-74000, Pakistan.

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 otherwise disclosed in these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

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 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described as follows: -

a) Property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment. This also includes estimating the residual values and depreciable lives. Further, the Company reviews the value of the 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.

b) Income Tax

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

c) Intangible Assets

The Company reviews the value of the intangible 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 intangible assets with a corresponding effect on impairment.

d) Investments stated at Fair Value

The Company has determined fair value of certain investments by using quotations from active market. The value exist at specific point in time and may affect carrying values in future.

e) Trade and Other Receivables

The Company reviews its debtors portfolio regularly to assess amount of any provision required against such trade debtors and provisions are made to the extent the amount is considered doubtful.

2.5 Standards, amendments and interpretations which became effective during the year

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

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

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards 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 increased disclosures in certain cases:

Standards or interpretation

*(Effective for 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)	Yet not finalised
IAS 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
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	01 January 2021

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

Annual Improvements

IFRS 5 - Non Current Assets Held for Sale and Discontinued Operation - Changes in method of disposal.

IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts.

IFRS 7 - Financial Instruments: Disclosures - Applicability of off-setting disclosure to condensed interim financial statements.

IFRS 19 - Employee Benefits - Discount rate: Regional market issue.

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'.

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

IFRS 2 Share-Based Payments- Classification And
Measurement of Share based Transactions (Amendments)

January 01, 2018

3 **SIGNIFICANT ACCOUNTING POLICIES**

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

3.1 **Property, equipment and depreciation thereon**

These are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the reducing balance method using the rates mentioned in note 4. Full depreciation on additions is charged in the year in which they are purchased and no depreciation is charged in the year of deletion.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace an item of property and equipment is capitalized and the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred. Major renewals are capitalized.

The residual values and useful lives of assets are reviewed and adjusted, if impact on depreciation is significant.

Gains and losses on disposal of assets, if any, are taken to profit and loss account.

3.2 **Intangible Assets**

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

3.2.1 **Membership Card -Pakistan Mercantile Exchange Limited**

This is stated at cost less impairment, if any. it is not amortized due to its indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the card . The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, which is taken as higher of fair value less cost to sell and value in use. Where the carrying value exceeds estimated recoverable amount, it is written down to it.

3.2.2 *Trading Right Entitlement Certificates (TREC)*

TREC is measured at cost which is valued at the price when it was purchased from Exchange. Subsequent to Initial recognition, TREC is measured at cost less impairment, if any.

Costs directly associated with identifiable software products that will have probable economic benefits exceeding costs beyond one year are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged applying reducing balance method over estimated useful life of the software at the rate mentioned in note 6.3. Full amortization on addition is charged in the year of purchase.

3.3 *Investments available for sale*

These are measured at cost which is value at which these are purchased from the member of the Exchange. Subsequent to initial recognition, these are measured at net asset value per share as determined by relevant exchange.

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction cost are recognized in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

3.4 *Trade debts and other receivables*

Trade debts and other receivables are recognized at fair value being the value of consideration given and subsequently measured at amortized cost where there is difference between carrying value and maturity amount. A provision for impairment in trade and other receivables is made when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.5 *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprises cash and bank balances.

3.6 *Trade and other payables*

Trade and other payables are recognized initially at fair value being the cost of consideration acquired plus directly attributable cost, if any, and subsequently measured at amortized cost where there is difference between carrying value and maturity amount.

3.7 *Borrowing Cost*

Borrowing costs are interest or other auxiliary costs incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account. Currently there are no borrowing costs.

3.8 Taxation

Current

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

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

3.9 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.10 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

3.11 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.12 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.13 Revenue recognition

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

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income is recorded when right to receive dividend is established.

Unrealized profit / (loss) arising from remeasuring investments at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

Income from Custody / NCSS Fees is recognized when services have been provided.

Gain / (loss) on sale of fixed assets is recognized on occurrence of transactions.

3.14 *Transactions with related parties*

Transactions with related parties are carried out at arm's length using the admissible pricing methods.

3.15 *Dividend distributions and appropriations*

Dividend distributions and appropriations if any, are recorded in the period in which the distributions and appropriations are approved.

