AMER SECURITIES (PVT) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

AMIN, MUDASSAR & CO.
Chartered Accountants

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Independent Auditor's Report to the members of AMER SECURITIES (PVT) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **AMER SECURITIES (PVT) LIMITED**, which comprise the statement of financial position as at June 30, 2018, and the profit or loss and statement of 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, profit or loss and statement of 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, total 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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,

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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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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);

b) the statement of financial position, the profit or loss and statement of 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 purpose of the Company's business;

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

e) the company has duly complied with the requirements of Section 78 of the Securities Act, 2015, and relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at June 30, 2018.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Amin.

CHARTERED ACCOUNTANTS
12 SEP 2018
Lahore:

AMER SECURITIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	197,292	241,155
Intangible assets	7	6,083,874	7,594,607
Long term investments	8	8,692,942	11,489,876
Long term deposits	9	1,600,000	1,100,000
		16,574,108	20,425,638
CURRENT ASSETS			
Trade debts	10	24,835,947	24,581,614
Loan and advances		-	5,257,000
Investment at fair value through profit and loss	11	35,489,434	43,870,103
Trade deposits, short term prepayments and current account balance with statutory authorities	12	3,524,092	4,885,240
Cash and bank balances	13	4,641,465	10,270,602
		68,490,938	88,864,559
		85,065,046	109,290,197
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	20,000,000	20,000,000
Un-appropriated profit		22,445,184	27,869,515
Fair value adjustment reserve		(1,097,167)	1,699,766
		41,348,017	49,569,280
Share deposit money		12,068,678	12,068,678
		53,416,695	61,637,958
NON CURRENT LIABILITIES			
Deferred Liabilities			
Deferred taxation	15	-	-
Deferred liabilities - gratuity	16	1,013,942	891,242
		1,013,942	891,242
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	17	1,003,976	997,616
Trade and other payables	18	2,854,491	9,148,977
Accrued markup		567,894	184,445
Loan from banking companies	19	6,948,874	15,665,166
Loan from related party	20	19,259,174	20,764,793
		30,634,409	46,760,997
CONTINGENCIES AND COMMITMENTS	21	-	-
		85,065,046	109,290,197

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

CHIEF EXECUTIVE

DIRECTOR

AMER SECURITIES (PVT) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Brokerage and commission	22	5,784,544	9,097,044
Capital gain		942,536	20,858,966
		6,727,080	29,956,010
Direct cost	23	(1,221,255)	(1,318,930)
		5,505,825	28,637,080
Operating expenses	24	(5,006,052)	(4,513,013)
Other operating expenses	25	(6,039,223)	(6,952,441)
Other income	26	4,405,221	2,888,920
		(6,640,054)	(8,576,534)
(LOSS) / PROFIT FROM OPERATIONS		(1,134,229)	20,060,546
Finance cost	27	(2,603,661)	(1,067,281)
(LOSS) / PROFIT BEFORE TAXATION		(3,737,890)	18,993,265
Taxation	28	(1,686,441)	(4,640,428)
(LOSS) / PROFIT FOR THE YEAR		(5,424,331)	14,352,837
EARNINGS PER SHARE-BASIC AND DILUTED	29	(271)	718

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

CHIEF EXECUTIVE

DIRECTOR

AMER SECURITIES (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
(Loss)/profit for the year	(5,424,331)	14,352,836
Items that will not be reclassified subsequently to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account:		
Loss on revaluation of available for sale investment	(2,796,933)	(3,406,283)
Other comprehensive loss for the year	(2,796,933)	(3,406,283)
Total comprehensive (loss) / income for the year	(8,221,264)	10,946,553

