

FIKREE'S (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	SEPT 2018	JUN 2018
Note	------(Rupees)-----	
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Capital 20,000,000 (2017: 20,000,000) ordinary shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed & paid-up capital	4 20,001,000	20,001,000
Accumulated profit	27,368,939	26,264,567
Surplus on revaluation of investments	<u>144,832,473</u>	<u>150,972,059</u>
	192,202,412	197,237,625
Advance against share capital	8,343,410	8,343,410
Non Current Liability		
Deferred taxation	5 23,538,909	23,538,909
Current Liabilities		
Trade and other payables	6 715,789	1,317,345
Accrued markup	-	-
Short term running finance - secured	7 102,770,053	90,532,646
Provision for taxation	828,853	828,853
	104,314,695	92,678,844
Contingencies and Commitments		
	8	
Total Equity and Liabilities	<u>328,399,426</u>	<u>321,798,788</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	9 789,938	821,390
Intangible asset - TRE certificate	10 1,005,000	1,005,000
Long term investment	11 37,583,322	37,583,322
	39,378,260	39,409,712
Current Assets		
Trade debts	404,205	57,896
Advance, deposits, prepayments and other receivables	12 27,199,530	36,204,428
Short term investments	13 261,040,732	246,124,941
Cash and bank balances	14 376,699	1,811
	289,021,166	282,389,076
	<u>328,399,426</u>	<u>321,798,788</u>

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

CHIEF EXECUTIVE



DIRECTOR



FIKREE'S (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		July to Sept 2018	June 2018
	Note	-----(<i>Rupees</i>)-----	
Brokerage / Commission		318,320	1,086,738
Gain/(loss) on sale of investment		979,803	(3,457,231)
		<u>1,298,123</u>	<u>(2,370,493)</u>
Other income	15	661,832	5,871,995
		<u>1,959,955</u>	<u>3,501,502</u>
Administrative and operating expenses	16	(855,583)	(3,720,759)
Other operating expense	17	-	(300,000)
Finance cost		-	(8,481,702)
Worker's welfare fund		-	-
		<u>(855,583)</u>	<u>(12,502,462)</u>
Profit before taxation		<u>1,104,372</u>	<u>(9,000,960)</u>
Taxation	18	-	(833,656)
Profit/(loss) after taxation		<u><u>1,104,372</u></u>	<u><u>(9,834,617)</u></u>

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

CHIEF EXECUTIVE

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DIRECTOR

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FIKREE'S (PRIVATE) LIMITED
STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	July to Sept 2018	June 2018
	-----(<i>Rupees</i>)-----	
Profit/(loss) after taxation	1,104,372	(9,834,617)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Surplus on revaluation of available for sale securities	(6,139,585)	21,129,858
Related deferred tax expense	-	1,894,995
	(6,139,585)	23,024,853
Items that will not be subsequently reclassified to profit or loss		
Total comprehensive income	<u>(5,035,213)</u>	<u>13,190,236</u>

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

CHIEF EXECUTIVE

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DIRECTOR

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FIKREE'S (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Issued, subscribed & paid-up capital	Accumulated profits	Surplus on revaluation of investments	Total
------(Rupees)-----				
Balance as at June 30, 2017	20,001,000	36,083,750	221,706,058	277,790,808
Loss for the year	-	(9,819,183)	- -	9,819,183
Other comprehensive loss	-	-	(70,734,000) -	70,734,000
Balance as at June 30, 2018	20,001,000	26,264,567	150,972,059	197,237,625
Profit/Loss for the period (July to Sept)	-	1,104,372	-	1,104,372
Other comprehensive loss	-	-	(6,139,585)	(6,139,585)
Balance as at September 30, 2018	<u>20,001,000</u>	<u>27,368,939</u>	<u>144,832,473</u>	<u>192,202,412</u>

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

CHIEF EXECUTIVE

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DIRECTOR

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**FIKREE'S (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

1 LEGAL STATUS AND BUSINESS

The Company was incorporated under the repealed Companies Ordinance, 1984 (repealed with the enactment of Companies Act 2017 on May 30, 2017) 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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

Initial application of standards, amendments or an interpretation to

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:

2.3.1 Amendments to published standards effective in current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments / Interpretation

**Effective date
(accounting periods)**

	beginning on or after)
IFRS 11 – Joint Arrangements	January 1, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13 – Fair Value Measurement	January 1, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	January 1, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 1, 2015

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretation

	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 1, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Deferred indefinitely
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception.	January 1, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations.	January 1, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative.	January 1, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	January 1, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization.	January 1, 2016

Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants.

January 1, 2016

Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements.

January 1, 2016

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards.
- IFRS 9 – Financial Instruments.
- IFRS 14 – Regulatory Deferral Accounts.
- IFRS 15 – Revenue from Contracts with Customers.
- IFRS 16 – Leases.

2.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 3.1 & 9
- Useful lives, residual values and amortization method of intangible assets – Note 3.2 & 10
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - Note 3.5, 5 & 18

2.5 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 portable 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

3.5.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and rebates available, if any.

3.5.2 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.

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.

July to Sept Jun
2018 **2018**
 -----(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>
<u>20,001,000</u>	<u>20,001,000</u>

5 Deferred taxation

Taxable temporary differences

Property, plant and equipment

Investment in shares

75,175	75,175
<u>23,463,734</u>	<u>23,463,734</u>
<u>23,538,909</u>	<u>23,538,909</u>

6 Trade and other payables

Trade payables

Accrued expenses

WWF payable

415,789	1,017,345
300,000	300,000
-	-
<u>715,789</u>	<u>1,317,345</u>

7 Short term running finance - secured

The company has obtained Running Finance Facilities under mark-up arrangement of Rs. 100 million (2017: 100 million) from Habib Metropolitan Bank Limited having mark-up of 3 months KIBOR+ 3% (2017: 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 Sept 30, 2018 (June 2018: Nil)

9 Property and equipment

Operating fixed assets 9.1 789,938 821,390

9.1 Operating fixed assets

Description	Owned				Total
	Furniture and fixture	Office equipments	Computer Equipment	Motor Vehicles	
Cost					
Balance as at 01 July, 2017	237,040	376,758	108,496	835,730	1,558,024
Additions	-	88,800	-	-	88,800
Balance as at 30 June, 2018	237,040	465,558	108,496	835,730	1,646,824
Balance as at 01 July, 2018	237,040	465,558	108,496	835,730	1,646,824
Additions (July to Sept)	-	-	-	-	-
Balance as at 30 Sept, 2018	237,040	465,558	108,496	835,730	1,646,824
Depreciation					
Balance as at 01 July, 2017	108,592	82,412	83,749	401,364	676,116
Charge for the year	19,267	57,472	7,424	65,155	149,318
Balance as at 30 June 2018	127,859	139,884	91,173	466,519	825,434
Balance as at 01 July, 2018	127,859	139,884	91,173	466,519	825,434
Charge for the period (July to Sept)	4,094	12,213	1,299	13,845	31,452
Balance as at 30 Sept 2018	131,953	152,096	92,472	480,364	856,886
Carrying Amount June- 2018	109,181	325,675	17,323	369,211	821,390
Carrying Amount Sept- 2018	105,087	313,462	16,024	355,366	789,938
Rate of Depreciation	15%	15%	30%	15%	

		July to Sept 2018	June 2018
	<i>Note</i>	-----(<i>Rupees</i>)-----	
10 Intangible assets			
Trading Right Entitlement Certificate (TREC) - Pakistan Stock Exchange Limited	10.1	5,000	5,000
Membership card - Pakistan Mercantile Exchange		<u>1,000,000</u>	<u>1,000,000</u>
		<u>1,005,000</u>	<u>1,005,000</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	<u>37,563,322</u>	<u>37,563,322</u>
	<u>37,583,322</u>	<u>37,583,322</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.

		2018	2018
	<i>Note</i>	-----(<i>Rupees</i>)-----	
12 Advance, deposits, prepayments and other receivables			
NCCPL and PSX deposits		16,885,815	25,504,704
Deposit for room at PMEX		1,878,985	2,500,000
Income tax deducted at source		8,338,662	8,103,656
Other receivable		<u>96,068</u>	<u>96,068</u>
		<u>27,199,530</u>	<u>36,204,428</u>

13 Short term investments - Available for sale

Investment in listed companies	142,179,161	127,263,370
Unrealized gain on remeasurement	<u>118,861,571</u>	<u>118,861,571</u>
	<u>261,040,732</u>	<u>246,124,941</u>

	July to Sept 2018	June 2018
<i>Note</i>	-----(<i>Rupees</i>)-----	
14 Cash and Bank Balances		
Cash in hand	(1,863)	1,811
Cash at bank	378,562	-
	<u>376,699</u>	<u>1,811</u>
15 Other income		
Dividend income	592,632	5,453,238
Other income	69,200	418,756
	<u>661,832</u>	<u>5,871,995</u>
16 Administrative and operating expenses		
Salaries, allowance and other benefits	190,500	1,079,100
Rent, rates and taxes	-	65,648
Repairs and maintenance	9,050	34,480
Legal and professional	203,670	991,021
Printing and stationary	823	22,656
Travelling and conveyance	93,864	142,380
Utilities	41,360	227,916
Fees and subscription	3,871	21,729
Entertainment	20,696	104,805
Postage and courier	1,510	5,765
Depreciation	31,452	149,318
CDC charges	42,928	279,663
Clearing house	17,867	105,163
Miscellaneous	196,092	393,499
Bank charges	1,900	97,617
	<u>855,583</u>	<u>3,720,759</u>
16.1 There were no remuneration of director during the year. (2017 : Rs Nil)		
17 Other Operating Expenses		
Auditors' remuneration	-	300,000
	<u>-</u>	<u>300,000</u>
18 Taxation		
Current	828,853	828,853
Prior	-	-
Deferred	(10,631)	(10,631)
	<u>818,222</u>	<u>818,223</u>
Relationship between tax expense and accounting profit		
Profit before taxation	(9,000,960)	(9,000,960)
Applicable tax rate	29%	29%
Tax at the above rate	(2,610,279)	(2,610,279)
Tax effect of capital gain under separate block of income	2,610,279	2,610,279
Effect of change in prior years' tax	818,223	818,223
Tax expense for the year	<u>818,223</u>	<u>818,223</u>

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. 453,000 (2017: Rs. 234,000). 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
-------	---------	---------	---------

-----*(Rupees)*-----

As at June 30, 2018

Financial Assets - Available for sale investments

Pakistan Stock Exchange Limited	37,583,322	37,583,322	-	-
Investment in listed companies	261,040,732	261,040,732	-	-
	<u>298,624,054</u>	<u>298,624,054</u>	-	-

As at June 30, 2017

Financial Assets - Available for sale investments

Pakistan Stock Exchange Limited	37,583,322	37,583,322	-	-
Investment in listed companies	246,124,941	246,124,941	-	-
	<u>283,708,263</u>	<u>283,708,263</u>	-	-

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.

2 0 1 8	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- <i>(Rupees)</i> -----				
Trade and other payables	715,789	-	-	-	715,789
Short term runnig finance - secured	102,770,053	-	-	-	102,770,053
	<u>103,485,842</u>	-	-	-	<u>103,485,842</u>

2 0 1 7	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- <i>(Rupees)</i> -----				
Trade and other payables	1,317,345	-	-	-	1,317,345
Short term runnig finance - secured	90,532,646	-	-	-	90,532,646
Total	<u>91,849,991</u>	-	-	-	<u>91,849,991</u>

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	2 0 1 8	2 0 1 8
Long term investments	37,583,322	37,583,322
Trade debts	404,205	57,896
Advance, deposits, prepayments and other receivables	27,199,530	36,204,428
Short term investments	261,040,732	246,124,941
Cash and bank balances	376,699	1,811
	<u>326,604,488</u>	<u>319,972,398</u>