4. PROPERTY AND EQUIPMENT

Particulars	OWNER				Total
	Office equipment	Computers and related accessories	Vehicles	Furniture and fixture	
	----- Rupees -----				
Net book value as at June 30, 2016	485,311	184,952	3,755,754	137,600	4,563,617
Additions	76,000		2,722,000	1,100,000	3,898,000
Disposals					
- Cost	-	-	(2,302,500)	-	(2,302,500)
- Depreciation	-	-	460,500	-	460,500
	-	-	(1,842,000)	-	(1,842,000)
Depreciation charge	(112,262)	(61,034)	(927,151)	(247,520)	(1,347,967)
Net book value as at June 30, 2017	449,049	123,918	3,708,603	990,080	5,271,650
<i>As at June 30, 2017</i>					
Cost	1,124,671	755,025	6,879,500	1,361,000	10,120,196
Accumulated depreciation	(675,622)	(631,107)	(3,170,897)	(370,920)	(4,848,546)
Net book value	449,049	123,918	3,708,603	990,080	5,271,650
Depreciation rate 2017	20%	33%	20%	20%	
Net book value as at June 30, 2015	606,639	206,023	2,392,192	172,000	3,376,854
Additions	-	70,025	2,302,500	-	2,372,525
Disposals					
- Cost	-	-	-	-	-
- Depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation charge	(121,328)	(91,096)	(938,938)	(34,400)	(1,185,762)
Net book value as at June 30, 2016	485,311	184,952	3,755,754	137,600	4,563,617
<i>As at June 30, 2016</i>					
Cost	1,048,671	755,025	6,460,000	261,000	8,524,696
Accumulated depreciation	(563,360)	(570,073)	(2,704,246)	(123,400)	(3,961,079)
Net book value	485,311	184,952	3,755,754	137,600	4,563,617
Depreciation rate 2016	20%	33%	20%	20%	

5: INVESTMENTS AVAILABLE FOR SALE

2017	2016		2017	2016
Number of Shares			Rupees	Rupees
1,602,953	4,007,383	The shares of Pakistan Stock Exchange Limited	41,163,833	40,242,140
-	-	The shares of Islamabad REIT Management Limited	32,895,097	32,895,097
			<u>74,058,930</u>	<u>73,137,237</u>

This represents shares of Pakistan Stock Exchange Limited (PSX) formerly Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale. The shares of KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

Pursuant to integration No.1/2016 dated January 06, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), whereby Lahore Stock Exchange Limited (LSE) and Islamabad Stock Exchange Limited (ISE) were integrated with Karachi Stock Exchange Limited to form Pakistan Stock Exchange (PSX) with effect from January 11, 2016. By virtue of Integration Order, all TRE Certificate Holders of ISE and LSE become the TRE Certificate Holder of PSX from the effective date of integration.

During the year 1,602,953 shares has been sold to Chinese Consortium at the rate 28 and consideration of RS.40,394,421 has been received. Balance consideration of RS.4,488,269 is classified as deferred income which will be credited as income after one year subject to reduction, if any, that may be made in accordance with the Share Purchase Agreement executed amongst Chinese Consortium Divestment Committee and PSX.

	Note	2017	2016
		Rupees	Rupees
6 INTANGIBLE ASSETS			
Membership Card of Pakistan Mercantile Exchange Ltd.		2,500,000	2,500,000
Pakistan Stock Exchange Trading Rights Entitlement Certificate	6.2	2,500,000	5,000,000
Pakistan Stock Exchange Trading Rights Entitlement Certificate		2,500,000	2,500,000
Software for trading	6.3	149,120	222,569
		<u>7,649,120</u>	<u>10,222,569</u>

6.1 During the year Islamabad Stock Exchange Limited Trading Rights Entitlement Certificate is converted into Pakistan Stock Exchange Trading Rights Entitlement Certificate. It is measured at cost which is value at which these are purchased from the member of the Exchange.

6.2 Pakistan Stock Exchange Limited has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for base minimum capital purpose amounting to Rs.5 million.