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

CHIEF EXECUTIVE

Afsheen Amer

DIRECTOR

AMER SECURITIES (PVT) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(3,737,890)	18,993,265
Adjustments of items not involving movements of cash:			
Depreciation	6	147,176	48,204
Ammortization		10,733	7,400
Impairment on TRE Certificate		1,600,000	-
Finance cost	27	2,603,661	1,067,281
Balances written off		41,034	1,669,865
Gain on disposal of fixed assets		(554,308)	
Balances written back		-	(339,652)
Provision for gratuity		122,700	74,700
Unrealized fair value loss	11	3,814,653	3,742,678
		7,785,649	6,270,476
Operating cash flows before working capital changes		4,047,759	25,263,741
(Increase) / Decrease in working capital			
(Increase) / decrease in current assets			
Trade debts		(295,367)	3,106,707
Loan and advances		5,257,000	(5,259,597)
Trade deposits and short term prepayments		1,586,912	(136,912)
Increase / (decrease) in current liabilities			
Deposits, accrued liabilities and advances		6,360	-
Trade and other payables		(6,294,486)	(9,475,389)
		260,419	(11,765,191)
Cash generated from operations		4,308,178	13,498,550
Taxes paid		(1,912,207)	(5,778,331)
Finance cost paid		(2,220,212)	(882,836)
		(4,132,419)	(6,661,167)
Net cash flows from operating activities		175,759	6,837,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets purchased		(5,490,485)	(100,360)
Proceeds from sale of assets		5,941,485	-
Intangible asset purchased		(100,000)	-
Long term deposits		(500,000)	(500,000)
Short term investments- net		4,566,016	(13,234,797)
Net cash flows from investing activities		4,417,016	(13,835,157)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		4,592,774	(6,997,774)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(26,159,357)	(19,161,584)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	(21,566,583)	(26,159,358)
A Cash and Cash Equivalents			
Cash and bank balances	13	4,641,465	10,270,602
Short term borrowings		(26,208,047)	(36,429,959)
		(21,566,582)	(26,159,357)

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

CHIEF EXECUTIVE

DIRECTOR

AMER SECURITIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Paid up capital	Un-appropriated profit	Fair value adjustment reserve	Sub-total	Share deposit money	Total
	----------	----------	(R u p e e s)	----------	----------	
Balance as at June 30, 2016	20,000,000	13,516,678	5,106,049	38,622,727	12,068,678	50,691,405
Profit after taxation	-	14,352,837	-	14,352,837	-	14,352,837
Other comprehensive loss	-	-	(3,406,283)	(3,406,283)	-	(3,406,283)
Total comprehensive income for the year	-	14,352,837	(3,406,283)	10,946,554	-	10,946,554
Balance as at June 30, 2017	20,000,000	27,869,515	1,699,766	49,569,281	12,068,678	61,637,959
Loss after taxation	-	(5,424,331)	-	(5,424,331)	-	(5,424,331)
Other comprehensive loss	-	-	(2,796,933)	(2,796,933)	-	(2,796,933)
Total comprehensive loss for the year	-	(5,424,331)	(2,796,933)	(8,221,264)	-	(8,221,264)
	20,000,000	22,445,184	(1,097,167)	41,348,017	12,068,678	53,416,695

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

CHIEF EXECUTIVE

DIRECTOR

1 COMPANY AND ITS OPERATION

1.1 The company was incorporated as Private Limited Company on September, 2003 under the repealed Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the company is situated at Room No. 620, 6th Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore. The branch office of the company is located at Room No. 620, 6th Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-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 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 of 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.

2.2 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention, except;

- Long term investments in LSE Financial Services Limited which is carried at fair value;

- Short term investments in quoted equity securities, units of mutual funds and term finance certificates / sukuks carried at fair value;

- Finance lease obligation which is measured at the present value of future minimum lease payments.

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.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- Estimation of provision against doubtful trade debts
- Valuation of investment in ordinary shares of LSE Financial Services Limited
- Useful life of depreciable assets
- Intangible assets
- Taxation

3 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

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

The third and fifth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company, change in threshold for identification of executives, additional disclosure requirements for related parties etc.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

3.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while

IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

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.6. 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 7.2 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.

4.3.5 Investment in equity instruments of subsidiary company

Investment in subsidiaries are accounted for at cost less any accumulated impairment losses. Dividend income from these investments is recognised in profit or loss and included in other income when the company's right to receive payment has been established.

4.4 FINANCIAL LIABILITIES

Financial liabilities are initially measured at cost,which is the fair value, of the consideration given 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 RECIEVABLES

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables.

4.7 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents are carried at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances and running finances.

