



Horwath

**FIKREE'S (PRIVATE) LIMITED
FORMERLY FIKREE'S (SMC-
PRIVATE) LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

JUNE 30, 2017

Private & Confidential

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FIKREE'S (PRIVATE) LIMITED FORMERLY FIKREE'S (SMC-PRIVATE) LIMITED as at June 30, 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion,
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the 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) 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 Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affair as at June 30, 2017 and of the profit, 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.

Horwath Hussain & Co.

Horwath Hussain Chaudhury & Co.

Chartered Accountants

Engagement partner: Najeeb Moochhala

Karachi

Date: 06 OCT 2017

FIKREE'S (PRIVATE) LIMITED
FORMERLY FIKREE'S (SMC-PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		------(Rupees)-----	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 20,000,000 (2016: 20,000,000) ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed & paid-up capital	4	20,001,000	20,001,000
Accumulated profit		36,083,750	23,374,742
Surplus on revaluation of investments		221,706,059	118,043,297
		277,790,809	161,419,039
Advance against share capital		8,343,410	4,843,410
Non Current Liability			
Deferred taxation	5	15,442,548	17,253,681
Current Liabilities			
Trade and other payables	6	1,270,667	614,440
Accrued markup		1,208,435	681,990
Short term running finance - secured	7	23,400,090	97,443,428
Provision for taxation		1,506,004	5,065,376
		27,385,196	103,805,234
Contingencies and Commitments			
	8		
Total Equity and Liabilities		328,961,963	287,321,364
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	881,908	799,675
Intangible asset - TRE certificate	10	1,005,000	5,000
Long term investment	11	41,183,833	20,000
		43,070,741	824,675
Current Assets			
Trade debts		55,124	125,118
Advance, deposits, prepayments and other receivables	12	27,114,135	5,738,748
Short term investments	13	258,019,500	280,605,222
Cash and bank balances	14	702,463	27,601
		285,891,222	286,496,689
Total Equity and Liabilities		328,961,963	287,321,364

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

CHIEF EXECUTIVE



DIRECTOR



FIKREE'S (PRIVATE) LIMITED
FORMERLY FIKREE'S (SMC-PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	2017	2016
		----- <i>(Rupees)</i> -----	
Brokerage / Commission		2,682,427	1,276,631
Gain on sale of investment		18,161,209	30,397,999
		20,843,636	31,674,630
Other income	15	12,048,030	5,586,138
		32,891,666	37,260,768
Administrative and operating expenses	16	(6,296,172)	(4,040,537)
Other operating expense	17	(275,000)	(9,368,633)
Finance cost		(11,445,571)	(6,671,041)
Worker's welfare fund		(297,498)	(343,611)
		(18,314,241)	(20,423,822)
Profit before taxation		14,577,425	16,836,946
Taxation	17	(1,868,417)	(3,953,105)
Profit after taxation		12,709,008	12,883,841

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

Ali

CHIEF EXECUTIVE

Ahmed Ali

DIRECTOR

Ahmed Ali

**FIKREE'S (PRIVATE) LIMITED
FORMERLY FIKREE'S (SMC-PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	----- <i>(Rupees)</i> -----	
Profit after taxation	12,709,008	12,883,841
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Surplus on revaluation of available for sale securities	101,767,766	62,016,628
Related deferred tax expense	1,894,995	(12,561,920)
	103,662,762	49,454,708
Items that will not be subsequently reclassified to profit or loss		
Total comprehensive income	116,371,769	62,338,549

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

CHIEF EXECUTIVE _____

Sanjiv Khara

DIRECTOR _____

Ani Khara

FIKREE'S (PRIVATE) LIMITED
FORMERLY FIKREE'S (SMC-PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	----- <i>(Rupees)</i> -----	
Cash Generated from Operations		
Profit before taxation	14,577,425	16,836,946
Adjustments for		
Depreciation	161,870	150,033
Finance cost	11,445,571	6,671,041
Balance written off	-	9,118,633
Dividend income	(11,627,823)	(5,586,138)
	(20,382)	10,353,569
	14,557,042	27,190,515
Changes in working capital		
(Increase)/decrease in current assets		
Trade debts	69,994	(6,081,563)
Advance, deposits, prepayments and other receivables	(21,318,150)	5,738,382
Short term investments	86,632,419	(46,220,476)
	65,384,263	(46,563,657)
Increase/(Decrease) in Current liabilities		
Trade and Other payables	656,227	145,481
	80,597,533	(19,227,661)
Finance cost paid	(10,919,126)	(5,989,051)
Income tax paid	(5,343,926)	(5,088,798)
Net cash used from operating activities	64,334,481	(30,305,510)
Cash Flows From Investing Activities		
Purchase of Intangible assets	(1,000,000)	-
Purchase of operating fixed assets	(244,103)	(88,680)
Dividend income	11,627,823	5,586,138
Net cash used from investing activities	10,383,720	5,497,458
Cash Flow From Financing Activities		
Short term running finance	(74,043,338)	24,799,853
Net cash generated from financing activities	(74,043,338)	24,799,853
Net (decrease) / increase in cash and cash equivalents	674,862	(8,198)
Cash and cash equivalents at the beginning of the year	27,601	35,799
Cash and cash equivalents at the end of the year	702,463	27,601

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

CHIEF EXECUTIVE

[Signature]

DIRECTOR

[Signature]

FIKREE'S (PRIVATE) LIMITED
FORMERLY FIKREE'S (SMC-PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed & paid-up capital	Accumulated profits	Surplus on revaluation of investments	Total
	----- (Rupees) -----			
Balance as at July 01, 2015	20,001,000	10,490,901	68,588,590	99,080,491
Profit for the year	-	12,883,841	-	12,883,841
Other comprehensive income	-	-	49,454,707	49,454,707
Balance as at June 30, 2016	<u>20,001,000</u>	<u>23,374,742</u>	<u>118,043,297</u>	<u>161,419,039</u>
Profit for the year		12,709,008		12,709,008
Other comprehensive income			103,662,762	103,662,762
Balance as at June 30, 2017	<u>20,001,000</u>	<u>36,083,750</u>	<u>221,706,059</u>	<u>277,790,809</u>

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

CHIEF EXECUTIVE

[Signature]

DIRECTOR

[Signature]

FIKREE'S (PRIVATE) LIMITED
FORMERLY FIKREE'S (SMC-PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND BUSINESS

The Company was incorporated under the Companies Ordinance, 1984 on April 26, 2013 as a (SMC - Private) limited company. The company is a corporate member of Pakistan Stock Exchange Limited. The address of registered office is 639 Pakistan Stock Exchange Limited, Karachi. The company has changed its status of a single member company into a private company and converted into a private company with effect from 9th June 2017. The principle activities include trading and brokerage for equities, underwriting of public issues, etc.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given here under.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are prepared in pak rupees, which is the functional and presentation currency of the Company.

2.4 USE OF ESTIMATE AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumption and use judgments that affect the application of policies and reported amounts of asset and liabilities and income and expenses. Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates, if any, are recognized prospectively commencing from the period of revision.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements.



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY, PLANT AND EQUIPMENT

3.1.1 Owned

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses. Depreciation on fixed assets is charged to income by applying reducing balance method at the rates specified in the relevant note.

The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Normal repair and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate the the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimate recoverable amount, the assets are written down to their recoverable amount. Gain or loss on disposal, if any, are included in income currently.

3.2 INTANGIBLE ASSETS

3.2.1 TRECs-Trading Right Entitlement

The accounting treatment for the exchange of membership cards with TRECs and shares of stock exchanges has been determined on the basis of the guidance provided by the Institute of Chartered Accountants of Pakistan (ICAP) on queries raised by certain members of stock exchanges.

3.3 REVENUE RECOGNIZATION

3.3.1 Gain/ (Loss) from dealing in securities

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

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

Consultancy and advisory fee, Commission from rendering of services to stock exchanges are recognized as and when such services are provided.

Profit on bank deposits is recognized on an accrual basis.

3.4 PROVISIONS

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of obligation.

3.5 TAXATION

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

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3.5.1 Deferred

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

The company recognize a deferred tax asset only to the extent that its is probable that future taxable profit for the foreseeable future will be available against which the assets can be utilized. Deferred tax asset is recognized to the extent that it is no longer probable that the related tax benefit will be realized.

3.6 TRADE AND OTHER PAYABLES

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.7 BORROWING COST

Borrowing cost are recognized as expenses in the period in which these are incurred.

3.8 TRANSACTION WITH RELATED PARTIES

Transaction with related parties are executed on arm's length basis. These prices are determined in accordance with the admissible pricing methods. However, loan from directors are unsecured and interest free.

3.9 IMPAIRMENT

3.9.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3.9.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indications exists then the asset's recoverable amount is estimated. An impairment loss is recognized as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds is recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value is used in ascertained through discounting of the estimated future cash flows using a discount are that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates use to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

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3.10 FINANCIAL INSTRUMENT

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to the profit and loss account currently.

3.11 OFFSETTING OF FINANCIAL ASSETS FINANCIAL LIABILITIES

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

3.12 CASH AND CASH EQUIVALENTS

Cash in hand and at banks are carried at cost. Cash and cash equivalents are defined as cash in hand, cash at bank and short-term highly liquid investments that are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

3.13 INVESTMENTS

3.13.1 Held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss-held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. the fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the Karachi Stock Exchange and on market based redemption/repurchase prices, whichever is applicable, in case of other securities.

3.13.2 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At subsequent balance sheet dates, these investments are remeasured at fair values and the resulting gains or losses are recognized directly in equity until the investments is disposed off or impaired at which time these are transferred to profit and loss account.

Where active market of the quoted investment exists, fair value quoted investments is determined using quotations of Karachi Stock Exchange. The investments for which quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate etc.) and therefore, cannot be determined with precision.

3.13.3 Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortized cost. Provision for impairment in value, if any, is taken to income currently.

Premiums and discounts on investments are amortized using the effective interest rate method and taken to income from investments.

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2017 2016
----- (Rupees) -----

4 Issued, subscribed & paid up capital

Issued, subscribed and paid up 2,000,100 (2016: 2,000,100) ordinary shares of Rs. 10/- each	<u>20,001,000</u>	<u>20,001,000</u>
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5 Deferred taxation

Taxable temporary differences

Property plant and equipment	85,805	1,942
Investment in shares	<u>15,356,743</u>	<u>17,251,739</u>
	<u>15,442,548</u>	<u>17,253,681</u>

6 Trade and other payables

Trade payables	698,169	20,829
Accrued expenses	275,000	250,000
WWF payable	<u>297,498</u>	<u>343,611</u>
	<u>1,270,667</u>	<u>614,440</u>

7 Short term running finance - secured

The company has obtained Running Finance Facilities under mark-up arrangement of Rs. 100 million (2016: 100 million) from Habib Metropolitan Bank Limited having mark-up of 3 months KIBOR+ 3% (2016: 3 months KIBOR+3%) that is secured against pledge of shares and personal guarantee of director.

8 Contingencies and Commitments

There were no contingencies and commitments as at June 30, 2017 (2016: Nil)

9 Property and equipment

Operating fixed assets	9.1	<u>881,908</u>	<u>799,675</u>
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9.1 Operating fixed assets

Description	Owned				Total
	Furniture and fixture	Office equipments	Computer Equipment	Motor Vehicles	
Cost					
Balance as at 01 July, 2015	237,040	43,975	108,496	835,730	1,225,241
Additions	-	88,680	-	-	88,680
Balance as at 30 June, 2016	<u>237,040</u>	<u>132,655</u>	<u>108,496</u>	<u>835,730</u>	<u>1,313,921</u>
Balance as at 01 July, 2016	237,040	132,655	108,496	835,730	1,313,921
Additions	-	244,103	-	-	244,103
Balance as at 30 June, 2017	<u>237,040</u>	<u>376,758</u>	<u>108,496</u>	<u>835,730</u>	<u>1,558,024</u>
Depreciation					
Balance as at 01 July, 2015	59,256	12,435	57,991	234,531	364,213
Charge for the year	26,668	18,033	15,151	90,180	150,033
Balance as at 30 June 2016	<u>85,924</u>	<u>30,468</u>	<u>73,143</u>	<u>324,711</u>	<u>514,246</u>
Balance as at 01 July, 2016	85,924	30,468	73,143	324,711	514,246
Charge for the year	22,667	51,944	10,606	76,653	161,870
Balance as at 30 June 2017	<u>108,592</u>	<u>82,412</u>	<u>83,749</u>	<u>401,364</u>	<u>676,116</u>
Carrying Amount - 2017	<u>128,448</u>	<u>294,347</u>	<u>24,747</u>	<u>434,366</u>	<u>881,908</u>
Carrying Amount - 2016	<u>151,116</u>	<u>102,187</u>	<u>35,353</u>	<u>511,019</u>	<u>799,675</u>
Rate of Depreciation	15%	15%	30%	15%	

W/S

	2017	2016
	-----(Rupees)-----	
10 Intangible assets		
Trading Right Entitlement Certificate (TREC) - Pakistan Stock Exchange Limited	5,000	5,000
Membership card - Pakistan Mercantile Exchange	1,000,000	-
	<u>1,005,000</u>	<u>5,000</u>
10.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The company has also received shares of PSX after completion of the demutualization process. The TREC has been recorded at Rs.5,000. For details refer to note 11.1		
11 Long term investment		
Available for sale		
Shares in PSX - cost	20,000	20,000
Surplus on revaluation on shares in PSX	41,163,833	
	<u>41,183,833</u>	<u>20,000</u>
11.1 Pursuant to the promulgation of the stock exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act) the ownership in a stock exchange has been segregated from the right to trade on the exchange due to which the membership cards of the Karachi Stock Exchange (KSE) have now been replaced with (a) Shares in the exchange and (b) Trading Rights Entitlement Certificate (TREC).		
Based on the technical guide dated May 29, 2013 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the company had allocated its carrying value of the membership card in the ratio of 80% to shares and 20% to TREC. Consequently, the long term investments have been recognized at Rs. 20,000 and TREC at Rs. 5,000.		
On June 23, 2017 SECP approved PSX's application for listing and thereafter, the shares were successfully listed on June 29, 2017. Accordingly, shares of PSX are valued at the closing market rate of Rs. 25.68 per share as of period end.		
12 Advance, deposits, prepayments and other receivables		
NCCPL and PSX deposits	19,228,016	354,351
Deposit for room at PMEX	2,500,000	-
Income tax deducted at source	5,345,648	5,288,411
Other receivable	40,471	95,986
	<u>27,114,135</u>	<u>5,738,748</u>
13 Short term investments - Available for sale		
Investment in listed companies	67,408,942	145,310,187
Unrealized gain on remeasurement	195,898,969	135,295,035
	<u>258,019,500</u>	<u>280,605,222</u>

	2017	2016
	-----	-----
	(Rupees)	(Rupees)
14 Cash and Bank Balances		
Cash in hand	2,463	-
Cash at bank	700,000	27,601
	<u>702,463</u>	<u>27,601</u>
15 Other income		
Dividend income	11,627,823	5,586,138
Other income	420,207	-
	<u>12,048,030</u>	<u>5,586,138</u>
16 Administrative and operating expenses		
Director's remuneration		
Salaries, allowance and other benefits	2,176,677	1,183,500
Rent ,rates and taxes	84,000	32,000
Repairs and maintenance	174,640	47,200
Legal and professional charges	973,870	227,891
Printing and stationary	63,197	29,836
Travelling and conveyance	275,010	149,340
Utilities	512,954	222,593
Fees and subscription	240,448	14,688
Entertainment	157,318	81,311
Postage and courier expense	9,088	3,175
Depreciation	161,870	150,033
CDC charges	428,657	186,951
Clearing house charges	168,448	59,456
Others	753,576	1,652,563
Bank charges	116,419	-
	<u>6,296,172</u>	<u>4,040,537</u>
16.1 There were no remuneration of director during the year. (2016 : Rs Nil)		
17 Other Operating Expenses		
Balances written off	-	9,118,633
Auditors' remuneration	275,000	250,000
	<u>275,000</u>	<u>9,368,633</u>
18 Taxation		
Current	1,506,004	5,065,376
Prior	278,550	(1,093,590)
Deferred	83,863	(18,681)
	<u>1,868,417</u>	<u>3,953,105</u>
Relationship between tax expense and accounting profit		
Profit before taxation	14,577,425	16,836,946
Applicable tax rate	30%	32%
Tax at the above rate	4,373,227	5,387,823
Tax effect of capital gain under separate block of income	(2,783,360)	(341,128)
Effect of change in prior years' tax	278,550	(1,093,590)
Tax expense for the year	<u>1,868,417</u>	<u>3,953,105</u>

11/11

19 Financial risk management objectives and policies

The company's activities expose it to certain financial risk. Such financial risk emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the company's financial performance. Risk measures and managed by company are explained below:

19.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the company's short term finance with varying interest rates. Management of the company estimates that increase of 100 base point in the interest rate, with all other factors remaining constant, would increase / decrease the company's after tax profit by Rs. 234,000 (2016: Rs. 974,434). However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign exchange risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transaction in foreign currency. The company has no transactions in foreign currency during the current year.

Fair Value hierarchy

Financial statements carried at available for sale

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non - market observable)

The Company hold the following financial instruments measured at fair value

Total	Level 1	Level 2	Level 3
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------(Rupees)-----

As at June 30, 2017

Financial Assets - Available for sale investments

Pakistan Stock Exchange Limited	41,183,833	41,183,833.00	-	-
Investment in listed companies	258,019,500	258,019,500	-	-
	<u>299,203,333</u>	<u>299,203,333</u>	-	-

As at June 30, 2016

Financial Assets - Available for sale investments

Pakistan Stock Exchange Limited	20,000	-	-	20,000
Investment in listed companies	280,605,222	280,605,222	-	-
	<u>280,625,222</u>	<u>280,605,222</u>	-	<u>20,000</u>

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19.2 Liquidity risks

Liquidity risk is a risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments, The management believe that it is not expose to any significant level of liquidity risk. The management forecast the liquidity of the company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

2017	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- <i>(Rupees)</i> -----				
Trade and other payables	1,270,667	-	-	-	1,270,667
Short term runnig finance - secured	23,400,090	-	-	-	23,400,090
Total	24,670,757	-	-	-	24,670,757

2016	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- <i>(Rupees)</i> -----				
Trade and other payables	614,440	-	-	-	614,440
Short term runnig finance - secured	97,443,428	-	-	-	97,443,428
Total	98,057,868	-	-	-	98,057,868

Fair Value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction, consequently, difference may arises between the carrying value and fair value estimates.

As at June 30, 2017 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying value.

19.3 Credit risks

Credit risks represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Financial Assets	2017	2016
Long term investments	41,183,833	20,000
Trade debts	55,124	125,118
Advance, deposits, prepayments and other receivables	27,114,135	5,738,748
Short term investments	258,019,500	280,605,222
Cash and bank balances	702,463	27,601
	<u>327,075,055</u>	<u>286,516,689</u>

20 Number of employees

As at year end

4	4
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Short term runnig finance - secured	23,400,090	-	-	-	23,400,090
Total	<u>24,670,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,670,757</u>
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Total	<u>98,057,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,057,868</u>

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	<u>327,075,055</u>	<u>286,516,689</u>
20 Number of employees		
As at year end	<u>4</u>	<u>4</u>

21 Date of Authorization

These financial statements were authorized for issue on 06 OCT 2017 by the Director of the company.

22 General

Figures have been rounded off to the nearest rupee.

Allu

CHIEF EXECUTIVE

Sanjay Shrivastava

DIRECTOR

Allu