

FIKREE'S (SMC-PRIVATE) LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

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	Note	Un-Audited July 01 to Mar 31 2017 Rupees	Audited June 30 2016 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	4	776,172	799,675
Intangible asset - TRE certificate	5	5,000	5,000
Long term investment	6	20,000	20,000
		801,172	824,675
Current Assets			
Trade debts		111,805	125,118
Advance, deposits, prepayments and other receivables	7	12,037,327	5,738,748
Short term investments	8	349,708,538	280,605,222
Cash and bank balances	9	1,241,124	27,601
		363,098,794	286,496,689
Total Assets		<u>363,899,966</u>	<u>287,321,364</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 20,000,000 (2016: 20,000,000) ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up share capital	10	20,001,000	20,001,000
Accumulated profit		34,675,163	23,374,742
Surplus on revaluation of investments		229,003,953	118,043,297
		283,680,116	161,419,039
Advance against share capital		4,843,410	4,843,410
Non Current Liabilities			
Deferred tax liability	11	19,191,012	17,253,681
Current Liabilities			
Trade and other payables	12	1,832,888	614,440
Accrued markup		-	681,990
Short term running finance	13	47,418,196	97,443,428
Provision for taxation		6,934,344	5,065,376
		56,185,428	103,805,234
Contingencies and Commitments	14	-	-
Total Equity and Liabilities		<u>363,899,966</u>	<u>287,321,364</u>

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

DIRECTOR

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FIKREE'S (SMC-PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2017

	Un-Audited Jan 01 to Mar 31 2017	Audited June 30 2016
	Rupees	Rupees
Revenue		
Brokerage / commission	532,680	1,276,631
Gain on sale of investment	4,904,317	30,397,999
	5,436,997	31,674,630
Expenses		
Administrative expenses	15 (761,783)	(4,040,537)
Other operating expenses	16 -	(9,368,633)
Finance cost	(1,325,007)	(6,671,041)
Workers' welfare fund	-	(343,611)
	(2,086,790)	(20,423,822)
Operating Profit	3,350,207	11,250,808
Other income	17 1,022,804	5,586,138
Profit before Taxation	4,373,011	16,836,946
Taxation	18 -	(3,953,105)
Net Profit for the Year	4,373,011	12,883,841
Earning per Share - Basic and Dilutive	19 2.19	6.44

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

DIRECTOR

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FIKREE'S (SMC-PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2017

	Un-Audited Jan 01 to Mar 31	Audited June 30
	2016	2016
	Rupees	Rupees
Profit for the Year	4,373,011	12,883,841
<i>Other comprehensive income</i>		
<i>Items that may be re-classified subsequently to the profit or loss</i>		
Surplus on revaluation of available for sale securities	11,703,792	62,016,628
Less: Related deferred tax (expense) / income	-	(12,561,921)
<i>Items that will not be re-classified subsequently to the profit or loss</i>	-	-
Other comprehensive income for the year	11,703,792	49,454,707
Total Comprehensive Income for the Year	16,076,803	62,338,548

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

DIRECTOR

Sanjay Thakur



FIKREE'S (SMC-PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2017

Particulars	Share Capital	Accumulated profits	Surplus on revaluation of investments	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at September 30, 2016	20,001,000	28,079,522	118,043,297	166,123,819
Net profit for the year	-	2,222,630		2,222,630
Other comprehensive income for the year	-	-	99,256,864	99,256,864
Total comprehensive income for the year	-	2,222,630	99,256,864	101,479,494
Balance as at December 31, 2016	20,001,000	30,302,152	217,300,161	267,603,313
Net profit for the year	-	4,373,011		4,373,011
Other comprehensive income for the year	-	-	11,703,792	11,703,792
Total comprehensive income for the year	-	4,373,011	11,703,792	16,076,803
Balance as at March 31, 2017	20,001,000	34,675,163	229,003,953	283,680,116

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

DIRECTOR

Awfij Fikree



FIKREE'S (SMC-PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

Note 1

The Company and its Operations

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 Karachi Stock Exchange Limited. The address of registered office is 639-Karachi Stock Exchange Limited, Karachi. The principle activities include trading and brokerage for equities, underwriting of public issues, etc.