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

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.11 TRADE AND OTHER PAYABLES

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

4.12 STAFF RETIREMENT BENEFITS-GRATUITY

The compnay operates unfunded gratuity scheme covering all its employees who attain the minimum qualification period for entitlement of gratuity. The provision of gratuity is made annually to cover the obligation under the scheme.

Provision is made for each year on the basis that the benefits payable to all employees at the year end. Therefore, liability reflected in the financial statements is fair in the management opinion.

4.13 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.

4.14 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.

4.15 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.

4.16 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

- Other revenues are recorded, as and when due, on accrual basis.

4.17 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.

4.18 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.

4.19 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 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

During the current year, economic and political scenarios' deterioration had drastic adverse effects on the performance of the equity market, depressing sentiments in the investment climate and subsequently adversely effected volumes, resultantly our short term investment portfolio yielded very low profits.

We refer to profit and loss account and notes to the financial statements for understanding of performance of the company.

6 PROPERTY AND EQUIPMENT

Particulars	Cost				Depreciation					WDV
	As at June 30, 2017	Additions	Deletions	As at June 30, 2018	Rate %	As at June 30, 2017	Charge for the year	Disposal	As at June 30, 2018	As at June 30, 2018
	---------- (R u p e e s) ----------					------------------------ (R u p e e s) --------------				
OWNED										
Furniture and fixtures	128,150	12,000	-	140,150	10	86,882	5,127	-	92,009	48,141
Vehicles	25,000	5,478,485	(5,478,485)	25,000	10	3,625	93,446	(91,308)	5,763	19,237
Office equipment	71,200	-	-	71,200	10	53,856	1,734	-	55,590	15,614
Computers	647,376	-	-	647,376	30	493,615	46,128	-	539,743	107,633
Electronic fittings	30,500	-	-	30,500	10	23,092	741	-	23,833	6,667
	902,226	5,490,485	(5,478,485)	914,226		661,070	147,176	(91,308)	716,938	197,292

6.1 PROPERTY AND EQUIPMENT

Particulars	Cost				Depreciation					WDV
	As at June 30, 2016	Additions	Deletions	As at June 30, 2017	Rate %	As at June 30, 2016	Charge for the year	Disposal	As at June 30, 2017	As at June 30, 2017
	---------- (R u p e e s) ----------					------------------------ (R u p e e s) --------------				
OWNED										
Furniture and fixtures	128,150	-	128,150	128,150	10	82,297	4,586	-	86,883	41,267
Vehicles	25,000	-	25,000	50,000	10	1,250	2,375	-	3,625	21,375
Office equipment	71,200	-	71,200	71,200	10	51,929	1,927	-	53,856	17,344
Computers	547,016	100,360	647,376	647,376	30	455,122	38,493	-	493,615	153,761
Electronic fittings	30,500	-	30,500	30,500	10	22,269	823	-	23,092	7,408
	801,866	100,360	902,226	927,226		612,867	48,204	-	661,071	241,155

6.2 Disposal of Property and Equipment:

Description		Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit	Mode	Name and Address
		---------- (R u p e e s) ----------						
Motor Car Fortuner	AT 2694CC	5,478,485	91,308	5,387,177	5,941,485	554,308	Negotiation	PGP Consumption Limited House # 65, Old Clifton, Karachi

7 INTANGIBLE ASSETS

	Note	2018 Rupees	2017 Rupees
Rights of room		3,476,916	3,476,916
Trading right entitlement certificate (TREC)	7.1		
Cost		4,100,000	4,100,000
Less: Imapirment loss		(1,600,000)	-
		2,500,000	4,100,000
Computer software	7.2	106,958	17,691
		6,083,874	7,594,607

7.1 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.

During the year, the company has measured the TREC at its notional value of Rs. 2.5 million as per the notice no. PSX/N-7178 dated November 10, 2017 of Pakistan Stock Exchange. The company has recorded impairment in the financial statements accordingly.