	2017 Rupees	2016 Rupees
6.3 <i>Software for trading</i>		
Opening net book value	222,568	332,192
Additions	-	-
Impairment	-	-
	<u>222,568</u>	<u>332,192</u>
Amortization charge	(73,448)	(109,624)
Impairment charge	-	-
Closing net book value	<u>149,120</u>	<u>222,568</u>
Cost	1,104,500	1,104,500
Accumulated amortization	(955,380)	(881,932)
Accumulated impairment	-	-
	<u>149,120</u>	<u>222,568</u>
6.4 Rate of amortization	33%	33%

	2017 Rupees	2016 Rupees
7. LONG TERM DEPOSITS		
Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Ltd.)	200,000	200,000
Pakistan Mercantile Exchange Limited	2,500,000	2,500,000
National Clearing Company of Pakistan Limited	200,000	200,000
Central Depository Company	100,000	100,000
Future Contracts	1,000,000	-
Others	10,000	10,000
	<u>4,010,000</u>	<u>3,010,000</u>

8 **DEFERRED TAX (ASSET)/DEFERRED TAX LIABILITY**

Deferred taxation comprises differences relating to:

Credit balance arises due to:

Accelerated tax amortization

	-	787,634
--	---	---------

Debit balance arises due to:

Decelerated tax depreciation	-	(714,673)
Alternate corporate tax	-	(2,483,554)
	-	(3,198,227)
	-	<u>(2,410,594)</u>

2017
Rupees

2016
Rupees

9 **SHORT TERM DEPOSITS**

Deposits with Karachi Stock Exchange Limited

Future cash margin exposure	13,500,000	4,500,000
Future clearing house	1,636,686	12,052,619
	<u>15,136,686</u>	<u>16,552,619</u>

10. **SHORT TERM INVESTMENTS**

- At fair value through profit and loss

2017	2016			
Number of Shares				
4,800	4,800	Adamjee Insurance Co. Limited	328,128	240,768
33,000	-	Akzo Nobel Pakistan Limited	7,920,000	-
-	35,000	Allied Bank Limited	-	3,148,600
38,800	38,800	Askari Bank Limited	782,596	724,784
16,800	16,800	Bank Al-Falah Limited	675,360	429,576
1,000	1,000	Bawany Air Product Limited	11,430	6,000
29,118	8,200	Bank Islami Pakistan	387,269	86,346
15,000	15,000	Bank of Khyber	236,250	188,250
-	91,500	Bank of Punjab Limited	-	735,660
1,000,000	-	BYCO Petroleum Limited	19,100,000	-
-	24,500	Crescent Steel & Allied Products Limited	-	2,807,945
-	8,500	Dewan Farooque Motors Limited -	-	120,360
-	54,500	Dewan Salman Fibre Limited	-	117,175
1,000	500	Engro powergen qadirpur Limited	33,710	14,460
30,000	30,000	Fauji Cement Company Limited	1,230,900	1,074,000
-	58,400	First Capital Sec. Corp. Limited	-	140,160
10,000	10,000	Flying Cement Limited	188,600	84,800
30,000	-	GlaxoSmithKline Pakistan Limited	5,907,600	-
200,000	-	Gharibwal Cement Limited	9,108,000	-
-	17,900	Habib Bank Limited	-	3,536,324
150,000	-	Haydari Construction Company Limited	2,643,000	-
25,000	25,500	Hub Power Company Limited	2,935,750	3,061,530
-	1,113,000	Hascol Petroleum Limited	-	217,446,810
1,208,500	1,208,500	Japan Power Generation Limited	5,220,720	4,821,915
3,000	3,000	JS Bank Limited	28,770	17,820
10,000	10,000	Jahangir Siddiqui & Co. Limited	228,300	198,000
-	4,500	K-Electric Limited	-	36,270
2,000	2,000	Khalid Siraj Textile Mills Limited	15,600	7,000
-	11,500	MCB Bank Limited	-	2,530,230
76,500	76,800	National Bank of Pakistan	4,514,265	4,439,808
10,000	10,000	Netsol Technologies	578,300	501,000
52,000	52,000	NIB Bank Limited	89,440	99,320
-	24,500	Pace (Pak) Limited	-	153,125
25,000	25,000	Pervez Ahmed Sec.Limited	49,250	41,500
			<u>62,213,238</u>	<u>246,809,536</u>

c/f.

2017	2016		2017	2016
Number of Shares			Rupees	Rupees
		b/f.	62,213,238	246,809,536
425,000	425,000	Pakistan International Airlines Corp.	2,482,000	3,009,000
166,200	1,200	Pakistan Oilfields Limited	76,144,530	416,976
2,789,000	-	Pakistan Refinery Limited (Right)	148,542,140	-
202,800	-	Pakistan Petroleum Limited	30,042,792	-
415,000	-	Power Cement Limited (Right)	-	-
-	5,600	Samba Bank Limited	-	42,840
114,000	114,000	Summit Bank Limited	469,680	340,860
-	28,500	Sui Northern Gas Limited	-	1,034,265
2,500	2,500	Silver Star Insurance Co. Limited	-	15,850
149,000	149,000	Telecard Limited	460,410	455,940
400,000	1,000,000	TRG	16,036,000	33,550,000
-	11,800	United Bank Limited	-	2,087,656
			<u>336,390,790</u>	<u>287,762,923</u>

11. LOAN, ADVANCES & OTHER RECEIVABLE

Interest Receivable	269,936	383,732
Dividend Receivable	-	124,650
Receivable Against Sale Of Shares	4,488,269	-
Share application money	49,830,000	-
	<u>54,588,205</u>	<u>508,382</u>

12. CASH AND BANK BALANCES

Cash at hand	488,469	49,938
Cash at bank - current accounts	174,077	104,359
- saving accounts	1,957,523,848	1,220,048
	<u>1,958,186,394</u>	<u>1,374,345</u>

13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
Number of Shares				
100	100	Ordinary shares of Rs.10 each fully paid in cash	1,000	1,000
8,943,826	8,943,826	Ordinary shares of Rs.10 each fully paid other than cash	89,438,260	89,438,260
<u>8,943,926</u>	<u>8,943,926</u>		<u>89,439,260</u>	<u>89,439,260</u>

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
14. LONG TERM LOAN			
From Director		11,210,740	15,422,261
Less: Unamortized cost		-	(4,211,521)
Unwinding of amortized cost		4,211,524	-
Transferred to short term loan	14.1	<u>(15,422,264)</u>	<u>-</u>
		<u>-</u>	<u>11,210,740</u>

14.1 The long term loan has been classified as short term loan in the current year.

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
15. SHORT TERM LOAN			
From Director	15.1	174,148,293	188,373,033
Running finance		<u>4,460,636</u>	<u>180,806,271</u>
		<u>178,608,929</u>	<u>369,179,304</u>

15.1 These represent interest free loans and are payable within twelve months from the balance sheet date.

Running finance upto Rs.100 million is available from both banks (JS Bank Limited and Askari Bank

The un-availed portion at year end is Rs: 19.19 million.

These facilities are secured as follows:

JS Bank Limited

Against pledge of shares with a minimum margin of 30% on shares to be governed by the list approved by JSBL.

Personal Guarantee of Directors

Pricing is as follows:

JS Bank Limited

Three months KIBOR + 2.5%

Askari Bank Limited

Against Pledge of third party Shares as per bank approved FAS list. Facility to be Allowed against 'A & B' Category Scripts

Personal Guarantee of Directors

Askari Bank Limited

Three month KIBOR + 2%

	<i>2017 Rupees</i>	<i>2016 Rupees</i>
16. TRADE AND OTHER PAYABLES		
Trade creditors	1,957,494,075	1,169,970
Accrued expenses	596,807	274,681
Other payable	<u>2,241</u>	<u>8,405,569</u>
	<u>1,958,093,122</u>	<u>9,850,220</u>

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

No complain is pending against the company with Pakistan Stock Exchange Limited at year end. During the year one complaint was registered with Pakistan Stock Exchange which was resolved.

17.2 Commitments

Commitments against unrecorded transactions executed before the year end having settlement date subsequent to year end are as follows: -

	2017 Rupees	2016 Rupees
For purchase of shares	<u>12,155,497</u>	<u>57,159,150</u>
For sale of shares	<u>64,440,810</u>	<u>-</u>

Commitments against unrecorded future market transactions executed before the year end having settlement date subsequent to year end are as follows: -

	Note	2017 Rupees	2016 Rupees
For purchase of shares		<u>1,751,165</u>	<u>9,112,915</u>

18 OPERATING REVENUE

Gross commission	26,501,849	22,466,243
Sales tax	(3,096,192)	(2,782,870)
	<u>23,405,657</u>	<u>19,683,373</u>
Commission to agents and dealers	(2,328,596)	(2,373,248)
	<u>21,077,062</u>	<u>17,310,125</u>

19 OPERATING EXPENSES

Salaries, allowances and other benefits		2,434,500	2,352,500
Clearing houses and related charges		2,647,118	1,848,040
Printing and stationery		130,372	290,993
Utilities		554,603	623,397
Rent rate and taxes		62,000	386,453
Auditors' remuneration		108,000	91,800
Entertainment		574,617	807,928
Fees and subscription		912,474	760,330
Postage and stamps		11,510	7,570
Legal & Professional charges		105,500	153,165
Traveling and conveyance		1,441,377	615,395
Repairs and maintenance		1,102,369	2,614,315
Depreciation	4	1,347,967	1,185,762
Amortization	6.2	73,448	109,624
Deposits written off		11,335,130	-
Miscellaneous and general expenses		719,601	415,583
		<u>23,560,586</u>	<u>12,262,855</u>

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
20 OTHER OPERATING INCOME		
Income from financial assets		
Custody fee	999,592	137,012
Dividend income	8,664,316	3,853,566
Gain on disposal of PSX shares	38,807,504	-
Interest income	317,120	7,131,761
Other commission	25,791	12,434
Gain/(Loss) on disposal of vehicle	253,000	-
	<u>49,067,323</u>	<u>11,134,773</u>

21 FINANCIAL COST

Mark up on short term borrowings	11,395,087	8,472,883.00
Unwinding of long term loan	4,211,521	1,306,023.00
Bank charges	305,694	96,959.00
	<u>15,912,302</u>	<u>9,875,865</u>

22 TAXATION

Current	3,410,131	3,714,470
Deferred tax	(2,948,835)	(3,759,185)
Capital gain tax	12,099,305	7,402,486
	<u>12,560,601</u>	<u>7,357,771</u>

22.1 Tax reconciliation is not made owing to current taxation is based on Alternative Corporate Tax under section 113C of Income Tax Ordinance, 2001.

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
23 REMUNERATION TO DIRECTOR		
Managerial remuneration	<u>30,000</u>	<u>30,000</u>
Number of persons	<u>2</u>	<u>1</u>

The Director has also provided with free traveling in according with term of services.

24 **FINANCIAL INSTRUMENTS BY CATEGORY**

FINANCIAL ASSETS

Investment at fair value through profit or loss

Short term investments

336,390,790 287,762,923

Loans and receivables

Long term deposits

4,010,000 3,010,000

Trade debts

- 2,176,457,029

Trade deposits

15,136,686 16,552,619

Other receivable

54,588,205 508,382

Cash and bank balances

1,958,186,394 1,374,345

2,031,921,285 2,197,902,375

2,368,312,075 2,485,665,298

FINANCIAL LIABILITIES

Financial liabilities - at amortized cost

Long-term loans

- 11,210,740

Short term borrowings

178,608,929 369,179,304

Accrued markup

2,544,885 2,256,965

Trade and other payables

1,958,093,122 9,850,220

2,139,246,936 392,497,229

25 **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks potential adverse effects on the Company's financial performance.

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

- a) Credit risk
- b) Liquidity risk
- c) Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) **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. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from the investments, trade debts, Loan and advances, accrued income, deposits, other receivables and bank balances. 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 monitors capital using a gearing ratio, which is net debt divided by total capital which is the sum of equity and net debt. Equity comprises of share capital, capital and revenue reserves. Net debt is arrived at by deducting cash and bank balances from borrowings. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios worked out as follows: -

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Total borrowings	178,608,929	380,390,044
Cash and bank balances	<u>1,958,186,394</u>	<u>(1,374,345)</u>
Net debt	2,136,795,323	379,015,699
Total equity	<u>328,103,716</u>	<u>235,154,293</u>
Total Capital	<u>2,464,899,039</u>	<u>614,169,992</u>
Gearing ratio	<u>86.69%</u>	<u>61.71%</u>

27 RELATED PARTY TRANSACTIONS

Related parties comprises associated companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Transactions with related party are disclosed below.

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Transactions during the year		
Receipts of loans from directors	44,394,415	67,637,146
Repayment of loans to director	72,186,416	35,672,950

28 ENTITY WIDE INFORMATION

The Company constitutes as a single reportable segment, operating in Pakistan.

29 NUMBER OF EMPLOYEES

	<i>2017</i>	<i>2016</i>
Number of employees at the year end	<u>14</u>	<u>14</u>
Average number of employees for the year	<u>14</u>	<u>14</u>

30 DATE OF AUTHORIZATION FOR ISSUE

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

25 SEP 2017

Out of the total financial assets of Rs. 2,368.312 (2016 : Rs. 2,485.665) million the financial assets which are subject to credit risk amounted to Rs.2,367.824 (2016 : Rs. 2,484.291) million.

The carrying amount of following financial assets represents the maximum credit exposure: -

	2017 Rupees	2016 Rupees
Long term security deposits	4,010,000	3,010,000
Investments - short term	336,390,790	287,762,923
Trade debts- consider good	-	2,176,457,029
Other receivable	54,588,205	508,382
Trade deposits	15,136,686	16,552,619
Bank Balances	1,957,697,925	1,324,407
	<u>2,367,823,606</u>	<u>2,484,290,953</u>

Provision for impairment losses

The aging of trade debts as at balance sheet is summarized below: -

	2017		2016	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1-30 days	4,589,726	-	181,666,937	-
Past due 31 days -60 days	290	-	37,716,654	-
Past due 61 days -90 days	472	-	1,970,829	-
Above 90 days	391,559	-	3,804,136	-
Total	<u>4,982,048</u>	<u>-</u>	<u>225,158,556</u>	<u>-</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. 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 commitments 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 positions 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, including estimated interest payments: -

	2017				
	Carrying Amount	On Demand	Contractual Cash flows	Less than one year	More than one year
	----- Rupees -----				
Financial Liabilities					
Short term borrowings	178,608,929	(178,608,929)	(178,608,929)	(178,608,929)	-
Accrued markup	2,544,885	(2,544,885)	(2,544,885)	(2,544,885)	-
Trade and other payables	1,958,093,122	(1,958,093,122)	(1,958,093,122)	(1,958,093,122)	-
	<u>2,139,246,936</u>	<u>(2,139,246,936)</u>	<u>(2,139,246,936)</u>	<u>(2,139,246,936)</u>	<u>-</u>

Out of the total financial assets of Rs. 2,368.312 (2016 : Rs. 2,485.665) million the financial assets which are subject to credit risk amounted to Rs.2,367.824 (2016 : Rs. 2,484.291) million.

The carrying amount of following financial assets represents the maximum credit exposure: -

	2017 Rupees	2016 Rupees
Long term security deposits	4,010,000	3,010,000
Investments - short term	336,390,790	287,762,923
Trade debts- consider good	-	2,176,457,029
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	<u>2,367,823,606</u>	<u>2,484,290,953</u>

Provision for impairment losses

The aging of trade debts as at balance sheet is summarized below: -

	2017		2016	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1-30 days	4,589,726	-	181,666,937	-
Past due 31 days -60 days	290	-	37,716,654	-
Past due 61 days -90 days	472	-	1,970,829	-
Above 90 days	391,559	-	3,804,136	-
Total	<u>4,982,048</u>	<u>-</u>	<u>225,158,556</u>	<u>-</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

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	2017				
	Carrying Amount	On Demand	Contractual Cash flows	Less than one year	More than one year
	----- Rupees -----				
Financial Liabilities					
Short term borrowings	178,608,929	(178,608,929)	(178,608,929)	(178,608,929)	-
Accrued markup	2,544,885	(2,544,885)	(2,544,885)	(2,544,885)	-
Trade and other payables	1,958,093,122	(1,958,093,122)	(1,958,093,122)	(1,958,093,122)	-
	<u>2,139,246,936</u>	<u>(2,139,246,936)</u>	<u>(2,139,246,936)</u>	<u>(2,139,246,936)</u>	<u>-</u>

	2016				
	<i>Carrying Amount</i>	<i>On Demand</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	-----Rupees-----				
Financial Liabilities					
Long term loans	11,210,740	(15,422,261)	(15,422,261)	-	(15,422,261)
Short term borrowings	369,179,304	(369,179,304)	(369,179,304)	(369,179,304)	-
Accrued markup	2,256,965	(2,256,965)	(2,256,965)	(2,256,965)	-
Trade and other payables	9,850,220	(9,850,220)	(9,850,220)	(9,850,220)	-
	392,497,229	(396,708,750)	(396,708,750)	(381,286,489)	(15,422,261)

c) **Market Risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

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. At year end, the Company is not exposed to any currency risk.

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At year end, the company is not to exposes to interest rate risk.

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

Variable Rate Instruments

Financial Liabilities

- Short term loan

Average rate

2017 2016
(Percentage)

4.05% 4.54%

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest 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 similar financial instruments traded in the market.

- **Sensitivity analysis**

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below.

Effect on profit

Increase / Decrease

2017 2016
Rupees Rupees

9,285,019 6,954,494

26 **CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company finances its operations through equity, short term borrowings and by managing working capital.

The figures have been round off to the nearest rupee.


Chief Executive Officer




Chief Financial Officer