128 SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2017

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

RASG
Result Assured Services for Growth

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **128 Securities (Private) Limited** ("the Company") 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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. (effective through circular # 17 of 2017 issued by SECP dated 20 July, 2017 against its letter # CLD/CCD/PR/(11)/2017). 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

The Company has noncompliance with Rule 23 of the Securities Broker (Licensing and Operations) Regulation 2016. As per rule customer money shall not be available in any circumstances for payment of any debt or liability of security broker and security broker shall not use customer money for any purpose. As on June 30, 2017, there is a short in customer bank account amounting to Rs. 13,565,547 (Difference of Client bank account Rs. 12,718,705 and customer balance Rs. 24,284,252/-).

(a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;

(b) except for the matters described in the preceding paragraphs in our opinion :

(i) the balance sheet and statement of comprehensive income 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 policies consistently applied.

(ii) the expenditure incurred during the year was for the purpose of the Company's business and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company

(c) except for the matters described in the preceding paragraph 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 and its total 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 of the Company for the period ended June 30, ~~2017~~ 2016 were audited by another auditor whose report dated October 04, 2016 expressed an unqualified opinion.

(Chartered Accountants)
Muhammad Ali Rafique

Lahore : 06 OCT 2017

128 SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017	2016
ASSETS		----------*Rupees*----------	
Non Current Assets			
Property and equipment	4	**1,071,276**	930,296
Intangible assets	5	**5,138,305**	7,197,579
Long term investments	6	**15,436,303**	15,871,144
Long term deposits	7	**767,285**	767,285
		22,413,169	24,766,304
Current Assets			
Trade debts	8	**16,531,881**	16,007,209
Short term investments	9	**2,409,500**	-
Receivable from director		**10,709,975**	4,147,089
Trade deposits and short term prepayments	10	**6,100,000**	5,533,315
Advance income tax	11	**107,696**	333,474
Cash and bank balance	12	**12,908,549**	16,395,247
		48,767,601	42,416,334
		71,180,770	67,182,638
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital		**100,000,000**	100,000,000
Issued, subscribed and paid-up capital	13	**63,874,000**	63,874,000
Reserves		**(19,803,793)**	(22,536,788)
		44,070,207	41,337,212
Current Liabilities			
Trade and other payables	14	**26,722,461**	25,729,792
Provision for taxation	15	**388,102**	115,634
		27,110,563	25,845,426
Contingencies and commitments	16	**-**	-
		71,180,770	67,182,638

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

128 SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		-----------*Rupees*----------	
Income	*17*	**19,573,294**	14,344,760
Operating expenses	*18*	**(3,150,224)**	(2,781,329)
Administrative expenses	*19*	**(15,281,537)**	(12,008,571)
Operating profit/(loss)		**1,141,533**	(445,140)
Loss on re-measurement of investments carried at fair value through profit and loss account- net	*20*	**(204,880)**	(15,112,281)
Finance cost	*21*	**(100,012)**	(39,352)
		(304,892)	(15,151,633)
		836,641	(15,596,773)
Other income	*22*	**1,868,979**	1,040,850
Profit/(loss) before taxation		**2,705,620**	(14,555,923)
Taxation	*23*	**(521,209)**	(391,190)
Profit/(loss) after taxation		**2,184,411**	(14,947,113)
Earnings per share/(Loss)	*24*	**3.38**	(23.40)

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

128 SECURITIES (PRIVATE) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		------------*Rupees*-----------	
Profit/(loss) for the year		**2,184,411**	(14,947,113)
Other comprehensive income:		-	-
Unrealized gain on remeasurement of investment classified as 'available for sale'		**548,584**	-
Total comprehensive profit/(loss) for the year		**2,732,995**	(14,947,113)

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

128 SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	------------Rupees------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	**2,705,620**	(14,555,923)
Adjustments for non cash items:		
Depreciation	**165,110**	164,170
Amortization	**59,274**	84,677
Finance cost	**100,012**	39,352
Impairment on TREC	**-**	6,200,000
Impairment on LSE shares	**-**	8,912,281
Loss on revaluation of investments carried at fair value through profit and loss account - net	**204,880**	-
	529,276	15,400,480
Operating profit before working capital changes	**3,234,896**	844,557
Changes in operating assets and liabilities:		
(Increase)/ decrease in trade debts	**(524,672)**	3,724,152
(Increase)/ decrease in short term investment	**(2,614,380)**	-
(Increase)/decrease trade deposits and prepayments	**(6,224,571)**	17,549,991
(Decrease) / increase trade and other payables	**992,669**	(6,169,421)
	(8,370,954)	15,104,722
	(5,136,058)	15,949,279
Tax paid	**(22,963)**	(614,417)
Finance cost paid	**(100,012)**	(39,352)
Net cash used in/generated from operating activities	**(5,259,033)**	15,295,510
CASH FLOW FROM INVESTING ACTIVITIES		
Addition in fixed assets	**(306,090)**	(3,600)
Intangible assets acquired	**-**	(124,950)
Long term deposits	**(905,000)**	(5,000,000)
Proceed from disposal of room	**2,000,000**	-
Long term investment encashed	**983,425**	1,101,483
Net cash used in/generated from investing activities	**1,772,335**	(4,027,067)
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money paid	**-**	(20,000,000)
Net decrease in cash and cash equivalents	**(3,486,698)**	(8,731,557)
Cash and cash equivalents at the beginning of the year	**16,395,247**	25,126,804
Cash and cash equivalents at the end of the year	**12,908,549**	16,395,247

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

128 SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Share Capital	Share Deposit Money	Revenue reserves			Total
			Un-appropriated profit	Gain on changes in fair value of 'available-for-sale' investment	Total	
	Rupees					
Balance as at 01 July 2015	**63,874,000**	**20,000,000**	**(7,589,675)**	**-**	**(7,589,675)**	**76,284,325**
Total comprehensive income for the year:						
Share deposit money paid	-	(20,000,000)	-	-	-	(20,000,000)
Loss for the year ended 30 June 2016	-	-	(14,947,113)	-	**(14,947,113)**	(14,947,113)
Balance as at 30 June 2016	**63,874,000**	**-**	**(22,536,788)**	**-**	**(22,536,788)**	**41,337,212**
Total comprehensive income for the year:						
Profit for the year ended 30 June 2017	-	-	2,184,411	-	2,184,411	2,184,411
Unrealized gain on remeasurement of investment classified as 'available for sale'	-	-	-	548,584	548,584	548,584
Balance as at 30 June 2017	**63,874,000**	**-**	**(20,352,377)**	**548,584**	**(19,803,793)**	**44,070,207**

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

1 LEGAL STATUS AND NATURE OF BUSINESS

128 Securities (Pvt) Ltd ("the Company") was incorporated on June 01, 2006 as Private Limited Company under the provisions of Companies Ordinance, 1984 in Lahore, Pakistan. The registered office of the Company is situated at Room No. M12, Mezzanine Floor, Lahore Stock Exchange Building, 19 - Khayaban-e-Aiwan-e-Iqbal, Lahore. The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (formerly Lahore Stock Exchange (Guarantee) Limited) and is engaged in the business of brokerage.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.01 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the Commission has decided that companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984, the Securities Brokers (Licensing and Operations) Regulations, 2016 and Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

2.02 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- **Standards, amendments to published standards and interpretations effective in current**

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2016:

- **New/Revised Standards, Interpretations and Amendments**

IAS 1, 'Presentation of Financial Statements' aims to improve presentation and disclosure in financial reports by emphasizing the importance of understandability, comparability and clarity in presentation.

The amendments provide clarification on a number of issues, including:

- Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact in the financial position or performance.
- Disaggregation and subtotals: line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes: confirmation that the notes do not need to be presented in a particular order.
- Other comprehensive income (OCI): arising from investments accounted for under the Equity Method - the share of OCI arising from equity - accounting investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

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- **Improvement to Accounting Standards Issued by the IASB**

  IAS 7 - Disclosure initiative

  IAS 12 - Recognition of deferred tax asset for unrealized losses

  IFRS 12 - 'Disclosure of interest in other entities

  'The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

- **Standards, interpretations and amendments to published standards that are effective but not relevant to the company**

  The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2016 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

- **Standards, interpretations and amendments to existing standards that are not yet effective**

  The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

IFRS 2 -	Classification and measurement of share based payment transactions	01 January 2018
IFRS 4 -	Insurance contracts	01 January 2018
IFRS 1 -	First time adoption of International Financial Reporting	01 January 2018
IAS 40 -	Investment property	01 January 2018
IAS 28 -	Investment in associates and joint venture	01 January 2018

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	**Effective Date (Annual periods beginning on or after)**
IFRS 09 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRIC 22 - Foreign currency transaction and advance consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax treatments	01 January 2019
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance contracts	01 January 2021

2.03 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except otherwise stated in respective policy notes, witout any adjustment to the effect of inflation or currency values.

2.04 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

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Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follow:

Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for items of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to drive from that item.

Recoverable amount of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Employees retirement benefits

The present value of defined benefit obligation is based assumptions of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.05 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

- Standards, amendments to published standards and interpretations effective in current year.

  Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2015:

- New/Revised Standards, Interpretations and Amendments.

  IFRS 13- Fair Value Measurement. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

- Improvement to Accounting Standards Issued by the IASB

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations- (changes in
IFRS 7	Financial Instruments: Disclosures- (servicing contracts and applicability of the
IAS 19	Employee Benefits- (discount rate: regional market issue)
IAS 34	Interim Financial Reporting- (disclosure of information 'elsewhere in the interim

  The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

- Standards, interpretations and amendments to published standards that are effective but not relevant to the company.

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The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2015 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

- Standards, interpretations and amendments to existing standards that are not yet effective

  The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

IFRS 10 - Consolidated Financial Statements	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2016
IAS 16 and 38 - Clarification of Acceptable Method of Depreciation and	01 January 2016
IAS 16 and 41 - Agriculture: Bearer Plants	01 January 2016

- The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

  In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		**Effective Date (Annual periods beginning on or after)**
IFRS 09 -	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 -	Regulatory Deferral Accounts	01 January 2016
IFRS 15 -	Revenue from Contracts with Customers	01 January 2018
IFRS 16 -	Leases	01 January 2019

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.01 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the item.

Parts of an item of property and equipment having different useful lives are recognized as separate items.

Major renewals and improvements of an item of property and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property and equipment using the rates specified in note 4 to the financial statements.

Depreciation on addition to property and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

De-recognition

An item of property and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss account.

3.02 Intangible assets

These represent computer softwares, Trading Rights Entitlement Certificate (TREC). An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Trading Right Entitlement Certificate (TREC)

It is stated at cost less impairment, if any. Cost is determined as the value of the membership card with which it has been exchanged. For this purpose, the cost of the membership card has first been allocated to the shares of LSE and the remaining cost has been allocated to the TREC.

Softwares

Intangible assets represent accounting software acquired for use in trading of shares and are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as specified in note 5.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.03 Financial Instruments

Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged, cancelled or transferred to another party without retaining any obligation. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in the profit and loss account.

Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis to realize the asset and settle the liability simultaneously.

All regular way purchases and sales of financial assets are recognized on trade date, i.e. the date the Company commits to purchase or sell the asset. Regular way purchase or sales of financial assets are those contracts which requires delivery of assets within the time frame (i.e T+2) generally established by the regulation or convention.

3.04 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issuer of ordinary shares and share options are recognized as deduction from equity.

3.05 Borrowing

These are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit or loss over the period of the borrowing on an effective interest basis.

3.06 Employees retirement benefits

Short term employees benefits

The Company recognizes the undiscounted amount of short term employees benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit and loss account unless it is included in the cost of inventories or property and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

3.07 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods/services received, whether or not billed to the Company and subsequently measured at amortized cost.

3.08 Trade and other receivables

Trade debts and other receivables are recognized initially at original invoice amount which is the fair value of trade debts and other receivables and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment 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 receivables. Trade debts and other receivables considered irrecoverable are written off.

3.09 Investment at fair value through profit and loss account

Investments are classified as investments at fair value through profit and loss account when either they are designated as such on initial recognition or are classified as held for trading. Held for trading investments are investments that are acquired principally for the purpose of selling them in the near future; or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of profit taking or that are derivatives, excluding financial guarantee contracts and designated and hedging instruments.

These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in profit and loss in the period in which these arise. Gain or loss on sale of investments is recognized in profit and loss account. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit and loss account.

3.10 Investment available for sale

Investments are classified as available for sale when these are intended to be held for an indefinite period of time and may be sold in response to need for the liquidity or change in equity prices.

These are recognized initially at cost which includes transaction costs associated with the investment. Subsequent to initial recognition, quoted investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income until the investments are disposed off or impaired. Gain or loss on sale of these investments is recognized in profit and loss account. Fair value of quoted investments is measured by reference to published price quotations in an active market. Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is charged to profit and loss account.

3.11 Securities sold / purchased under repurchase / resale agreements

Securities sold subject to a linked repurchase agreement ('repo') are retained in the financial statements and the counterparty liability is included in borrowings under repurchase agreements. The difference between sale and repurchase price is treated as mark-up income and is accrued over the life of agreement using the effective yield method.

3.12 Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Brokerâge income is recognized as and when such services are rendered.

Dividend income is recognized when right to receive payment is established.

Underwriting commission is recognized as and when the contract is executed. Take-up commission is recognized at the time of actual take-up.

Commission on continuous funding system is recognized as and when accrued.

Rental income is recognized as and when accrued.

Mark-up on saving account is recognized on time proportion basis.

3.13 Income tax

Income tax expense compromises current tax and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.14 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement compromise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

3.15 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in the foreign currency that are measured at historical cost are translated to functional currency at exchange rate at the date of transaction. Gain or loss arising on translation of foreign currency transactions and balances is recognized in profit and loss account.

3.16 Functional currency

These financial statements are prepared in Pak Rupees which is Company's functional currency.

3.17 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income, is reclassified from other comprehensive income and recognized in the profit and loss account. Impairment losses on equity financial assets recognized in profit and loss account are not reversed through profit and loss account.

3.18 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding at the end of the year.

3.19 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions is determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.20 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4 Property and equipment

	2017	2016
	Rupees	
Operating assets	1,071,276	930,296
	1,071,276	930,296

The following is a statement of operating fixed assets (tangible):

	Office Equipment	Furniture and Fixture	Vehicles	Total
	Rupees			
At 30 June 2015				
Cost	1,650,526	1,061,332	1,507,100	4,218,958
Accumulated depreciation	(1,152,355)	(800,286)	(1,175,451)	(3,128,092)
Net book value in Rupees	498,171	261,046	331,649	1,090,866
Year ended 30 June 2016				
Additions	3,600	-	-	3,600
Depreciation charge for the year (note 4.01)	(75,266)	(39,157)	(49,747)	(164,170)
Net book value as at 30 June 2016	426,505	221,889	281,902	930,296
Year ended 30 June 2017				
Additions	306,090	-	-	306,090
Depreciation charge for the year (note 4.01)	(89,542)	(33,283)	(42,285)	(165,110)
Net book value as at 30 June 2017	**643,053**	**188,606**	**239,617**	**1,071,276**
At 30 June 2016				
Cost	1,654,126	1,061,332	1,507,100	4,222,558
Accumulated depreciation	(1,227,621)	(839,443)	(1,225,198)	(3,292,262)
Net book value in Rupees	**426,505**	**221,889**	**281,902**	**930,296**
At 30 June 2017				
Cost	1,960,216	1,061,332	1,507,100	4,528,648
Accumulated depreciation	(1,317,163)	(872,726)	(1,267,483)	(3,457,372)
Net book value in Rupees	**643,053**	**188,606**	**239,617**	**1,071,276**
Annual rates of depreciation (%)	15	15	15	

4.01 **Depreciation charge for the year has been allocated as follows:**

	2017	2016
	Rupees	
Administrative expenses	**165,110**	164,170
	165,110	164,170

4.02 No impairment relating to operating fixed assets has been recognised in the current year.

		Note	2017	2016
			---------------Rupees---------------	
5	**INTANGIBLE ASSETS**			
	Accounting software	5.01	**138,305**	197,579
	Trading Rights Entitlement Certificate - TREC	5.02	**5,000,000**	5,000,000
	Room - 612	5.03	**-**	2,000,000
			5,138,305	7,197,579
5.01	**Accounting software**			
	Net carrying value			
	Accounting software		**197,579**	157,306
	Addition		**-**	124,950
	Less: Amortization charge		**(59,274)**	(84,677)
	Net book value (NBV) as at 30 June		**138,305**	197,579
	Gross carrying value			
	Cost		**2,348,916**	2,348,916
	Less: Accumulated amortization		**(2,210,611)**	(2,151,337)
	Net book value		**138,305**	197,579
	Amortization rate per annum (%)		**30**	30
5.02	**Trading Rights Entitlement Certificate - TREC**			
	Pakistan Stock Exchange Limited			
	Opening balance		**5,000,000**	11,200,000
	Impairment during the year		**-**	(6,200,000)
	Closing net book value	5.02.1	**5,000,000**	5,000,000
5.03	ROOM - 612		**-**	2,000,000

5.02.1 This represents trading rights in Pakistan Stock Exchange Limited which have replaced membership cards of stock exchange pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 act). Before demutualization the stock exchanges were functioning as Guarantee Limited Company, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore, the membership cards have now been replaced by shares in the exchange representing ownership in the exchange and Trading Rights Entitlements Certificates (TREC) representing rights to trade in the exchange. As a result 843,975 shares of Rs. 10/- each have been allotted to the Company out of which 60% of the shares are blocked in a separate account held with CDC and would be sold to strategic investors and general public in future at a price which remains to be finalized, proceeds of which would come to the members, while the remaining 40% are available to members with no condition on their future sale. The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost / carrying value of the membership card between the two distinct assets on a reasonable basis. The TREC can only be sold or transferred once, however, once sold it would not be saleable / transferable again. The transaction is in nature an exchange of an intangible asset (membership card) with a financial asset (shares) together with an intangible asset (TREC).

The above mentioned face value (Rs. 8,439,750/-) of the shares issued by the LSE Financial Services Limited (LSEFSL) to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the Stock Exchange in accordance with the requirements of the Demutualization Act. In other words, shares worth Rs. 8,439,750/- received by the Company represent its shares in the fair value of the net assets of the LSEFSL. Under the current circumstances where active market is not available for such shares, this net asset valued based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the LSE has introduced a minimum capital regime for the brokers, and for this purpose have valued TREC at Rs. 5,000,000/- as per the decision of the BOD of the LSEFSL. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 5,000,000/- has been considered as the closest estimate of the fair value of the TREC.

The value of the TREC and shares have thus been measured at the value of the membership card with which they have been exchanged. For this purpose value of the membership card has been allocated between TREC and shares on proportionate basis at ratio of 68:32 which has been determined on the basis of the above estimates of fair value of LSEFSL Shares.

		Note	2017	2016
6	**LONG TERM INVESTMENTS**		----------------*Rupees*-------------	
	Investment in listed securities- available for sale		-	983,425
	LSEFSL shares- available for sale	*6.01*	**15,436,303**	14,887,719
			15,436,303	15,871,144
6.01	**Revaluation gain/Impairment on LSE shares**			
	Opening balance		**14,887,719**	23,800,000
	Add: Revaluation gain on remeasurement		**548,584**	-
	Less: Impairment		-	(8,912,281)
	Balance as at 30 June		**15,436,303**	14,887,719
7	**LONG TERM DEPOSITS**			
	Security deposits			
	C.D.C. Deposit		**100,000**	100,000
	BTB - NCCPL		**100,000**	100,000
	Clearing house CLM		**200,000**	200,000
	Office securities		**367,285**	367,285
			767,285	767,285
8	**TRADE DEBTS**			
	Unsecured:			
	- Considered good		**16,531,881**	16,007,209
8.02	**Aging Analysis**			
	Within 5 days		**906,294**	-
	Above 5 days		**15,625,587**	16,007,209
			16,531,881	16,007,209
	Receivables above 5 days net-off collateral (after applying haircut)		**15,625,587**	16,007,209

This note is provided in compliance to Section 34(2) (h) of Securities Brokers (Licensing and Operations) Regulations, 2016 which requires disclosure of ageing analysis of trade debts with clause 34(2)(h)(i) requiring provision for unsecured receaivables of more than five days to the extent by which the amount receivable exceed the collateral held from such customer after applying haircuts on VAR basis.

As per clarifications issed by PSX in its notice PSX/N-6741 this information is required as additional discsloure and does not provide accounting treatment hence no provision was recorded.

9 SHORT TERM INVESTMENTS

Held for trading

Investment in listed securities - at fair value through profit and loss

Investment in listed securities-Cost		**2,614,380**	-
Revaluation loss		**(204,880)**	-
		2,409,500	-

9.01 The fair value of these investments is determined using quoted market prices and repurchase prices prevailing at the balance sheet date.

10 ADVANCES AND DEPOSITS

Short term deposit	*10.1*	**5,400,000**	4,995,000
Advances to staff		**-**	338,315
NCCPL deposit		**700,000**	200,000
		6,100,000	**5,533,315**

10.1 This represents ready market and future market exposure deposits with the PSX.

11 ADVANCE INCOME TAX

Tax on dividend Income		**57,436**	82,334
WHT on bank profit		**50,260**	251,140
		107,696	333,474

12 CASH AND BANK BALANCES

Cash in hand		**18,147**	100,807
Cash at bank- current account		**10,273,936**	223,952
- saving account	*12.01*	**2,616,466**	16,070,488
		12,908,549	16,395,247

12.01 These carry profit @ 4% to 5 % (2016: 5 %) per annum approximately.

12.02 Cash at bank- house account		**171,698**	-
- client account		**12,718,705**	-
		12,890,402	-

13 SHARE CAPITAL

Authorized share capital

1,000,000 (2016: 1,000,000) ordinary shares of Rs. 100/- each.	**100,000,000**	100,000,000

Issued, subscribed and paid-up capital

638,740 (2016: 638,740) ordinary shares of Rs. 100/- each.	**63,874,000**	63,874,000

13.1 PATTERN OF SHARE HOLDING

Company's shareholding as at 30 June 2017 is as under

	June 30, 2017		June 30, 2016	
	No. of Share	**Shareholding %**	No. of Share	Shareholding %
Shahid Mahmood	637,740	99.84%	637,740	99.84%
Hashim Mahmood	500	0.0783%	500	0.0783%
Qasim Mahmood	500	0.0783%	500	0.0783%
	638,740	**100%**	638,740	100%

No changes in shareholding above 5% during the year ended June 30, 2017

14 TRADE AND OTHER PAYABLES

Trade creditors		26,284,252	25,183,264
Other payable		438,209	546,528
		26,722,461	25,729,792

15 PROVISION FOR TAXATION

Opening balance		115,634	157,003
Taxation - current		521,209	391,190
		636,843	548,193
Prior year		(248,741)	(432,559)
Deferred	15.1	-	-
Closing balance		388,102	115,634

15.1 Deferred taxation

Deferred tax liabilities		
Property and equipment	6,308	-
Deferred tax assets		
Taxable loss	(4,860,225)	-
Net deferred tax assets	(4,853,917)	-

Deferred tax has not been recognised as the amount of deferred tax assets does not meet the recognition criteria as laid down in IAS 12 Income Taxes.

15.2 Since the Company is liable to pay only alternate corporate tax therefore the reconciliation between tax charged and accounting profit has not been given.

16 CONTINGENCIES AND COMMITMENTS

16.01 Contingencies

Contingencies as at balance sheet date were Nil (2016: Nil).

16.02 Commitments

Commitments as at the balance sheet date were Nill (2016: Nill).

17 INCOME

Commission income	19,573,294	14,344,760
	19,573,294	14,344,760

18 OPERATING EXPENSES

Commission expenses	(416,173)	(2,059,669)
NCSS charges	(651,585)	(290,631)
CDC charges	(431,116)	(431,029)
Other	(1,651,350)	-
	(3,150,224)	(2,781,329)

19 ADMINISTRATIVE EXPENSES

Director/Chief executive's remuneration	*28*	**1,440,000**	1,650,000
Salaries, wages and other benefits		**4,355,757**	4,343,250
Travelling and conveyance		**54,645**	21,400
Printing and stationery		**157,904**	130,900
Telephone and postage		**996,979**	840,305
Electricity charges		**1,024,833**	740,851
News and periodicals		**11,098**	2,714
Rent, rates, taxes and renewals		**798,918**	565,652
Publicity and advertisement		**36,000**	2,000
Repair and maintenance		**724,020**	520,070
Legal and professional charges		**1,024,000**	469,100
Auditor's remuneration	*19.01*	**250,000**	250,000
Entertainment expenses		**589,467**	443,888
Charity and donation	*19.02*	**1,650**	3,000
Amortization	*5.01*	**59,274**	84,677
Depreciation	*4.01*	**165,110**	164,170
Fee and taxes		**176,221**	213,865
Bad debts		**338,315**	-
Miscellaneous expenses		**3,077,346**	1,562,729
		15,281,537	12,008,571

19.01 Auditors' remuneration

Statutory audit fee	**250,000**	250,000
	250,000	250,000

19.02 No director or his / her spouse had any interest in the donees' fund.

20 OTHER OPERATING CHARGES

Impairment on LSE shares	**-**	8,912,281
Impairment on TREC	**-**	6,200,000
	-	15,112,281

21 FINANCE COST

Bank charges	**100,012**	39,352
	100,012	39,352

22 OTHER INCOME

Profit on bank deposit	**317,761**	407,869
Dividend income	**459,488**	632,981
Other income	**1,091,730**	-
	1,868,979	1,040,850

23 TAXATION

- Current year	**439,278**	115,634
- Prior year	**82,021**	275,556
	521,299	391,190

24 PROFIT/(LOSS) EARNINGS PER SHARE

Profit/(loss) for the year	**2,156,175**	(14,947,113)
Weighted average number of ordinary shares issue during the year	**638,740**	638,740
Profit/(Loss) Earnings per share	**3.38**	(23.40)

24.01 There is no dilutive effect on the basic earnings per share.

Kn

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

25.01 Credit risk

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

	Rating Agency	Credit Rating	
		Short term	Long term
Bank Alfalah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AA+
Bank Al- Habib Limited	PACRA	A1+	AA+

Exposure to credit risk

Credit risk of the Company arises principally from its trade debts, long term deposits, advances, deposits and other receivables and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

	2017	2016
	Rupees	
Long term deposits	**6,867,285**	5,962,285
Trade debts	**16,531,881**	16,007,209
Trade deposits and prepayments	**10,709,975**	4,485,404
Bank balances	**12,890,402**	16,395,247
	46,999,543	42,850,145

Credit risk management

To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected from and maintained by the clients. The Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines.

All transactions in listed securities are settled using National Clearing Company of Pakistan Limited, being the central clearing company of the country. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by the stock exchange. The Company does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk before any credit enhancements at 30 June 2017 is the carrying amount of the financial assets as set out below:

Long term investment - Available for sale	**15,436,303**	15,871,144
Long term deposits	**6,867,285**	5,962,285
Trade debts	**16,531,881**	16,007,209
Trade deposits and prepayments	**10,709,975**	4,485,404
Bank balances	**12,890,402**	16,395,247
	62,435,846	58,721,289

Except for the impairment disclosed above, no impairment has been recognized in respect of these receivables as the security against the same is adequate. The Company is doing its utmost to recover the amount from the doubtful clients and is confident that majority of the amount would be recovered based on the past experience and the recovery efforts being carried out by the Company.

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to A+ assigned by reputable credit rating agencies.

Concentration of credit risk

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

25.02 Liquidity risk

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business, the company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2017	Carrying Amount	Contractual cash flows	6 months or less	6 - 12 month	1 - 2 years	2 - 5 years	More than 5 years
	Rupees						
Non-derivative Financial Liabilities							
Trade and other payables	26,722,461	26,722,461	21,377,969	5,344,492	-	-	-
	26,722,461	26,722,461	21,377,969	5,344,492	-	-	-

30 June 2016	Carrying Amount	Contractual cash flows	6 months or less	6 - 12 month	1 - 2 years	2 - 5 years	More than 5 years
	Rupees						
Non-derivative Financial Liabilities							
Trade and other payables	25,729,792	25,729,792	20,583,834	5,145,958	-	-	-
	25,729,792	25,729,792	20,583,834	5,145,958	-	-	-

25.03 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Interest rate risk arises from the possibility that changes in interest will affect the value of financial instruments. Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities that mature or reprise in a given period.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
	Rupees				
As at 30 June 2017					
FINANCIAL ASSETS					
Trade receivables	16,531,881	-	-	-	16,531,881
Short term investments	2,409,500	-	-	-	2,409,500
Advances and other receivables	-	-	-	6,100,000	6,100,000
Bank balances	12,890,402	-	-	-	12,890,402
	31,831,783	-	-	6,100,000	37,931,783
FINANCIAL LIABILITIES					
Trade and other payables	-	-	-	26,722,461	26,722,461
	-	-	-	26,722,461	26,722,461
Total Interest rate sensitivity gap	31,831,783	-	-		
Cumulative interest rate sensitivity gap	31,831,783				
As at 30 June 2016					
FINANCIAL ASSETS					
Trade receivables	16,007,209	-	-	-	16,007,209
Advances and other receivables	-	-	-	5,533,315	5,533,315
Bank balances	16,294,440	-	-	-	16,294,440
	32,301,649	-	-	4,485,404	37,834,964
FINANCIAL LIABILITIES					
Trade and other payables	-	-	-	25,729,792	25,729,792
	-	-	-	25,729,792	25,729,792
Total Interest rate sensitivity gap	32,301,649	-	-		
Cumulative interest rate sensitivity gap	32,301,649				

Mark-up rates are mentioned in the respective notes to the accounts.

Market risk management

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

- Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

- Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield.

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not have affected the after tax loss of the Company.

Other price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares.

The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain. There is no outstanding exposure of the Company in lieu of equity securities as at 30 June 2017.

25.04 Financial assets fair value Hierarchy

All financial instruments carried at fair value are categorized in three categories defined as follows:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company categorizes its long term investment amounting to Rs. 15,436,303 in Level 3 (2016: 14,887,719 in Level 3) short term investment amounting to Rs. 2,409,500 (2016: 983,425) in Level 1.

25.05 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

Net capital requirements of the Company are set and regulated by KSE. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

There were no significant adjustable events subsequent to 30 June 2017, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

26 SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to 30 June 2017, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements

27 RELATED PARTY TRANSACTIONS

The related parties of the company comprise of the directors of the company who are also the major shareholders and key management personnel of the company.

The related party transactions of the company mainly comprise of the remunerations and loan paid to its directors.

Related party	Nature of transaction	2017	2016
		Rupees	
Shahid Mahmood-Director	Receiveable	**10,709,975**	4,147,089

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Director	
	2017	2016	2017	2016
	Rupees			
Managerial remuneration	-	957,000	1,440,000	693,000
	-	957,000	1,440,000	693,000
Number of persons	1	1	2	1

28.01 During the year, no other employees are qualified for executives of the company.

29 PROVIDENT FUND AND RELATED DISCLOSURE

The Company has not maintained any provident fund/provident fund trust for the benefits of its employees

	2017	2016
	Numbers	

30 NUMBER OF EMPLOYEES

Total number of employees at the year end	**6**	6

The average number of employees during the year was 6 (2016: 5).

31 AUTHORIZATION OF FINANCIAL STATEMENTS

The above financial statements have been authorized for issue by the board of directors of the Company on 06-Oct-2017.

32 GENERAL

- Figures have been rounded-off to the nearest of rupees.
- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison.

Reclassification from component	Reclassification to component	*Rupees*
Long-term investment	Short-term investment	2,614,380
Long-term deposit-exposure deposit	Advances and deposits-exposure deposit	5,400,000
Long-term deposit-NCCPL deposit	Advances and deposits-NCCPL deposit	700,000

CHIEF EXECUTIVE

DIRECTOR