7.2 Computer software

	Note	2018 Rupees	2017 Rupees
Cost:			
Balance as at July 01,		74,000	74,000
Additions during the year		100,000	-
Balance as at June 30,		174,000	74,000
Amortization:			
Balance as at July 01,		56,309	48,909
Charge for the year		10,733	7,400
Balance as at June 30,			
		67,042	56,309
Net book value		106,958	17,691
Rate of amortization		10%	10%

8 LONG TERM INVESTMENTS

Unquoted - Shares of LSE Financial Services Limited:
Available for sale investment

	Note	2018 Rupees	2017 Rupees
Cost as at July 01,	8.1	9,790,110	9,790,110
Fair value adjustment		(1,097,168)	1,699,766
		8,692,942	11,489,876

8.1 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. The Company has pledged 843,975 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. Principal assumptions used in the valuation of above unquoted investments are 8% (2017: 7%) and 12.23% (2017: 12.91%) in respect of long term growth rate and cost of equity. Projection period of 5 years has been assumed.

	Note	2018 Rupees	2017 Rupees
9 LONG TERM DEPOSITS			
Deposits with:			
National Clearing Company of Pakistan Ltd.		1,500,000	1,000,000
Central Depositary Company of Pakistan Ltd.		100,000	100,000
		1,600,000	1,100,000
10 TRADE DEBTS			
Receivable from:			
Clients on account of purchase of shares		18,965,813	18,418,681
Related parties on account of purchse of shares	10.1	31,895	6,704,487
Less: Balances written off		1,047,531	-
		17,950,177	25,123,168
Less: Provision for doubtful debts	10.2	1,091,362	1,539,899
		16,858,815	23,583,269
National Clearing Company of Pakistan Ltd.		7,977,132	998,345
		24,835,947	24,581,614

10.1 **Receivable from related parties comprises of the following:**

Name of related party	Basis of relationship	Maximum aggregate amount Rupees	2018 Rupees	2017 Rupees
Mr. Amer Ilyas	Chief Executive		-	153,814
Mrs. Afsheen Amir	Director	4,100,000	31,895	6,550,673
			31,895	6,704,487

10.2 **Movement is as follows**

	2018 Rupees	2017 Rupees
Opening balance	1,539,899	-
Add: Provision made during the year	583,536	1,539,899
Less: Balances written off	1,032,073	-
	1,091,362	1,539,899

10.3 **Aging Analysis-Receivable from clients**

	2018 Rupees	2017 Rupees
Upto five days	1,546,018	1,518,242
More than five days	15,312,797	22,065,027
	16,858,815	23,583,269

	2018 Rupees	2017 Rupees

11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2018 Rupees	2017 Rupees
Carrying value	39,304,087	47,612,781
Loss on remeasurement of investment at fair value	(3,814,653)	(3,742,678)
	35,489,434	43,870,103

This includes shares having carrying value of Rs.1,760,048 pledged with Bank and shares amounting Rs.5,670,200 (2017: Rs.18,739,311) pledged with National Clearing Company of Pakistan Ltd. against exposure margins.

12 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES

	2018 Rupees	2017 Rupees
Deposits with:		
National Clearing Company of Pakistan Ltd.	1,255,000	2,005,000
JS Bank Ltd. against gurantee	500,000	500,000
Prepayment	-	836,912
Tax deducted at source	1,769,092	1,543,328
	3,524,092	4,885,240

This represents deposit with National Clearing Company of Pakistan Limited against exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 2.8% to 3.8% (2017: 2.75% to 3.1%) per annum.

13 CASH AND BANK BALANCES

These were held as under:

	2018 Rupees	2017 Rupees
Cash in hand	17,120	13,050
Cash at bank		
Current accounts:		
Pertaining to brokerage house	1,378,092	223,133
Pertaining to clients	3,246,253	10,034,419
	4,624,345	10,257,552
	4,641,465	10,270,602

14 SHARE CAPITAL

	2018 Rupees	2017 Rupees
Authorized		
35,000 (2017:35,000) ordinary shares of Rs. 1,000 each	35,000,000	35,000,000
Issued, subscribed and paid up		
20,000 (2017: 20,000) ordinary shares of Rs. 1,000 each fully paid in cash	20,000,000	20,000,000

14.1 Pattern of Shareholding:

Categories of shareholders	% age of Shares Held		Number of Shares Held	
	2018	2017	2018	2017
Individual				
Director				
Mr. Amer Ilyas	70%	70%	14,000	14,000
Mrs. Afsheen Amir	10%	10%	2,000	2,000
Ms. Asma Ashfaq	10%	10%	2,000	2,000
Shareholder				
Muhammad Shahid Pervaiz	10%	10%	2,000	2,000
	100%	100%	20,000	20,000

