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

**Financial Statement
For the year ended June 30, 2018**

**REANDA****Reanda Haroon Zakaria & Company**

Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF H.M IDREES H. ADAM (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **H.M IDREES H. ADAM (Private) Limited** which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);



REANDA

- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.



Reanda Haroon Zakaria & Co.
Reanda Haroon Zakaria & Company
Chartered Accountants

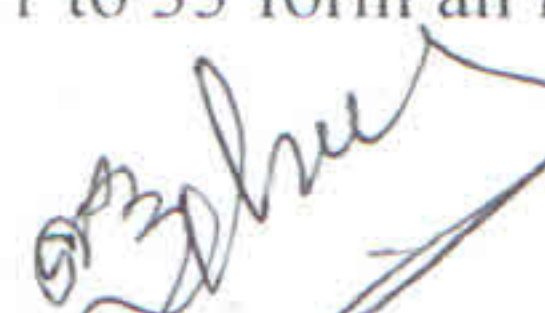
Place: Karachi

Dated: 02 OCT 2018

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS ON JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	9,383,479	5,271,650
Investment property	6	4,698,000	-
Investment available for sale	7	68,468,056	74,058,930
Intangible assets	8	5,099,911	7,649,120
Long term security deposits	9	4,510,000	4,010,000
Deferred tax asset	10	1,218,809	5,495,919
		<u>93,378,255</u>	<u>96,485,619</u>
Current Assets			
Trade debts- consider good		398,679	4,982,048
Short term deposits	11	41,647,261	15,136,686
Short term investments	12	150,624,117	336,390,790
Tax refunds due from government		6,155,818	6,069,179
Loan, advances and other receivables	13	-	54,588,205
Cash and bank balances	14	27,765,384	1,958,186,394
		<u>226,591,259</u>	<u>2,375,353,302</u>
Total Assets		<u><u>319,969,515</u></u>	<u><u>2,471,838,921</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
9,000,000 Ordinary shares of Rs. 10 each		<u>90,000,000</u>	<u>90,000,000</u>
Issued, subscribed and paid up capital	15	89,439,260	89,439,260
Reserve		220,107,301	238,664,456
Shareholders' Equity		<u>309,546,561</u>	<u>328,103,716</u>
Non Current Liability			
Long term loans	16	-	-
Current Liabilities			
Short term loan	17	-	178,608,929
Accrued markup		-	2,544,885
Trade and other payables	18	10,422,954	1,958,093,122
Deferred income		-	4,488,269
		<u>10,422,954</u>	<u>2,143,735,205</u>
Contingencies and Commitments	19		
Total Equity and Liabilities		<u><u>319,969,515</u></u>	<u><u>2,471,838,921</u></u>

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
Operating revenue	20	11,425,913	21,077,062
Loss on re-measurement of investment carried at fair value through profit and loss - Net		(47,591,712)	(35,994,688)
Gain on disposal of investment carried at fair value through profit and loss - Net		37,207,950	88,383,254
		<u>1,042,151</u>	<u>73,465,628</u>
Operating expenses	21	(12,748,861)	(23,560,586)
Operating (loss) / profit		<u>(11,706,710)</u>	49,905,042
Other income	22	13,618,149	49,067,323
Other charges-impairment in respect of TREC		(2,500,000)	(2,500,000)
Financial cost	23	(2,819,656)	(15,912,302)
(Loss) / profit before taxation		<u>(3,408,217)</u>	80,560,063
Taxation - current	24	(9,558,065)	(12,560,601)
(Loss) / profit after taxation		<u><u>(12,966,282)</u></u>	<u><u>67,999,462</u></u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


 Chief Executive Officer


 Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
(Loss) / profit for the year	(12,966,282)	67,999,462
(Loss) / gain on remeasurement of available for sale investments	(5,590,874)	24,949,961
Total comprehensive (loss) / profit for the year	<u><u>(18,557,155)</u></u>	<u><u>92,949,423</u></u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


Chief Executive Officer


Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	<i>Issued, subscribed and paid up capital</i>	<i>Reserve</i>		<i>Shareholders equity</i>	
		<i>Capital</i>	<i>Revenue</i>		<i>Sub Total</i>
----- Rupees -----					
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
Loss for the year	-	-	(12,966,282)	(12,966,282)	(12,966,282)
Loss on remeasurement of available for sale investments		(5,590,874)		(5,590,874)	(5,590,874)
Total comprehensive income for the year				(18,557,155)	
Balance as at June 30, 2018	89,439,260	47,422,494	172,684,806	220,107,301	309,546,561

The annexed notes from 1 to 33 form an integral part of these financial statements.