Note 2

Basis of Preparation

2.1 Statement of compliance

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

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life of property and equipment and provisions for doubtful receivables. However, the management believes that these changes in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Amendments to IFRS 13 'Fair Value Measurement' that aim to improve consistency and reduce complexity by providing a precise definition of fair value. 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 adoption of this standard is not likely to have an impact on the Company's financial statements.

2.5.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Note 2, Basis of Preparation - Continued...

2.5.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

2.5.4 Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective

There were no new standards or amendments to existing standards and interpretations that are neither relevant nor yet effective.

Note 3
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless stated otherwise.

3.1 Property, plant and equipment

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.

Depreciation method, residual value and useful lives of assets are reviewed at least at each balance sheet date and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment, if any, are included in the current year's income.

3.2 Intangible asset

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 Provisions

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

3.4 Revenue recognition

- 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.

3.5 Taxation

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

Note 3, Significant Accounting Policies - Continued...

Note 3.5, Taxation - Continued...

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Law.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amount of the deferred tax asset is reviewed at each balance sheet date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

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

3.6 Trade debts

All outstanding receivables are reviewed at the balance sheet date. The Company recognizes and carries these receivables at original invoice amount less an allowance for uncollectible amount, if any. Bad debts are written off as incurred and provision is made against debts considered doubtful when the collection of the full amount is no longer probable.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at banks in current and saving accounts.

3.8 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.

3.9 Borrowing cost

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

3.10 Related party transactions

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.

3.11 Financial instruments

3.11.1 Financial assets

The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition. The Company classifies its financial assets in the following categories:

At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Note 3, Significant Accounting Policies - Continued...

Note 3.11.1, Financial assets - Continued...

Loans and receivables

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

Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, management has the intention and ability to hold till maturity are carried at amortized cost.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the management intends to dispose off the investments within twelve months from the balance sheet date, in which case these financial assets are classified as short term investments in the balance sheet.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains / losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

Measurement criteria

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and their transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using the effective interest rate method.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

3.11.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in respective carrying amounts is recognized in the profit and loss account.

Note 3, Significant Accounting Policies - Continued...

3.11.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Impairment

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

3.13 Dividend

Dividends are recognized as a liability in the period in which these are declared.

Note 4 Property, Plant and Equipment	Note	Un-Audited	Audited
		July 01 to Mar 31	June 30
		2016	2015
		Rupees	Rupees
Operating fixed assets	4.1	<u>776,172</u>	<u>799,675</u>

4.1 Operating fixed assets

Period Ended March 31, 2017

Description	Furniture and fixture Rupees	Office equipment Rupees	Computer equipment Rupees	Vehicles Rupees	Total Rupees
Owned assets					
Cost					
Balance as at December 31, 2016	252,940	152,875	108,496	835,730	1,350,041
Additions	-	7,950	-	-	7,950
Balance as at March 31, 2017	<u>252,940</u>	<u>160,825</u>	<u>108,496</u>	<u>835,730</u>	<u>1,357,991</u>
Accumulated depreciation					
Balance as at December 31, 2016	92,857	35,468	76,067	345,923	550,315
Charge for the period from Jan to Mar-17	6,003	4,701	2,432	18,368	31,504
Total as at March 31, 2017	<u>98,860</u>	<u>40,169</u>	<u>78,499</u>	<u>364,291</u>	<u>581,819</u>
Total as at March 31, 2017	<u>154,080</u>	<u>120,656</u>	<u>29,997</u>	<u>471,439</u>	<u>776,172</u>

Owned assets

Cost

Balance as at July 01, 2015	237,040	43,975	108,496	835,730	1,225,241
Additions	-	88,680	-	-	88,680
Balance as at June 30, 2016	<u>237,040</u>	<u>132,655</u>	<u>108,496</u>	<u>835,730</u>	<u>1,313,921</u>

Accumulated depreciation

Balance as at July 01, 2015	59,256	12,435	57,991	234,531	364,213
Charge for the year	26,668	18,033	15,152	90,180	150,033
Balance as at June 30, 2016	<u>85,924</u>	<u>30,468</u>	<u>73,143</u>	<u>324,711</u>	<u>514,246</u>
Total as at June 30, 2016	<u>151,116</u>	<u>102,187</u>	<u>35,353</u>	<u>511,019</u>	<u>799,675</u>

Depreciation rates

15%	15%	30%	15%
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Note 5

Intangible Asset - TRE Certificate

These represent Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of KSE after completion of the demutualization process. The TREC has been recorded at Rs. 5,000. For details refer to note 6.1

Note 6

Long Term Investment

	Note	Un-Audited July to Mar 2017 Rupees	Audited June 30 2016 Rupees
Available for sale-unquoted			
Karachi Stock Exchange Limited	6.1	<u>20,000</u>	<u>20,000</u>
		<u>20,000</u>	<u>20,000</u>

- 6.1** 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.

Note 7

Advance, Deposits, Prepayments and Other Receivables

	Un-Audited July 01 to Mar 31 2017 Rupees	Audited June 30 2016 Rupees
NCCPL and PSX deposits	100,000	100,000
Exposure deposits with Pakistan Stock Exchange	2,736,681	254,351
Income tax deducted at source	9,104,660	5,288,411
Other receivable	<u>95,986</u>	<u>95,986</u>
	<u>12,037,327</u>	<u>5,738,748</u>

Note 8

Short term investments

	2017 Rupees	2016 Rupees
Investment in listed companies - Available for sale	<u>349,708,538</u>	<u>280,605,222</u>

Note 9

Cash and Bank Balances

	2017 Rupees	2016 Rupees
Cash at bank - current account	<u>1,241,124</u>	<u>27,601</u>

Note 10

Issued, Subscribed and Paid up Capital

	2017 Rupees	2016 Rupees
Issued, subscribed and paid up capital 2,000,100 (2015: 2,000,100) ordinary shares of Rs. 10 each	<u>20,001,000</u>	<u>20,001,000</u>

Note 11 Deferred Tax Liability	Un-Audited July 01 to Mar 31 2017 Rupees	Audited June 30 2016 Rupees
Taxable temporary differences		
- Property plant and equipment	1,942	1,942
- Surplus on revaluation of investments	17,251,739	17,251,739
	17,253,681	17,253,681

Note 12 Trade and Other Payables	2017 Rupees	2016 Rupees
Trade payables	1,239,277	20,829
Accrued expenses	250,000	250,000
WWF payable	343,611	343,611
	1,832,888	614,440

Note 13
Short Term Running Finance - Secured

The company has obtained running finance facilities under mark-up arrangement of Rs. 100 million (2015: 100 million) from Habib Metropolitan Bank Limited having mark-up of 3 months KIBOR+ 3% (2015: 3 months KIBOR+3%) that is secured against pledge of shares and personal guarantee of director.

Note 14
Contingencies and Commitments

There were no material contingencies and commitments outstanding as at the balance sheet date (2015: Nil).

Note 15 Administrative and Operating Expenses	Un-Audited July 01 to Mar 31 2017 Rupees	Audited June 30 2016 Rupees
Salaries, allowance and other benefits	152,000	1,183,500
Rent, rates and taxes	-	32,000
Repairs and maintenance	350	47,200
Legal and professional charges	35,100	227,891
Printing and stationery	1,132	29,836
Travelling and conveyance	31,390	149,340
Utilities	32,620	222,593
Fees and subscription	55,705	14,688
Entertainment	19,916	81,311
Postage and courier expense	523	3,175
Depreciation	31,504	150,033
CDC charges	68,165	186,951
Clearing house charges	-	59,456
Bank Charges	60,353	-
Others	273,025	1,652,563
	761,783	4,040,537

Note 16 Other Operating Expenses	2017 Rupees	2016 Rupees
Balances written off	-	9,118,633
Auditors' remuneration	-	250,000
	-	9,368,633

Note 17 Other Income	Un-Audited July 01 to Mar 31 2017 Rupees	Audited June 30 2016 Rupees
Commission on issue of new shares	-	-
Dividend income	1,022,804	5,586,138
	<u>1,022,804</u>	<u>5,586,138</u>

Note 18 Taxation	2017 Rupees	2016 Rupees
Current tax:		
- Current year	1,355,633	5,065,376
- Adjustment for prior years	-	(1,093,590)
	1,355,633	3,971,786
Deferred tax	8,898,876	(18,681)
	<u>10,254,509</u>	<u>3,953,105</u>

18.1 Reconciliation of tax charge for the year

Profit before taxation	4,373,011	16,836,946
Tax @ 31% (2016: 32%) on profit before taxation	1,355,633	5,387,823
Tax effect of capital gain under separate block of income	-	(341,128)
Effect of change in prior years' tax	-	(1,093,590)
	<u>1,355,633</u>	<u>3,953,105</u>

Note 19 Earning per Share - Basic and Dilutive		2017	2016
(Loss)/Profit for the year	Rupees	4,373,011	12,883,841
Weighted average number of ordinary shares outstanding during the year	Numbers	2,000,100	2,000,100
Profit per share - basic	Rupees	<u>2.19</u>	<u>6.44</u>

Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

**Note 20
Chief Executive's and Director's Remuneration**

No remuneration, allowances, benefits, meeting fee etc. were paid to chief executive and directors of the Company.

**Note 21
Financial Risk Management**

21.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

Note 21, Financial Risk Management - Continued...

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As there are no foreign receivables / payables of the Company, it is not exposed to currency risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to price risk.

Fair value hierarchy

Financial instruments 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 held following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees
As at September 30, 2016				
<i>Financial assets - Available for sale investments</i>				
Karachi Stock Exchange Limited	20,000	-	-	20,000
Investment in listed companies	349,708,538	349,708,538	-	-
	<u>349,728,538</u>	<u>349,708,538</u>	<u>-</u>	<u>20,000</u>

As at June 30, 2016

Financial assets - Available for sale investments

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

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings. If interest rates at the balance sheet date fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 974,434 (2015: Rs. 726,436) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming that amounts of liability outstanding as at the balance sheet date are outstanding for the whole year. However, in practice, the actual result may differ from the sensitivity analysis.

Note 21, Financial Risk Management - Continued...

(b) Credit risk

Credit risk represents the risk that one party to a 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:

	Un-Audited July 01 to Mar 31 2017	Audited June 30 2016
	Rupees	Rupees
Long term investment	20,000	20,000
Trade debts	111,805	125,118
Advance, deposits, prepayments and other receivables	12,037,327	5,738,748
Short term investments	349,708,538	280,605,222
Bank balances	1,241,124	27,601
	<u>363,118,794</u>	<u>286,516,689</u>

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Following are the contractual maturities of financial liabilities:

Contractual maturities of financial liabilities as at September 30, 2016:

Description	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Years	2-5 Years
.....Rupees.....						
Trade and other payables	1,832,888	1,832,888	1,832,888	-	-	-
Short term running finance - secured	47,418,196	47,418,196	47,418,196	-	-	-
	<u>49,251,084</u>	<u>49,251,084</u>	<u>49,251,084</u>	-	-	-

Contractual maturities of financial liabilities as at June 30, 2016:

Description	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Years	2-5 Years
.....Rupees.....						
Trade and other payables	614,440	614,440	614,440	-	-	-
Short term running finance - secured	97,443,428	97,443,428	97,443,428	-	-	-
	<u>98,057,868</u>	<u>98,057,868</u>	<u>98,057,868</u>	-	-	-

21.2 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 22

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

Note 22, Capital Risk Management - Continued...

As at the balance sheet date, the gearing ratio of the Company was worked out as under:

	Un-Audited July 01 to Mar 31 2017	Audited June 30 2015
	Rupees	Rupees
Total borrowings	47,418,196	97,443,428
Cash and bank balances	(1,241,124)	(27,601)
Net debt	46,177,072	97,415,827
Equity	283,680,116	161,419,039
Total capital employed	<u>329,857,188</u>	<u>258,834,866</u>
Gearing ratio	<u>14.00%</u>	<u>37.64%</u>

Note 23

Operating Segments

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

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, underwriting services etc.

Note 24

Number of Employees

	Un-Audited July 01 to Mar 31 2017	Audited June 30 2016
	Numbers	Numbers
Employees as at March 31,	<u>4</u>	<u>4</u>

Note 25

Provident Fund Related Disclosure

The Company does not maintain any provident fund for its employees.

Note 26

Authorization of Financial Statements

These financial statements have been authorized for issue by the Director of the Company on _____.

Note 27

General

Comparative figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison. No material rearrangements / reclassifications have been made in these financial statements.

DIRECTOR

Amir Fikree