15 DEFERRED TAXATION

	2018 Rupees	2017 Rupees
Deferred credits/(debits) arising due to:		
Accelerated tax depreciation	5,952	4,003
Provision for doubtful debts	(129,977)	-
Gratuity payable	(120,757)	(75,599)
Minimum tax	(50,706)	-
	(295,488)	(71,596)
Balance as at July 01,	-	-
Add: Charge for the year	-	-
	-	-

At year end net deductible temporary differences amounting Rs. 894,781 (2017:Rs. 238,653) which results in a net deferred tax asset of Rs. 295,488 (2017: Rs. 71,596). 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, 2019.

16 DEFERRED LIABILITIES - GRATUITY

	2018 Rupees	2017 Rupees
16.1 Movement in the net liability recognized in the balance sheet	1,013,942	891,242
Opening liability as on July 01,	891,242	816,542
Add: Expense recognized in profit and loss account	122,700	74,700
Less: Payments made during the year	-	-
Balance of net laibility as at June 30	1,013,942	891,242

17 DEPOSITS, ACCRUED LIABILITIES AND ADVANCES

Accrued expenses	1,003,976	997,616

18 TRADE AND OTHER PAYABLES

	Note	2018 Rupees	2017 Rupees
Creditors for sale of shares on behalf of clients	18.1	2,854,491	7,080,022
National Clearing Company of Pakistan Ltd.		-	2,068,955
		2,854,491	9,148,977

18.1 Creditors for sale of shares on behalf of clients include the following amounts due to related parties:

Name of related party	Basis of relationship	Maximum aggregate amount Rupees	2018 Rupees	2017 Rupees
Mr. Amer Ilyas	Chief Executive	8,933,610	61,420	78,340
			61,420	78,340

19 LOAN FROM BANKING COMPANIES

	Note	2018 Rupees	2017 Rupees
Short term borrowings-secured			
Bank Alhabib Limited	19.1	-	5,703,501
JS Bank Limited	19.2	6,948,874	9,961,665
		6,948,874	15,665,166

19.1 This facility of Rs. 50.00 million (2017: 50.00 million) is available to the company under the markup arrangement from Bank Alhabib Limited. Rate of markup is Three Months KIBOR plus 2.5% Per annum. 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 (2017: 10.00 million) 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 guarntee of directors, token registerd 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.

	Note	2018 Rupees	2017 Rupees
20 LOAN FROM RELATED PARTY	20.1	19,259,174	20,764,793
20.1 Loan from Mr. Amer Ilyas - Chief executive			
Balance as at July 01,		20,764,793	31,873,500
Add: Loan received during the year		11,800,000	-
		32,564,793	31,873,500
Less: Adjustment/repayment during the year		(13,305,619)	(11,108,707)
		19,259,174	20,764,793

20.2 This represents interest free and un-secured loan obtained from the chief executive of the company. The loan is subordinated to all other debts of the company.

21 CONTINGENCIES AND COMMITMENTS

21.1 JS Bank Limited has issued a guarntee on behalf of the company in favour of National Clearing Company of Pakistan Limited amounting Rs. 5.00 million.

21.2 Commitments as at balance sheet date were Rs. Nil (2017: Rs. Nil).

22 BROKERAGE AND COMMISSION

	Note	2018 Rupees	2017 Rupees
Retail customers		6,878,695	10,552,571
Less: Sales tax		1,094,151	1,455,527
		5,784,544	9,097,044

22.1 Brokerage and commission from retail customers include the following amount earned from related parties:

Name of related party	Basis of relationship	Note	2018 Rupees	2017 Rupees
Mr. Amir Ilyas	Chief Executive		305,619	-
Mrs. Afsheen Amir	Director		18,522	21,781
			324,141	21,781

23 DIRECT COST

Charges paid to:			
Pakistan Stock Exchange Ltd.		353,904	505,992
Central Depositry Company of Pakistan Ltd.		425,182	365,557
National Clearing Company of Pakistan Ltd.		442,169	447,381
		1,221,255	1,318,930

