

AMER SECURITIES (PVT) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

AUDITORS' REPORT TO THE MEMBERS

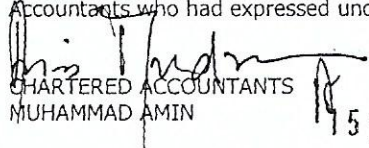
We have audited the annexed balance sheet of **AMER SECURITIES (PVT) LIMITED** as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended 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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- (a) in our opinion, proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;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balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policy consistently applied;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 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 repealed 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.

The financial statements for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed unqualified opinion in their audit report dated October 06, 2016.


CHARTERED ACCOUNTANTS
MUHAMMAD AMIN

15 SEP 2017

Lahore:

AMER SECURITIES (PVT) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees Re-stated
ASSETS			
NON CURRENT ASSETS			
Property and equipment	7	241,155	188,998
Intangible assets	8	7,594,607	7,602,007
Long term investments	9	11,489,876	14,896,159
Long term deposits	10	1,100,000	633,000
		<u>20,425,638</u>	<u>23,320,164</u>
CURRENT ASSETS			
Trade debts	11	24,581,614	29,223,549
Loan and advances		5,257,000	99,042
Investment at fair value through profit and loss	13	43,870,103	34,377,984
Trade deposits, short term prepayments and current account balance with statutory authorities	14	4,885,240	3,783,762
Cash and bank balances	15	10,270,602	12,711,916
		<u>88,864,559</u>	<u>80,196,253</u>
		<u>109,290,197</u>	<u>103,516,417</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	20,000,000	20,000,000
Accumulated loss		27,869,514	13,516,678
Fair value adjustment reserve		1,699,766	5,106,049
		<u>49,569,280</u>	<u>38,622,727</u>
Share deposit money		12,068,678	12,068,678
		<u>61,637,958</u>	<u>50,691,405</u>
NON CURRENT LIABILITIES			
Deferred liabilities	17	891,242	816,542
CURRENT LIABILITIES			
Trade and other payables	18	10,146,593	19,961,634
Short term borrowings	19	36,429,959	31,873,500
Accrued markup		184,445	-
Provision for taxation		-	173,336
		<u>46,760,997</u>	<u>52,008,470</u>
CONTINGENCIES AND COMMITMENTS	20	-	-
		<u>109,290,197</u>	<u>103,516,417</u>

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

CHIEF EXECUTIVE

DIRECTOR

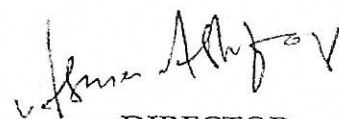
AMER SECURITIES (PVT) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Brokerage and commission	21	9,097,044	3,800,720
Capital gain on sale of marketable securities		20,858,966	-
		29,956,010	3,800,720
Direct cost	22	1,318,930	2,660,988
		28,637,080	1,139,732
Operating expenses	23	4,513,013	4,179,698
OPERATING PROFIT/(LOSS)		24,124,067	(3,039,966)
OTHER OPERATING INCOME/EXPENSE	24	(4,063,522)	(2,349,699)
Finance cost	25	1,067,281	173,138
PROFIT/LOSS BEFORE TAXATION		18,993,264	(5,562,802)
Taxation	26	4,640,428	38,007
PROFIT/LOSS FOR THE YEAR		14,352,836	(5,600,809)
EARNING PER SHARE-BASIC AND DILUTED	27	717.64	(280.04)

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CHIEF EXECUTIVE



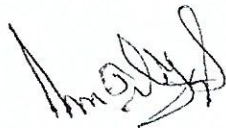
DIRECTOR

AMER SECURITIES (PVT) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Profit/(loss) for the year	14,352,836	(5,600,809)
Items that will not be reclassified subsequently to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account		
(Loss)/Gain on revaluation of available for sale investment	(3,406,283)	5,106,049
Other comprehensive income for the year	(3,406,283)	5,106,049
Total comprehensive income/(loss) for the year	10,946,553	(494,760)

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



CHIEF EXECUTIVE



DIRECTOR

AMER SECURITIES (PVT) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/Loss before taxation		18,993,264	(5,562,802)
Adjustments of items not involving movements of cash:			
Depreciation	7	48,204	296,167
Ammortization		7,400	7,400
Finance cost	25	1,067,281	-
Balances written off		1,669,865	-
Balances written back		(339,652)	-
Provision for gratuity		74,700	71,042
Unrealized loss on remeasurement of investment	13	3,742,678	3,720,497
		<u>6,270,476</u>	<u>4,095,106</u>
Operating cash flows before working capital changes		25,263,740	(1,467,696)
(Increase)/ Decrease in working capital			
(Increase) / decrease in current assets			
Account receivables		3,106,707	(7,742,337)
Loan and advances		(5,259,597)	-
Trade deposits and short term prepayments		(136,912)	(9,374,864)
Increase / (decrease) in current liabilities			
Trade and other payables		(9,475,389)	(9,497,866)
		<u>(11,765,191)</u>	<u>(26,615,067)</u>
Cash generated from / (used in) operations		13,498,549	(28,082,763)
Taxes paid		(5,778,329)	3,153,105
Finance cost paid		(882,836)	-
		<u>(6,661,165)</u>	<u>3,153,105</u>
Net cash flows From operating activities		6,837,384	(24,929,659)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(100,360)	(90,550)
Long term deposits		(500,000)	-
Short term investments- net		(13,234,797)	(8,590,951)
Net cash flows from investing activities		(13,835,157)	(8,681,501)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		-	8,244,435
Net cash flows from financing activities		-	8,244,435
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,997,773)	(25,366,725)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>(19,161,584)</u>	<u>6,452,525</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	<u>(26,159,357)</u>	<u>(18,914,200)</u>
A Cash and Cash Equivalents			
Cash and bank balances	15	10,270,602	12,711,916
Short term borrowings		(36,429,959)	(31,873,500)
		<u>(26,159,357)</u>	<u>(19,161,584)</u>

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

CHIEF EXECUTIVE

DIRECTOR

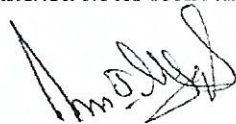
AMER SECURITIES (PVT) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2017

Paid up capital	Accumulated profit	Fair value adjustment reserve	Share Deposit Money	Total
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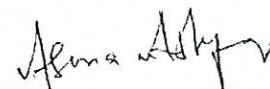
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Balance as at June 30, 2015-Restated	20,000,000	19,117,487	-	12,068,678	51,186,165
Loss after taxation	-	(5,600,809)	-	-	(5,600,809)
Other Comprehensive Income	-	-	5,106,049	-	5,106,049
Total comprehensive loss for the year	-	(5,600,809)	5,106,049	-	(494,760)
Balance as at June 30, 2016-Restated	20,000,000	13,516,678	5,106,049	12,068,678	50,691,405
Profit after taxation	-	14,352,836	-	-	14,352,836
Other Comprehensive loss	-	-	(3,406,283)	-	(3,406,283)
Total comprehensive income for the year	-	14,352,836	(3,406,283)	-	10,946,553
	20,000,000	27,869,514	1,699,766	12,068,678	61,637,958

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



CHIEF EXECUTIVE



DIRECTOR

AMER SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 COMPANY AND ITS OPERATION

- 1.1 The Company was incorporated under the Companies Ordinance 1984 (repealed) as a Private Limited company with the main objective to deal in the business of stock exchange brokers. The company started its commercial operations in September, 2003. The registered Office of the Company is situated at Room # 620, 6th Floor, LSE Building, 19 Khayaban - e - Iqbal, Lahore.

The company is holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no. 17 dated July 20, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 ACCOUNTING CONVENTION

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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 revision and future periods if the revision affects both current and future periods.

3 AMENDMENTS / INTERPRETATION TO EXISTING STANDARDS AND FORTHCOMING REQUIREMENTS

3.1 Amendments to published standards that are effective in current year but not relevant to the Company.

There are amendments to published standards that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3.2 Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2017 or later periods:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 - Property, plant and equipment. Accordingly, surplus on revaluation of fixed assets will be part of equity.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation.

Depreciation is charged on reducing balance method at the rates mentioned in note no. 5. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized.

Gain or loss on disposal of property and equipment, if any is taken to profit and loss account.

4.2 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount.

4.2.1 Membership card and offices

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.


4.2.2 Computer Software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through straight line method using the rate specified in note 6.2 to the account.

Amortization is charged when asset is available for use until asset is disposed off. 

4.3 FINANCIAL ASSETS

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

4.3.1 Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

4.3.2 At fair value through profit and loss


Investments classified as held for trading are included in the category of financial assets at fair value through profit and loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit and loss account of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on balance sheet date.

4.3.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are premeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment. 

4.3.4 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the balance sheet.

4.4 FINANCIAL LIABILITIES

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

4.5 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet date, where there is a legal enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.6 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtful debts, if any. A provision for doubtful debt is established 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.

4.7 CASH AND CASH EQUIVALENTS


Cash and cash equivalents are carried in the balance sheet at fair value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and short term running finances with bank.

4.8 SHARE CAPITAL

Ordinary shares are classified as equity and recognized at their face value.

4.9 BORROWINGS

Borrowings that are acquired for long term financing are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. 

4.10 TAXATION

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

The company accounts for deferred taxation using the liability method on all timing differences which are considered reversible in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

4.11 TRADE AND OTHER PAYABLES

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

4.12 PROVISIONS

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. ✓

4.14 IMPAIRMENT

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is charged to the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.15 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.


4.16 BASIC AND DILUTED EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.17 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

4.18 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market. 


5 RELATED PARTY TRANSACTIONS

Transactions with related parties have been disclosed in the relevant notes to the financial statements except that commission earned from related parties i.e. directors and shareholders during the year is amounting Rs. 320,000.

6 RESTATEMENT OF FUNDAMENTAL ACCOUNTING ERROR

The company had erroneously classified intangible asset as fixed asset and charged depreciation accordingly. Accumulated depreciation charged on rights of room was reversed and charged to retained earning retrospectively. Cash and bank balances and payable to National Clearing Company of Pakistan Limited amounting Rs.3,661,055 and Rs.8,244,435 respectively were erroneously classified under the head tax deducted at source and share deposit money respectively. Adjustments have been made in the financial statements and previous year figures and balances were adjusted in accordance with the requirement of IAS-8 (Accounting Policies, Changes in Accounting Estimates and Errors).

EFFECT ON EARNING PER SHARE AND RETAINED EARNINGS

Due to the above adjustments earning per share of the previous year was reduced by Rs. 12. The retained earning balance as on June 30, 2015 was increased by Rs. 1,003,086 and loss for the year ended June 30, 2016 was decreased by Rs. 247,383. 

7 PROPERTY AND EQUIPMENT

Particulars	Cost			Depreciation			WT As at 30, 2017		
	As at June 30, 2016	Additions/ (deletions)	As at June 30, 2017	Rate %	As at June 30, 2016	Charge for the year		As at June 30, 2017	
OWNED									
Furniture and fixtures	128,150	-	128,150	10	82,297	4,586	86,883	4	
Vehicles	25,000	-	25,000	10	1,250	2,375	3,625	2	
Office equipment	71,200	-	71,200	10	51,929	1,927	53,856	1	
Computers	547,016	100,360	647,376	30	455,122	38,493	493,615	15	
Electronic fittings	30,500	-	30,500	10	22,269	823	23,092	15	
	Rupees	801,866	100,360		902,226	612,867	48,204	661,071	24
	2016 Rupees Re-stated	731,316	70,550		801,866	316,700	296,167	612,867	18

8 INTANGIBLE ASSETS	Note	2017 Rupees	2016 Rupees Re-Stated
Trading right entitlement certificate	8.1	4,100,000	4,100,000
Rights of Room		3,476,916	3,476,916
Computer software		17,691	25,091
		<u>7,594,607</u>	<u>7,602,007</u>

8.1 It represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business and to meet partly, the Base Minimum Capital Requirement.

8.2 Computer software	2017 Rupees	2016 Rupees
Cost:		
Balance as at July 01,	74,000	74,000
Additions during the year	-	-
Balance as at June 30,	<u>74,000</u>	<u>74,000</u>
Amortization:		
Balance as at July 01,	48,909	41,509
Charge for the year	7,400	7,400
Balance as at June 30,	<u>56,309</u>	<u>48,909</u>
Net book value	<u>17,691</u>	<u>25,091</u>
Rate of amortization	<u>10%</u>	<u>10%</u>

9 LONG TERM INVESTMENTS

Available for sale investment

Unquoted - Shares of LSE Financial Services Limited

Cost as at July 01,	9,790,110	9,790,110
Fair value adjustment	1,699,766	5,106,049
	<u>11,489,876</u>	<u>14,896,159</u>

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9.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Sock Exchange Limited, now LSE Financial Services Limited had allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital

The valuation of the aforementioned entity carried out by the valuer after considering the latest available financial information, recent market development and growth of the business being carried by LSE Financial Services Limited.

	Note	2017 Rupees	2016 Rupees
10 LONG TERM DEPOSITS			
Deposits with:			
Pakistan Stock Exchange Limited		-	230,000
National Clearing Company of Pakistan Limited		1,000,000	300,000
Central Depository Company Limited		100,000	103,000
		<u>1,100,000</u>	<u>633,000</u>
11 TRADE DEBTS			
Receivable from clients on account of			
Purchase of shares on behalf of clients	11.1&11.3	25,123,168	26,582,835
Less: Provision for doubtful debts	11.1.2	(1,539,899)	-
		23,583,269	26,582,835
Receivable from National Clearing of Pakistan Limited		998,345	2,640,714
		<u>24,581,614</u>	<u>29,223,549</u>
11.1 Aging Analysis			
		Amount	Custody Value
Upto five days		1,518,242	45,121,665
More than five days		22,065,027	128,508,520
		<u>23,583,269</u>	<u>173,630,185</u>
11.1.2 Movement is as follows			
Opening Balance		-	-
Provision made during the year		(1,539,899)	-
		<u>(1,539,899)</u>	<u>-</u>

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11.2 Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtful debts, if any. A provision for doubtful debt is established 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.

11.3 This includes amounting Rs.6,704,087 (2016: 9,864,307) receivable from related parties i.e. directors and shareholders of the company against sale of shares.

	Note	2017 Rupees	2016 Rupees
12 LOAN AND ADVANCES			
Advances(Unsecured)			
to Employees		-	99,042
Against purchase of car		5,257,000	-
		<u>5,257,000</u>	<u>99,042</u>

13 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Carrying value		47,612,781	38,098,481
Gain on remeasurement of investment at fair value		(3,742,678)	(3,720,497)
	13.1	<u>43,870,103</u>	<u>34,377,984</u>

13.1 This includes share with carrying value of Rs. 18,739,311 (2016: Rs.20,362,152) which has been pledged with financial institutions.

	Note	2017 Rupees	2016 Rupees Re-stated
14 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company		2,005,000	3,205,000
Guarantee Margin		500,000	-
Prepayment		836,912	
Advance income tax		1,543,328	578,762
		<u>4,885,240</u>	<u>3,783,762</u>

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	Note	2017 Rupees	2016 Rupees Re-stated
15 CASH AND BANK BALANCES			
These were held as under:			
In hand		13,050	-
Cash at bank			
Current Account			
Pertaining to brokerage house		223,133	713,574
Pertaining to client account		10,034,419	11,998,342
		10,257,552	12,711,916
		<u>10,270,602</u>	<u>12,711,916</u>
		2017 Rupees	2016 Rupees

16 SHARE CAPITAL

Authorized

35,000 (2016:20,000) ordinary shares
of Rs.10/- each

35,000,000	20,000,000
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Issued, subscribed and paid up

20,000 (2016:20,000) ordinary shares of Rs.1,000/- each
fully paid in cash

20,000,000	20,000,000
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16.1 Pattern of Shareholding:

Categories of shareholders

Individual

	% age of Shares Held		Number of Shares Held	
	2017	2016	2017	2016
Mrs. Afsheen Amir	10.00%	10.00%	2,000	2,000
Mr. Amer Ilyas	70.00%	70.00%	14,000	14,000
Ms. Asma Ashfaq	10.00%	10.00%	2,000	2,000
Muhammad Shahid pervaiz	10.00%	10.00%	2,000	2,000
	<u>100%</u>	<u>100%</u>	<u>20,000</u>	<u>20,000</u>

		2017 Rupees	2016 Rupees
17 DEFERRED LIABILITIES			
Deferred taxation	17.1	-	-
Staff gratuity	17.2	891,242	816,542
		<u>891,242</u>	<u>816,542</u>

17.1 Deferred taxation

Deferred credits/(debits) arising due to:			
Accelerated tax depreciation		4,003	1,447
Brought forward losses		-	(460,071)
Gratuity Payable		(75,599)	-
		<u>(71,596)</u>	<u>(458,624)</u>
Balance as at July 01,		-	-
Add: charge for the year		-	-
		<u>-</u>	<u>-</u>

At year end net deductible temporary differences amounting Rs. 238,653 (2016:Rs.1,479,432) which results in a net deferred tax asset of Rs. 71,596 (2016:Rs. 458,264). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2018.

	Note	2017 Rupees	2016 Rupees
17.2 Staff Gratuity	17.2.1	<u>891,242</u>	<u>816,542</u>

17.2.1 Movement in liability is as follows

Balance of net liability as at July 1, 2016 / 2015		816,542	745,500
Charge for the year		74,700	71,042
Contributions made during the year to the fund		-	-
Balance of net liability as at June 30		<u>891,242</u>	<u>816,542</u>

	Note	2017 Rupees	2016 Rupees Re-stated
18 TRADE AND OTHER PAYABLES			
Creditors for sale of shares on behalf of clients	18.1	7,080,022	9,011,429
Payable to National Clearing Company of Pakistan		2,068,955	9,968,568
Accrued expense		997,616	981,637
		<u>10,146,593</u>	<u>19,961,634</u>

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18.1 The total value of securities pertaining to clients are Rs. 239,119,618 held in sub-accounts of the company. Client securities pledged with the financial institutions amounting Rs. 30,700,179 .

		2017 Rupees	2016 Rupees
19 SHORT TERM BORROWINGS			
From Financial institutions			
Bank Alhabib Limited	19.1	5,703,501	-
JS Bank Limited	19.2	9,961,665	-
		15,665,166	-
From Related parties			
Director-Unsecured and interest free	19.3	20,764,793	31,873,500
		<u>36,429,959</u>	<u>31,873,500</u>

19.1 This facility of Rs. 50.00 Million (2016: Rs. Nil) is available to the company under the markup arrangement from Bank Alhabib Limited. Rate of markup is Three Months KIBOR plus 2.50% Per annum. Markup is payable at the end of each quarter. This facility is secured against pledge of shares of listed company as per approved list of shares with 50% margin and personal guarantee of directors.

19.2 This facility of Rs. 10.00 million (2016: Nil) is available to the company under the markup arrangement from JS Bank Limited. Rate of markup is Three Months KIBOR plus 300 bps This facility is secured by personal guarantee of directors, token registered mortgage of Rs.0.10 million and Equitable Mortgage with 25% margin on the market value of three properties which have been valued by independent valuers.

19.3 This represents interest free and unsecured loan obtained from the director of the company.

20 CONTINGENCIES AND COMMITMENTS

20.1 JS Bank Limited has issued a guarantee on behalf of the company in favor of National Clearing Company of Pakistan Limited amounting Rs. 5.00 Million.

20.2 Commitments are Rs. Nil (2016: Rs. Nil).

	Note	2017 Rupees	2016 Rupees
21 BROKERAGE AND COMMISSION			
Retail Customers		10,552,571	4,408,835
Less: Sales Tax		<u>(1,455,527)</u>	<u>(608,115)</u>
		<u>9,097,044</u>	<u>3,800,720</u>

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	Note	2017 Rupees	2016 Rupees
22 DIRECT COST			
Pakistan Stock Exchange		505,992	1,367,618
CDC charges		365,557	563,470
National clearing company Limited		447,381	729,900
		<u>1,318,930</u>	<u>2,660,988</u>
23 OPERATING EXPENSES			
Directors remuneration		849,300	523,000
Staff salaries and benefits		1,143,800	1,613,342
Rent, rates and taxes		20,000	-
Communication expenses		237,289	224,474
Electricity charges		894,449	591,912
Postage and courier charges		36,400	-
Printing and stationery		46,770	53,942
Repair and maintenance		10,350	24,600
Legal and professional charges		422,500	325,855
Fee and subscription		125,520	-
Insurance		4,147	-
Entertainment		160,071	323,494
Office expense		227,123	128,000
Software maintenance charges		53,000	48,000
Donation		17,900	25,400
Depreciation	7	48,204	48,784
Amortization		7,400	7,400
Vehicle running and maintenance		11,000	-
Others		197,790	241,495
		<u>4,513,013</u>	<u>4,179,698</u>
24 OTHER OPERATING INCOME/EXPENSES			
Income from financial assets			
Dividend income		2,217,844	1,287,172
Profit on remeasurement of investment at fair value through profit & loss	13	(3,742,678)	(3,720,497)
Provision for doubtful debts		(1,539,899)	-
Income from assets other than financial assets			
Other income		331,424	83,626
Balances written back		339,652	-
Balances written off		(1,669,865)	-
		<u>(4,063,522)</u>	<u>(2,349,699)</u>

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	2017 Rupees	2016 Rupees
25 FINANCE COST		
Markup charges	757,645	144,972
Bank charges	309,636	28,166
	<u>1,067,281</u>	<u>173,138</u>
26 TAXATION		
Income tax:		
-Current	4,640,428	38,007
-Prior year	-	-
-Deferred	-	-
	<u>4,640,428</u>	<u>38,007</u>

26.1 Income tax assessment of the Company have been finalized up to tax year 2016.

	2017 Rupees	2016 Rupees
26.2 Relationship between tax expense and accounting profit		
Profit before taxation	18,993,264	-
Tax at applicable rate 31%	5,887,912	-
Tax effect of income under presumptive tax regime	(2,232,353)	-
Tax effect of non-deductible expenses	1,630,557	-
Tax effect of brought forward losses	(645,689)	-
	<u>4,640,428</u>	<u>-</u>

26.3 No numeric tax rate reconciliation was presented in previous years company was either liable to pay tax under final tax regime or minimum tax us 113 of Income Tax Ordinance 2001.

27 EARNING PER SHARE- BASIC AND DILUTED

	2017	2016
Profit/Loss for the year-Rupees	14,352,836	(5,600,809)
Weighted Average Number of ordinary shares outstanding during the year-Numbers	<u>20,000</u>	<u>20,000</u>
Earning per share-Rupees	<u>717.64</u>	<u>(280.04)</u>

28 NUMBER OF EMPLOYEES

	2017	2016
	(N u m b e r)	
Total number of employees at the end of year:	<u>6</u>	<u>7</u>
Average number of employees during the year	<u>6</u>	<u>7</u>

29 REMUNERATION TO CHIEF EXECUTIVE

The aggregate amount charged in the financial statements for the year for remuneration to the chief executive of the company is as follows:

	2017	2016
	Rupees	
Chief Executive remuneration	<u>849,300</u>	<u>523,000</u>
Number of persons	<u>1</u>	<u>1</u>

30 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Financial instruments- available for sale

Long term investment	<u>11,489,876</u>	<u>14,896,159</u>
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Investment at fair value through profit and loss	<u>43,870,103</u>	<u>34,377,984</u>
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Loans and receivables

Long term deposits	1,100,000	633,000
Trade debts	24,581,614	29,223,549
Trade deposits and other receivables	3,341,912	3,205,000
Cash and bank balances	<u>10,270,602</u>	<u>12,711,916</u>

	<u>39,294,128</u>	<u>45,773,465</u>
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Financial liabilities

Financial liabilities at amortized cost

Trade and other payables	10,146,593	19,961,634
Short- term borrowings	36,429,959	31,873,500
Accrued markup	184,445	-

	<u>46,760,997</u>	<u>51,835,134</u>
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31 FINANCIAL RISK MANAGEMENT

31.1 The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The company's exposure to financial risks, the way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the company and the manner in which each of these risks are managed is as follows:

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. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to Credit Risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows: ✓

	Note	2017 Rupees	2016 Rupees
Long term investment		11,489,876	14,896,159
Long term deposits		1,100,000	633,000
Short term deposits		2,505,000	3,205,000
Trade debts	31.1.1	24,581,614	29,223,549
Bank balances	31.1.2	10,257,552	12,711,916
		<u>37,685,835</u>	<u>60,669,624</u>

31.1.1 The maximum exposure to credit risk for trade debts is due from local clients and the aging of trade debts at the reporting date was:

	2017 Rupees	2016 Rupees
Upto 1 month	21,342,042	25,571,934
1 to 6 months	2,990,241	3,370,571
More than 6 months	249,331	281,044
	<u>24,581,614</u>	<u>29,223,549</u>

31.1.2 Concentration of credit risk


Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total 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

Geographically there is no concentration of credit risk.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

	Note rating	2017 Rupees	2016 Rupees
Cash at banks	A1+	<u>10,257,552</u>	<u>12,711,916</u>

b) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements: 

2017			
Carrying Amount	Contractual Cash Flows	Maturity upto one year	Maturity after one year
-----R u p e e s-----			
Trade and other payables	10,146,593	10,146,593	-
Short term borrowings	36,429,959	36,429,959	-
Accrued markup	184,445	184,445	-
	<u>46,760,997</u>	<u>46,760,997</u>	<u>-</u>

2016			
Carrying Amount	Contractual Cash Flows	Maturity upto one year	Maturity after one year
-----R u p e e s-----			
Trade and other payables	19,961,634	19,961,634	-
Short term borrowings	31,873,500	31,873,500	-
	<u>51,835,134</u>	<u>51,835,134</u>	<u>-</u>

Liquidity Risk Management

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

c) Market Risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under: *N*

i) **Foreign Currency Risk**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting

ii) **Price Risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities and also the company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

Sensitivity Analysis

The table below summarizes Company's equity price risk as of 30 June 2017 and 2016 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices of investments through profit and loss as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Hypothetical Price Change Rupees	Estimated Fair Value After Hypothetical Change In Price	Estimated Fair Value After Hypothetical Change In Price Rupees
June 30, 2017	43,870,103	10% increase 10% decrease	48,257,113 39,483,093
June 30, 2016	34,377,984	10% increase 10% decrease	37,815,782 30,940,186

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iii) Interest Rate Risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Sensitivity Analysis

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have decreased profit by Rs.156,652 (2016: Nil). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged. Currently, the Company is not exposed to any interest rate risk as it does not hold any mark up/interest bearing financial instrument exposed to interest rate risk at the reporting date.

31.2 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically reprised.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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

	2017		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets			
Investment at fair value through profit and loss	43,870,103	-	-
Investments available for sale	-	11,489,876	-
	<u>43,870,103</u>	<u>11,489,876</u>	<u>-</u>

	2016		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets			
Investment at fair value through profit and loss	34,377,984	-	-
Investments available for sale	-	14,896,159	-
	<u>43,870,103</u>	<u>14,896,159</u>	<u>-</u>

31.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue 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 has a gearing ratio of 59% (2016: 63%) as of the balance sheet date.

32 OPERATING SEGMENT

32.1 These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

32.2 All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

33 CORRESPONDING FIGURES


Corresponding figures have been rearranged/reclassified wherever needed for comparison purpose, however, there were no material rearrangements except the following:

Head of account	Previous	Current	Rupees
National Clearing Company of Pakistan Charges	Commission Income	Direct Cost	729,900
Trade Debts	Other receivable	Trade Debts	2,640,714
Deposit with National Clearing Company of Pakistan Limited	Other receivable	Deposits with NCCPL	3,205,000
Provision for taxation	Other payable	Provision for taxation	135,329
Loan and advances	Other receivable	Advances to employees	99,042
Stock Exchange Charges	Administrative expenses	Direct Cost	1,367,618
CDC Charges	Administrative expenses	Direct Cost	563,470
Loss on remeasurement of profit and loss account	Profit and loss account	Other Income	(3,720,497)

34 GENERAL

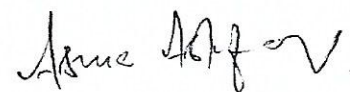
Figures have been rounded off to the nearest of rupee.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Company. 



CHIEF EXECUTIVE



DIRECTOR