 Chief Executive Officer


 Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(3,408,217)	80,560,063
Adjustment for non-cash charges and other items		
Depreciation	2,888,006	1,347,967
Provision for impairment	2,500,000	2,500,000
Deposits written off	-	11,335,130
Unwinding of long term loan	-	4,211,521
Realized profit	(37,207,950)	(127,190,758)
Unrealized loss	47,591,712	35,994,688
Gain on disposal of fixed asset	(1,406,835)	(253,000)
Amortization	49,210	73,448
Finance cost	2,692,486	11,395,087
	<u>17,106,629</u>	<u>(60,585,917)</u>
Cash generated before working capital changes	<u>13,698,412</u>	<u>19,974,146</u>
Working Capital Changes		
(Increase) in current assets		
Trade debts- consider good	4,583,369	220,176,508
Trade deposits and short term prepayments	(26,510,575)	(9,919,197)
Loan, advances and other receivables	54,588,205	(54,079,823)
	<u>32,660,999</u>	<u>156,177,488</u>
Increase in current liabilities		
Deferred income	(4,488,270)	4,488,269
Trade and other payables	(1,947,670,168)	1,948,242,902
	<u>(1,952,158,438)</u>	<u>1,952,731,171</u>
Cash (used in) / generated from operating activities after working capital changes	<u>(1,905,799,027)</u>	<u>2,128,882,805</u>
Taxes paid	(5,367,594)	(18,764,424)
Increase in long term deposit	(500,000)	(1,000,000)
Finance cost paid	(5,237,371)	(11,107,167)
	<u>(11,104,965)</u>	<u>(30,871,591)</u>
Net cash (used in) / generated from operating activities	<u>(1,916,903,992)</u>	<u>2,098,011,214</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(7,386,000)	(3,898,000)
Acquisition of investment property	(5,220,000)	-
Proceeds from disposal of PSX shares	-	66,596,471
Proceeds from disposal of fixed assets	2,315,000	2,095,000
Acquisition/disposal of short term investment	175,382,911	-
Net cash generated from investing activities	<u>165,091,911</u>	<u>64,793,471</u>

2018
Rupees


2017
Rupees

C. CASH FLOWS FROM FINANCING ACTIVITIES

Payment of / proceeds from short / long term running finance	(178,608,929)	(205,992,636)
Net cash used in financing activities	<u>(178,608,929)</u>	<u>(205,992,636)</u>
Net (decrease) / increase in cash and cash equivalent (A+B+C)	(1,930,421,010)	1,956,812,049
Cash and cash equivalents at beginning of year	1,958,186,394	1,374,345
Cash and cash equivalents at end of year	<u>27,765,384</u>	<u>1,958,186,394</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


Chief Executive Officer


Director

H. M. IDREES H. ADAM (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 Companies Act, 2017. 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 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Due to the applicability of Companies Act, 2017 certain disclosures of the financial have been presented in accordance with the fifth schedule notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 1169 dated November 7, 2017.

The financial statements include disclosures requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016 as notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 569 (I) / 2016 dated June 24, 2016.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial reporting standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Preparation of financial statements also include disclosure required by Securities Brokers (Licensing and Operations) Regulations, 2016.

3.2 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.

3.3 *Functional and presentation currency*

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

3.4 *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.

3.5 *Standards, amendments and interpretations which became effective during the year*

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

3.6 *New standards, interpretations and amendments*

The company has adopted the following accounting standards, interpretations and the amendments of IFRSs which became effective for the current year :

- IAS 7 – Statement of Cash flow - Disclosure Initiative - (Amendments).
- IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments).

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

3.7 *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:

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 – Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments).	01 January 2018
IFRS 9 – Financial Instruments.	01 July 2018
IFRS 9 – Payment Features With Negative Compensation - (Amendments).	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 (Amendments).	Not yet finalized
IFRS 15 – Revenue from Contracts With Customers.	01 July 2018
IFRS 16 – Leases.	01 January 2019
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments).	01 January 2018
IAS 40 – Investment Property: Transfers of Investment Property (Amendments).	01 January 2018
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments).	01 January 2019

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IAS 28 – Long - term interests in Associates and Joint Ventures - (Amendments).	01 January 2019
IFRIC 22 – Foreign Currency Transactions and Advance Consideration.	01 January 2018
IFRIC 23 – Uncertainty Over Income tax Treatments.	01 January 2019

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application except for IFRS 15 - Revenue from Contracts with Customers. The company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual period beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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.

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 14 - Regulatory Deferral Accounts.	01 January 2016
IFRS 17 - Insurance Contracts.	01 January 2021

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 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.

4.2 *Investment Property*

Property that is held for long - term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction cost and borrowing costs, if any. Subsequent to initial recognition investment property is measured at cost less accumulated depreciation.

4.3 *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.

4.4 *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.

4.5 *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.

4.6 *Software*

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.

4.7 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.

4.8 Investments at fair value through profit and loss

- Investments 'at fair value through profit or loss - held for trading'

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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 Taxation

Current

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

Deferred

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.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 Transactions with related parties

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

4.20 Dividend distributions and appropriations

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

5. PROPERTY AND EQUIPMENT

Particulars	OWNER				Total
	Office equipment	Computers and related accessories	Vehicles	Furniture and fixture	
----- Rupees -----					
Net book value as at June 30, 2017	449,049	123,918	3,708,603	990,080	5,271,650
Additions	-	-	7,386,000	-	7,386,000
Disposals					
- Cost	-	-	(2,771,500)	-	(2,771,500)
- Depreciation	-	-	1,863,335	-	1,863,335
	-	-	(908,165)	-	(908,165)
Depreciation charge	(89,810)	(40,893)	(2,037,288)	(198,016)	(2,366,006)
Net book value as at June 30, 2018	359,239	83,025	8,149,150	792,064	9,383,479
As at June 30, 2018					
Cost	1,124,671	755,025	11,494,000	1,361,000	14,734,696
Accumulated depreciation	(765,432)	(672,000)	(3,344,850)	(568,936)	(5,351,217)
Net book value	359,239	83,025	8,149,150	792,064	9,383,479
Depreciation rate 2018	20%	33%	20%	20%	
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
As at June 30, 2017					
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%	

6. INVESTMENT PROPERTY

	Note	2018 Rupees	2017 Rupees
Cost			
Opening	6.1	-	-
Additions (at Cost)		5,220,000	-
Disposals (at NBV)		-	-
Closing		5,220,000	-
Accumulated depreciation			
Opening at July 01		-	-
Charge for the year	0	(522,000)	-
Closing		(522,000)	-
NBV at June 30		4,698,000	-
Rate of depreciation		10%	-

6.1 These represents three offices in new stock exchange building.

7. **INVESTMENTS AVAILABLE FOR SALE**

2018	2017		2018	2017
Number of Shares			Rupees	Rupees
1,602,953	1,602,953	The shares of Pakistan Stock Exchange	31,658,322	41,163,833
3,034,603	3,034,603	The shares of Islamabad REIT Management	36,809,734	32,895,097
			<u>68,468,056</u>	<u>74,058,930</u>

7.1 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.

	Note	Number of shares
7.2 <i>Break up of shares received and transacted is as follows :</i>		
Shares transferred to Chinese consortium		1,602,953
Shares sold to general public	7.3	801,477
Shares in hand	7.4	1,602,953
		<u>4,007,383</u>
7.3 <i>Shares sold to general public</i>		
Prior year		<u>801,477</u>
7.4 <i>Shares in hand</i>		
Long term investment - available for sale	7.5	<u>1,602,953</u>
7.5 Currently these are not available for trading and are classified as long term investment - available for sale.		

8 **INTANGIBLE ASSETS**

	Note	2018 Rupees	2017 Rupees
Membership Card of Pakistan Mercantile Exchange Ltd.		2,500,000	2,500,000
Pakistan Stock Exchange Trading Rights Entitlement Certificate		2,500,000	2,500,000
Pakistan Stock Exchange Trading Rights Entitlement Certificate	8.1	-	2,500,000
Software for trading	8.2	99,911	149,120
		<u>5,099,911</u>	<u>7,649,120</u>

2018
Rupees

2017
Rupees

11 SHORT TERM DEPOSITS

Deposits with Karachi Stock Exchange Limited

Future cash margin exposure	30,500,000	13,500,000
Future clearing house	11,147,261	1,636,686
	<u>41,647,261</u>	<u>15,136,686</u>

12. SHORT TERM INVESTMENTS

- At fair value through profit and loss

2018	2017		2018	2017
<i>Number of Shares</i>				
4,800	4,800	Adamjee Insurance Co. Limited	233,904	328,128
33,000	33,000	Akzo Nobel Pakistan Limited	6,163,080	7,920,000
35,000	-	Allied Bank Limited	3,610,250	-
38,800	38,800	Askari Bank Limited	848,556	782,596
16,800	16,800	Bank Al-Falah Limited	878,472	675,360
-	1,000	Bawany Air Product Limited	-	11,430
29,118	29,118	Bank Islami Pakistan	347,960	387,269
15,000	15,000	Bank of Khyber	204,750	236,250
125,000	-	Baluchistan Glass Ltd.	1,317,500	-
350,500	1,000,000	BYCO Petroleum Limited	4,276,100	19,100,000
24,500	-	Crescent steel & Allied	2,233,665	-
1,000,000	-	Dewan Cement Limited	18,000,000	-
1,000	1,000	Engro powergen qadirpur Limited	33,760	33,710
30,000	30,000	Fauji Cement Company Limited	685,500	1,230,900
2,299,000	-	First Dawood Investment Bank	8,322,380	-
10,000	10,000	Flying Cement Limited	171,600	188,600
-	30,000	GlaxoSmithKline Pakistan Limited	-	5,907,600
200,000	200,000	Gharibwal Cement Limited	4,184,000	9,108,000
-	150,000	Haydari Construction Company Limited	-	2,643,000
100,000	-	Hi-Tech Lubricants Limited	10,132,000	-
25,000	25,000	Hub Power Company Limited	2,304,000	2,935,750
1,208,500	1,208,500	Japan Power Generation Limited	-	5,220,720
3,000	3,000	JS Bank Limited	25,020	28,770
10,000	10,000	Jahangir Siddiqui & Co. Limited	181,900	228,300
-	2,000	Khalid Siraj Textile Mills Limited	-	15,600
538,937	-	Maple Leaf Cement Factory Limited	27,345,663	-
100,000	-	Media Times Limited	173,000	-
11,871	-	MCB Bank	2,347,728	-
76,500	76,500	National Bank of Pakistan	3,623,805	4,514,265
10,000	10,000	Netsol Technologies	1,210,700	578,300
50,000	-	Nimir Resins Limited	505,000	-
-	52,000	NIB Bank Limited	-	89,440
25,000	25,000	Pervez Ahmed Sec.Limited	24,000	49,250
		c/f.	<u>99,384,293</u>	<u>62,213,238</u>

2018	2017		2018	2017
Number of Shares			Rupees	Rupees
		b/f.	99,384,293	62,213,238
525,000	425,000	Pakistan International Airlines Corp.	2,147,250	2,482,000
7211 6,000	-	Pakistan International Bulk Terminal Li	68,100	-
10,000	-	Pak Elektron Limited	354,600	-
-	166,200	Pakistan Oilfields Limited	-	76,144,530
-	2,789,000	Pakistan Refinery Limited (Right)	-	148,542,140
-	202,800	Pakistan Petroleum Limited	-	30,042,792
1,000	-	Pakistan State Oil	318,310	-
115,000	114,000	Summit Bank Limited	247,250	469,680
2,500	2,500	Silver Star Insurance Co. Limited	-	-
149,000	149,000	Telecard Limited	265,220	460,410
1,522,500	400,000	TRG	43,604,400	16,036,000
11,800	-	United Bank Limited	1,993,964	-
1,161,000	-	World Call Telecom	2,240,730	-
			<u>150,624,117</u>	<u>336,390,790</u>

12.1 The market value of each security is as follows :

Securities are valued using market rate of 29 June, 2018 as 30-June, 2018 was a holiday of PSX.

Adamjee Insurance Co. Limited	48.73
Akzo Nobel Pakistan Limited	186.76
Allied Bank Limited	103.15
Askari Bank Limited	21.87
Bank Al-Falah Limited	52.29
Bank Islami Pakistan	11.95
Bank of Khyber	13.65
Baluchistan Glass Ltd.	10.54
BYCO Petroleum Limited	12.20
Crescent steel & Allied	91.17
Dewan Cement Limited	18.00
Engro powergen qadirpur Limited	33.76
Fauji Cement Company Limited	22.85
First Dawood Investment Bank	3.62
Flying Cement Limited	17.16
Gharibwal Cement Limited	20.92
Hi-Tech Lubricants Limited	101.32
Hub Power Company Limited	92.16
JS Bank Limited	8.34
Jahangir Siddiqui & Co. Limited	18.19
Maple Leaf Cement Factory Limited	50.74
Media Times Limited	1.73
MCB Bank	197.77
National Bank of Pakistan	47.37
Netsol Technologies	121.07
Nimir Resins Limited	10.10
Pervez Ahmed Sec.Limited	0.96
Pakistan International Airlines Corp.	4.09
Pakistan International Bulk Terminal Limited	11.35

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Pak Elektron Limited		35.46	
Pakistan State Oil		318.31	
Summit Bank Limited		2.15	
Telecard Limited		1.78	
TRG		28.64	
United Bank Limited		168.98	
World Call Telecom		1.93	

13. LOAN, ADVANCES & OTHER RECEIVABLE

Interest Receivable	-	269,936
Receivable Against Sale Of Shares	-	4,488,269
Share application money	-	49,830,000
	-	<u>54,588,205</u>

14. CASH AND BANK BALANCES

Cash at hand	162,073	488,469
Cash at bank - current accounts	869,838	174,077
- saving accounts	26,733,473	1,957,523,848
	<u>27,765,384</u>	<u>1,958,186,394</u>

15. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<i>2018</i>	<i>2017</i>		<i>2018</i>	<i>2017</i>
<i>Number of Shares</i>				
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>

16. LONG TERM LOAN

From Director	-	11,210,740
Less: Unamortized cost	-	-
Unwinding of amortized cost	-	4,211,524
Transferred to short term loan	16.1	(15,422,264)
	-	<u>-</u>

16.1 The long term loan had been classified as short term loan in the previous year which has been fully paid off in the current year.

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
17. SHORT TERM LOAN			
From related parties - unsecured			
From Director	17.1	-	174,148,293
Running finance		-	4,460,636
		<u>-</u>	<u>178,608,929</u>

17.1 These represented interest free loans and were payable within twelve months from the balance sheet date, which has been fully paid off during the year.

	<i>2018 Rupees</i>	<i>2017 Rupees</i>
18. TRADE AND OTHER PAYABLES		
Trade creditors	8,498,322	1,957,494,075
Accrued expenses	1,694,235	596,807
Other payable	230,398	2,241
	<u>10,422,954</u>	<u>1,958,093,122</u>

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

No complaint is pending against the company with Pakistan Stock Exchange Limited at year end.

19.2 Commitments

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

	<i>2018 Rupees</i>	<i>2017 Rupees</i>
For purchase of shares	<u>35,230,404</u>	<u>12,155,497</u>
For sale of shares	<u>622,750</u>	<u>64,440,810</u>

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

	<i>2018 Rupees</i>	<i>2017 Rupees</i>
For purchase of shares	<u>161,268,345</u>	<u>1,751,165</u>

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
20 OPERATING REVENUE			
Gross commission		13,954,083	26,501,849
Sales tax		(1,809,276)	(3,096,192)
		<u>12,144,807</u>	<u>23,405,657</u>
Commission to agents and dealers		(718,894)	(2,328,596)
		<u>11,425,913</u>	<u>21,077,062</u>
21 OPERATING EXPENSES			
Salaries, allowances and other benefits		2,944,500	2,434,500
Clearing houses and related charges		1,902,217	2,647,118
Printing and stationery		92,650	130,372
Utilities		379,870	554,603
Rent rate and taxes		60,000	62,000
Auditors' remuneration		252,500	108,000
Entertainment		16,250	574,617
Fees and subscription		428,575	912,474
Postage and stamps		-	11,510
Legal & professional charges		765,000	105,500
Traveling and conveyance		1,043,799	1,441,377
Repairs and maintenance		286,736	1,102,369
Depreciation	4	2,888,006	1,347,967
Amortization	6.2	49,210	73,448
Deposits written off		-	11,335,130
Miscellaneous and general expenses		1,639,548	719,601
		<u>12,748,861</u>	<u>23,560,586</u>
22 OTHER INCOME			
Clearing houses and related charges		63,710	-
Custody fee		62,846	999,592
Rent income		1,000,541	-
Dividend income		5,726,867	8,664,316
Gain on disposal of PSX shares		-	38,807,504
Interest income		4,816,996	317,120
Other commission		533,858	25,791
Interest income on stock deposited		6,496	-
Gain on disposal of vehicle		1,406,835	253,000
		<u>13,618,149</u>	<u>49,067,323</u>
23 FINANCIAL COST			
Mark up on short term borrowings		2,692,486	11,395,087
Unwinding of long term loan		-	4,211,521
Bank charges		127,171	305,694
		<u>2,819,656</u>	<u>15,912,302</u>

	Note	2018 Rupees	2017 Rupees
24 TAXATION			
Current	24.1	(5,280,955)	(3,410,131)
Deferred tax			
For the year		191,959	2,948,835
Prior year	24.3	(4,469,069)	-
		(4,277,110)	2,948,835
Capital gain tax		-	(12,099,305)
		<u>(9,558,065)</u>	<u>(12,560,601)</u>

24.1 Breakup of Current Tax

Normal Tax for the year	715,438
PTR- ON SALE - KSE-233A	1,756,707
PTR ON PUR - KSE-233a	1,949,779
Final Tax on Dividend income	859,030
	<u>5,280,955</u>

24.2 Reconciliation between tax expense and accounting profit

Accounting profit before tax - excluding FTR	1,915,156
Income relating to final tax regime	17,152,780
Rental income - separate block	38,208,491
	<u>57,276,427</u>
Tax at applicable rate of 30%	574,547
Tax effects of:	
Accounting depreciation and amortization	321,673
Tax depreciation and tax amortization	(420,911)
Admissible Expenses-Net	(99,239)
Separate Block of Income	240,130
Effect of FTR Income	4,565,517
Deferred tax	4,277,110
Tax Expense	<u>9,558,065</u>

24.3 During prior year deferred tax asset of Rs. 5,495,919 has been recognised by crediting the deductible temporary difference in the profit and loss account. However, the actual deferred tax asset should have been recorded as Rs. 1,026,850, the error is corrected prospectively as it does not fall in the category of material prior period error and impact is summarised below:

	Debit	Credit
Deferred tax expense	4,469,069	-
Deferred tax asset	-	4,469,069

	2018 Rupees	2017 Rupees
25 REMUNERATION TO DIRECTOR		
Managerial remuneration	<u>33,333</u>	<u>30,000</u>
Number of persons	<u>2</u>	<u>2</u>

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

	2018 Rupees	2017 Rupees
26 FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
Investment at fair value through profit or loss		
Short term investments	150,624,117	336,390,790
Loans and receivables		
Long term deposits	4,510,000	4,010,000
Trade debts	398,679	4,982,048
Trade deposits	41,647,261	15,136,686
Other receivable	-	54,588,205
Cash and bank balances	27,765,384	1,958,186,394
	<u>74,321,324</u>	<u>2,036,903,333</u>
	<u>224,945,441</u>	<u>2,373,294,123</u>

FINANCIAL LIABILITIES

Financial liabilities - at amortized cost

Short term borrowings	-	178,608,929
Accrued markup	-	2,544,885
Trade and other payables	10,422,954	1,958,093,122
	<u>10,422,954</u>	<u>2,139,246,936</u>

27 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
- d) Operational 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.

Out of the total financial assets of Rs. 224.945 (2017 : Rs. 2,373.294) million the financial assets which are subject to credit risk amounted to Rs.224.783 (2017 : Rs. 2,372.806) million.

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

	2018 Rupees	2017 Rupees
Long term security deposits	4,510,000	4,010,000
Investments - short term	150,624,117	336,390,790
Trade debts- consider good	398,679	4,982,048
Other receivable	-	54,588,205
Trade deposits	41,647,261	15,136,686
Bank Balances	27,603,311	1,957,697,925
	224,783,368	2,372,805,654

Provision for impairment losses

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

	2018		2017	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1-30 days	-	-	4,589,726	-
Past due 31 days -60 days	190	-	290	-
Past due 61 days -90 days	895	-	472	-
Above 90 days	397,595	-	391,559	-
Total	398,679	-	4,982,048	-

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: -

<i>Carrying Amount</i>	<i>2018</i>			
	<i>On Demand</i>	<i>Contractual</i>	<i>Less than one</i>	<i>More than one</i>
	<i>Cash flows</i>			
	<i>-----Rupees-----</i>			
<i>Financial Liabilities</i>				
Trade and other payables	10,422,954	(10,422,954)	(10,422,954)	(10,422,954)

<i>Carrying Amount</i>	<i>2017</i>			
	<i>On Demand</i>	<i>Contractual</i>	<i>Less than one</i>	<i>More than one</i>
	<i>Cash flows</i>			
	<i>-----Rupees-----</i>			
<i>Financial Liabilities</i>				
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)
	2,139,246,936	(2,139,246,936)	(2,139,246,936)	(2,139,246,936)

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: -

	<i>2018</i>	<i>2017</i>
	<i>(Percentage)</i>	
<i>Variable Rate Instruments</i>		
<i>Financial Liabilities</i>		
- Short term loan		
Average rate	-	4.05%

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.

	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
<i>Effect on profit</i>		
Increase / Decrease	8,664,126	9,285,019

28 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 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: -

	2018 Rupees	2017 Rupees
Total borrowings	-	178,608,929
Cash and bank balances	<u>(27,765,384)</u>	<u>(1,958,186,394)</u>
Net debt	(27,765,384)	(1,779,577,465)
Total equity	<u>311,296,561</u>	<u>328,103,716</u>
Total Capital	<u>283,531,177</u>	<u>(1,451,473,749)</u>
Gearing ratio	-	122.60%

28.1 Gearing ratio is NIL due to NIL borrowings at the year end

29 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.

	2018 Rupees	2017 Rupees
Transactions during the year		
Receipts of loans from directors	21,267,261	44,394,415
Repayment of loans to director	181,848,293	72,186,416

30 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in the financial statements for remuneration, including certain benefits, to the Chief Executive Officer and the directors of the Company is as follows: -

	<u>Directors</u>	
	2018	2017
	----- Rupees -----	
Managerial remuneration	800,000	-
Commission and performance bonus	-	-
(Withholding tax on remuneration)	-	-
	<u>800,000</u>	<u>-</u>
Number of persons	<u>2</u>	<u>1</u>

30 *ENTITY WIDE INFORMATION*

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

31 *NUMBER OF EMPLOYEES*

Number of employees at the year end

2018

2017

12

14

Average number of employees for the year

13

14

32 *DATE OF AUTHORIZATION FOR ISSUE*

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

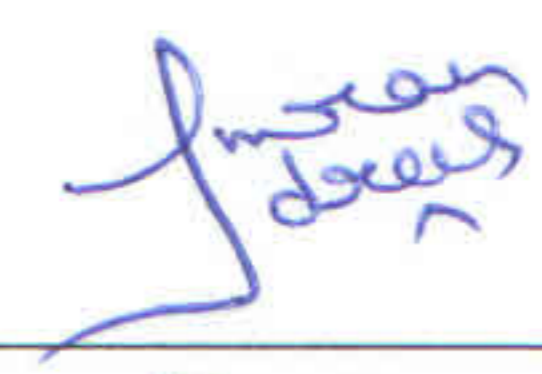
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33 *GENERAL*

The figures have been round off to the nearest rupee.



Chief Executive Officer



Director