24 OPERATING EXPENSES

	Note	2018	2017
Directors' remuneration		485,500	849,300
Staff salaries and benefits	24.1	1,645,600	1,143,800
Rent, rates and taxes		31,952	20,000
Communication expenses		240,485	237,289
Electricity charges		1,036,357	894,449
Postage and courier charges		31,355	36,400
Printing and stationery		30,229	46,770
Repair and maintenance		96,446	10,350
Legal and professional charges	24.2	516,250	422,500
Fee and subscription		162,055	125,520
Insurance		3,962	4,147
Entertainment		245,489	160,071
Office expense		227,852	227,123
Software maintenance charges		60,000	53,000
Donation		23,030	17,900
Depreciation	6	147,176	48,204
Ammortization	7	10,733	7,400
Vehicle running and maintenance		-	11,000
Others		11,579	197,790
		5,006,052	4,513,013

24.1 Staff salaries and benefits include provision for staff gratuity amounting Rs. 122,700 (2017: Rs 75,599).

24.2 Auditors' remuneration

The audit fee and remuneration for other services included in the financial statements is as follows:

	Note	2018 Rupees	2017 Rupees
Amin, Mudassar & Co.			
Statutory audit		141,750	141,750
Certification fee		53,550	54,150
		195,300	195,900

25 OTHER OPERATING EXPENSES

	Note	2018 Rupees	2017 Rupees
Loss on remeasurement of investment at fair value through profit and loss	11	3,814,653	3,742,678
Provision for doubtful debts		583,536	1,539,899
Balances written off		41,034	1,669,865
Impairment on TRE Certificate		1,600,000	-
		6,039,223	6,952,441

26 OTHER INCOME

	2018 Rupees	2017 Rupees
Income from financial assets		
Dividend income	3,657,937	2,217,844
Income from assets other than financial assets		
Other income	202,976	331,424
Gain on sale of fixed asset	544,308	-
Balances written back	-	339,652
	4,405,221	2,888,920

27 FINANCE COST

	2018 Rupees	2017 Rupees
Markup on short term borrowings	1,552,816	757,645
Markup on MTS trading	985,958	-
Bank charges	64,887	309,636
	2,603,661	1,067,281

28 TAXATION

	2018 Rupees	2017 Rupees
Income tax:		
-Current	1,955,921	4,640,428
-Prior year	(269,480)	-
-Deferred	-	-
	1,686,441	4,640,428

28.1 Income tax assessment of the Company has been finalized up to tax year 2017 on the basis of returns filed as the company did not receive any notice in this respect.

28.2 No numeric tax rate reconciliation is presented in these financial statements for the current and prior year as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance, 2001.

29 EARNINGS PER SHARE-BASIC AND DILUTED

	2018	2017
(Loss) / Profit for the year-Rupees	(5,424,331)	14,352,838
Weighted average number of ordinary shares outstanding during the year-Numbers	20,000	20,000
Earnings per share-Rupees	(271.22)	717.64

30 NUMBER OF EMPLOYEES

	2018	2017
	(Number)	
Total number of employees at the end of year	6	6
Average number of employees during the year	6	6

31 REMUNERATION OF 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:

	2018 Rupees	2017 Rupees
Managerial remuneration	485,500	849,300
Number of persons	1	1

The Director of the company is also provided with free use of electricity for residential house.

32 TRANSACTIONS WITH RELATED PARTIES

Significant transactions and balances with related parties have been disclosed in the relevent notes to the financial statements.

33 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

	2018 Rupees	2017 Rupees
Financial assets		
Financial instruments- available for sale		
Long term investment	8,692,942	11,489,876
Investment at fair value through profit and loss	35,489,434	43,870,103
Loans and receivables		
Long term deposits	1,600,000	1,100,000
Trade debts	24,835,947	24,581,614
Loan and advances	-	5,257,000
Trade deposits and other receivables	1,755,000	3,341,912
Cash and bank balances	4,641,465	10,270,602
	32,832,412	44,551,128
Financial liabilities		
Financial liabilities at amortized cost		
Deposits, accrued liabilities and advances	1,003,976	997,616
Trade and other payables	2,854,491	9,148,977
Accrued markup	567,894	184,445
Loan from banking companies	6,948,874	15,665,166
Loan from related party	19,259,174	20,764,793
	30,634,409	46,760,997

34 FINANCIAL RISK MANAGEMENT

34.1 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 Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these 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. 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	2018 Rupees	2017 Rupees
Long term deposits		1,600,000	1,100,000
Trade debts	**34.1.1**	24,835,947	24,581,614
Loan and advances		-	5,257,000
Trade deposits and other receivables		1,755,000	3,341,912
Bank balances	**34.1.2**	4,624,345	10,257,552
		32,815,292	44,538,078

34.1.1 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:

	2018 Rupees	2017 Rupees
Upto 1 month	17,096,940	21,342,042
1 to 6 months	6,655,277	2,990,241
More than 6 months	1,083,730	249,331
	24,835,947	24,581,614

34.1.2 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 credit risk.

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	2018 Rupees	2017 Rupees
Cash at banks	A1+	4,624,345	10,257,552

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:

	2018			
	Carying Amount	Contractual Cash Flows	Maturity upto one year	Maturity after one year
	----------Rupees----------			
Deferred liabilities - gratuity	1,013,942	1,013,942	-	1,013,942
Deposits, accrued liabilities and advances	1,003,976	1,003,976	1,003,976	-
Trade and other payables	2,854,491	2,854,491	2,854,491	-
Accrued markup	567,894	567,894	567,894	-
Loan from banking companies	6,948,874	6,948,874	6,948,874	-
Loan from related party	19,259,174	19,259,174	19,259,174	-
	31,648,351	31,648,351	30,634,409	1,013,942

	2017			
	Carying Amount	Contractual Cash Flows	Maturity upto one year	Maturity after one year
	------------------------------R u p e e s------------------------------			
Deferred liabilities - gratuity	891,242	891,242	-	891,242
Deposits, accrued liabilities and advances	997,616	997,616	997,616	-
Trade and other payables	9,148,977	9,148,977	9,148,977	-
Accrued markup	184,445	184,445	184,445	-
Loan from banking companies	15,665,166	15,665,166	15,665,166	-
Loan from related party	20,764,793	20,764,793	20,764,793	-
	47,652,239	47,652,239	46,760,997	891,242

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. Further, the company has the support of its sponsors in respect of any liquidity

c) **Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's net profit or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

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 date.

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.

Sensitivity Analysis

The table below summarizes Company's equity price risk as of 30 June 2018 and 2017 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.

	Fair Value	Hypothetical Price Change	Estimated Fair Value After Hypothetical Change In Price	Estimated Fair Value After Hypothetical Change In Price
	Rupees			Rupees
June 30, 2018	35,489,434	35,489,434	10% increase	39,038,377
			10% decrease	31,940,491
June 30, 2017	43,870,103	43,870,103	10% increase	48,257,113
			10% decrease	39,483,093

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. 694,887 (2017: increased profit by Rs.1,566,517). 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.

34.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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:

	2018		
	Level 1	Level 2	Level 3
	----------------Rupees----------------		
Financial assets			
Investment at fair value through profit and loss	35,489,434	-	-
Investments available for sale	-	8,692,942	-
	35,489,434	8,692,942	-

	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	-
	43,870,103	11,489,876	-

34.3 Capital risk management

The Company's objectives 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.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings. Total capital fair value reserve and share deposit money are included in shareholders' equity:

	2018 Rupees	2017 Rupees
Total borrowings	6,948,874	15,665,166
Total equity	53,416,695	61,637,958
Total Capital	60,365,569	77,303,124
Gearing Ratio	12%	20%

35 OPERATING SEGMENT

35.1 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.

35.2 All non-current assets of the Company as at June 30, 2018 are located in Pakistan.

36 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification has been made:

Reclassification from statement of financial position	Reclassification from statement of financial position	2017 Rupees
Trade and other payables	Deposits, accrued liabilities and advances	997,616
Short term borrowings	Loan from banking companies	15,665,166
Short term borrowings	Loan from related party	20,764,793

37 GENERAL

Figures have been rounded off to the nearest of rupee.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 12 SEP 2018 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR