GMI CAPITAL SECURITIES (PRIVATE) LIMITED

Financial Statements
For the year ended June 30, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GMI Capital Securities (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and present the above said statements in conformity with the approved accounting standards and the requirements of the Repealed Companies Ordinance, 1984 (Now Companies Act, 2017). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of 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a) in our opinion, proper books of accounts have been kept by the Company as required by the Repealed Companies Ordinance, 1984 (Now Companies Act, 2017);

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the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Repealed Companies Ordinance, 1984 (Now Companies Act, 2017), and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

REANDA

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

c) in our opinion and to the best of our information and according to the explanations given to us, balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Repealed Companies Ordinance, 1984 (Now Companies Act, 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its 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 (XVIII of 1980).

Other matter paragraph

The financial statements of the company for the year ended June 30, 2016 were audited by another firm of chartered accountants who expressed unmodified opinion on those financial statements on October 31, 2016.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 14 SEP 2017

Engagement Partner:
Farhan Ahmed Memon

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-Current Assets			
Property and equipment	4	**821,170**	759,405
Investment property	5	**14,296,500**	15,885,000
Intangible assets	6	**5,250,000**	5,250,000
Long term investments - available for sale	7	**41,163,835**	40,073,830
Long term advances & deposits	8	**19,960,036**	3,964,809
Deferred tax assets	9	**-**	-
		81,491,541	65,933,044
Current Assets			
Trade receivables	10	**26,754,633**	37,399,018
Advances, deposits, pre-payments & other receivables	11	**46,700,283**	31,691,000
Tax refundable due from Government	12	**3,269,894**	6,506,360
Short term investments	13	**40,469,010**	19,699,005
Cash and bank balances	14	**91,730,996**	60,018,923
		208,924,816	155,314,306
Total Assets		**290,416,357**	221,247,350
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorized Share Capital			
1,500,000 Ordinary shares of Rs. 100 each		**150,000,000**	150,000,000
Issued, subscribed and paid-up capital			
Issued, subscribed and paid-up capital	15	**150,000,000**	150,000,000
Accumulated profit		**113,925,266**	54,400,407
		263,925,266	204,400,407
Current Liabilities			
Trade payables		**21,537,461**	15,087,866
Accrued expenses and other liabilities	16	**4,953,630**	1,759,077
		26,491,091	16,846,943
Contingencies and Commitments	17	**-**	-
Total Equities and Liabilities		**290,416,357**	221,247,350

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

Mariya

Chief Executive

Mariam

Director

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

	Note	*2017* *Rupees*	*2016* *Rupees*
Revenue			
Operating revenue	18	**26,886,949**	13,147,112
Capital gain on sale of securities - net		**45,854,790**	3,059,878
Unrealized (loss) / gain on re-measurement of investment		**(2,976,565)**	28,878
		69,765,174	16,235,868
Expenses			
Administrative expenses	19	**(26,319,146)**	(16,099,550)
Finance cost	20	**(23,313)**	(17,863)
		(26,342,459)	(16,117,413)
Operating profit before tax		**43,422,715**	118,455
Other charges	21	**(5,925,840)**	(10,145,728)
Other income	22	**1,991,725**	2,262,221
Profit / (loss) before taxation		**39,488,600**	(7,765,052)
Taxation	23	**(5,098,044)**	(1,454,336)
Profit / (loss) after taxation		**34,390,556**	(9,219,388)

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

Chief Executive

Director

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Profit / (loss) for the year	**34,390,556**	(9,219,388)
Other comprehensive income		
Gain on remeasurement of available for sale investment	**25,134,303**	-
Total comprehensive income / (loss) for the year	**59,524,859**	(9,219,388)

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

Chief Executive *Director*

GMI CAPITAL SECURITIES (PRIVATE) LIMITED
CASH FLOWS STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	39,488,600	(7,765,052)
Adjustments for non cash items:		
Depreciation	1,803,134	1,931,934
Capital gain on sale of securities - net	(45,854,790)	(3,059,878)
Impairment loss	-	10,000,000
Gain / (loss) on remeasurement of investments - net	2,976,565	(28,878)
Dividend income	(1,362,880)	(1,901,313)
Finance cost	23,313	17,863
	(42,414,658)	6,959,728
Operating loss before working capital changes	(2,926,058)	(805,324)
(Increase)/Decrease in Current Assets		
Trade debts	10,644,385	(3,092,413)
Advances, deposits, prepayments and other receivables	(15,009,283)	(844,000)
	(4,364,898)	(3,936,413)
(Decrease)/Increase in current liabilities		
Trade and other payables	6,449,595	949,107
Accrued expenses and other liabilities	3,194,554	1,381,724
	9,644,149	2,330,831
	2,353,193	(2,410,906)
Taxes paid	(1,861,578)	(2,529,235)
Finance charges paid	(23,313)	(17,863)
	(1,884,891)	(2,547,098)
Net cash generated from / (used in) operating activities	468,302	(4,958,004)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) / decrease in long term advances and deposits	(15,995,227)	(200,000)
Proceeds from disposal of investments	46,152,519	(6,606,559)
Dividend income	1,362,880	1,901,313
Fixed capital expenditure	(276,400)	(54,471)
Net cash generated from / (used) in investing activates	31,243,772	(4,959,717)
Net increase/ (decrease) in cash and cash equivalents (A+B)	31,712,073	(9,917,721)
Cash and cash equivalents at the beginning of the year	60,018,923	69,936,644
Cash and cash equivalents at the end of the year	91,730,996	60,018,923

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

Mariya
Chief Executive

Mariam
Director

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

	Issued subscribed and paid up capital	Unappropriated (loss) / profit	Total
	---------------- Rupees ----------------		
Balance as at June 30, 2015	150,000,000	63,619,795	213,619,795
Comprehensive loss for the year	-	(9,219,388)	(9,219,388)
Balance as at June 30, 2016	150,000,000	54,400,407	204,400,407
Comprehensive income for the year	-	**59,524,859**	**59,524,859**
Balance as at June 30, 2017	**150,000,000**	**113,925,266**	**263,925,266**

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

Chief Executive

Director

1 NATURE AND STATUS OF BUSINESS

GMI Securities Limited (the Company) was incorporated in May 22, 2006 as private limited company. The registered office of the company is situated at 705, 7th Floor, Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan. The company is engaged in the business of financial consultancy, brokerage, underwriting and investment counseling. It is a Trading Right Holder of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurements

These financial statements have been prepared under the Historical cost convention, except for derivatives, investment classified as 'held for trading'.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results on which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision effects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5. *Standards, amendments and improvements to approved accounting standards that are not yet effective*

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation	*Effective date (annual periods beginning on or after)*
IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Yet not finalised
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income tax treatment	01 January 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

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

2.5.1 *Standard or Interpretation*	*Effective date (annual periods*
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	01 January 2021

The company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

2.5.2 *Annual Improvements*

IFRS 5 - Non Current Assets Held for Sale and Discontinued Operation - Changes in method of disposal.

IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts.

IFRS 7 - Financial Instruments: Disclosures - Applicability of off-setting disclosure to condensed interim financial statements.

IFRS 19 - Employee Benefits - Discount rate: Regional market issue.

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'.

The adoption of above amendments, improvements to accounting standards and interpretations does not have any material effect on the financial statements.

IFRS 2 Share-Based Payments- Classification And Measurement of Share based Transactions (Amendments)	January 01, 2018

3 *SIGNIFICANT ACCOUNTING POLICIES*

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 *Property and equipment*

3.1.1 *Owned*

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to acquisition of the assets including borrowing costs.

Where major components of an item of property, plant and equipment have different useful life, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property plan and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expense/income in the profit and loss account.

Depreciation is charged to profit and loss account applying the reducing balance method.

Depreciation is charged when asset is available for use until asset is disposed off.

3.2 *Intangible assets*

These stated at the cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into account residual value, useful life and amortization methods are reviewed and adjusted, if appropriate, at balance sheet

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, If any, are included in the profit and loss account.

3.2.1 *Trading right entitlement certificate and Room*

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of it's recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to it's estimated recoverable amount.

3.2.2 *Pakistan Mercantile Exchange - Membership Card*

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of it's recoverable amount, this is written down to it's estimated recoverable amount.

3.3 *Investment Property*

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at it's cost, including related transaction cost and borrowing costs, if any. Subsequent to initial recognition investment property is measured at cost less accumulated depreciation.

3.4 *Impairment*

A financial asset, other than carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has negative effect on the estimated future cash flows of the asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below it's cost and considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to the profit and loss account. Such impairment losses are subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

The carrying amount of the company's non financial assets and investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds it's estimated recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in profit and loss account.

3.5 *Financial assets at fair value through profit or loss*

3.5.1 The company classifies its financial assets in the following categories: at cost, at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Long term investment

b) Financial assets 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.

c) Loans and receivables

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They 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 comprises trade debts, loans, advances, deposits, other receivables in the balance sheet.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

3.5.2 All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investment are recognized on trade-date the date on which the company commits to purchase or sell the assets. Financial assets are initially recognized at fair value plus transaction cost except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction cost are expensed in the profit and loss account. 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 the risks and rewards of ownership. 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 investment are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. Investments in associates are accounted for using the equity method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as reclassification adjustment. 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.

The fair value of quoted equity instruments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

3.5.3 Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair values of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

3.6 *Financial Liabilities*

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

3.7 *Offsetting financial instrument*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realized the assets and settle liabilities simultaneously.

3.8 *Trade debts and other receivables*

Trade debts and other receivable are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the company will not be able to collect all amount due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. The receivable in respect of securities sold on behalf of clients are recorded at settlement date of transaction.

3.9 *Fiduciary assets*

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the company and accordingly are not included in these financial statements.

4.10 *Cash and cash equivalents*

Cash and cash equivalents in the statement of cash flows included in hand, balance with banks, other short-term highly liquid investment with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank over draft are shown within borrowings in current liabilities on the balance sheet.

4.11 *Share Capital*

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

4.12 *Trade and Other payables*

Trade and other payable are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost using an effective interest method. Trade payable in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due with in one year or less (or in normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

4.13 *Taxation*

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for all temporary differences between carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

4.14 *Provisions*

Provisions are recognized when the company has present legal or constructive obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimates of the amount can be made of the amount of obligation. Provisions are reviewed at the each balance sheet date and adjusted to reflect current best estimate.

4.15 *Financial instruments*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognised when the contractual right to cash flow from the financial assets expired or is transferred. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired. Financial instrument carried on the balance sheet date include investments, trade debts and other receivable, loans and advances, cash and bank balances, deposits borrowings, trade and other payables and accrued and other liabilities. The particular recognition method adopted are disclosed in the individual policy statement associated with each item.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when the company has legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value is the amount for which an assets could be exchanged, or a liabilities settled, between knowledgeable willing parties in an arm's length transaction on the measurement date.

When available, the company measures the fair value of an investment using quoted price in an active market for the instrument. A market is regarded as active if quoted price are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

4.16 *Revenue recognition*

Revenue is recognized to the extent that is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. revenue is recognized on the following basis.

1 Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such survives are provided based on settlement date accounting.

2 Income from bank deposits, reverse repo and margin deposits is recognized at effective yield on time proportion basis.

3 Income from marginal finance is recognized as and when such services are provided.

4 Gains / (losses) arising on sale of investment are included in profit and loss account for the period which they arise .

5 Unrealized capital gains / (losses) arising from mark to market of investments classified as 'finance assets at fair value through profit or loss - held for trading ' are included in profit and loss account for the period in which they arise.

6 Rental income from investment properties is recognized on accrual basis.

7 Other income is recognized on receipt basis.

4.17 *Related Party Transactions*

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and condition as third party transactions using valuations models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4 PROPERTY AND EQUIPMENTS

	COST			Rate	Depreciation			Written down value as at June 30, 2017
	As at July 01, 2016	Additions	As at June 30, 2017		As at July 01, 2016	For the year	As at June 30, 2017	
	------- Rupees --------				------- Rupees -------			
Furniture and fixtures	573,689	-	573,689	15%	406,241	25,117	431,358	142,331
Office equipments	387,103	11,900	399,003	15%	272,145	19,029	291,174	107,829
Vehicles	1,110,700	-	1,110,700	15%	764,288	51,962	816,250	294,450
Computers	1,487,561	264,500	1,752,061	30%	1,356,975	118,526	1,475,501	276,560
Total Rupees-2017	**3,559,053**	**276,400**	**3,835,453**		**2,799,649**	**214,634**	**3,014,283**	**821,170**

	COST			Rate	Depreciation			Written down value as at June 30, 2016
	As at July 01, 2015	Additions	As at June 30, 2016		As at July 01, 2015	For the year	As at June 30, 2016	
	------- Rupees --------				------- Rupees -------			
Furniture and fixtures	573,689	-	573,689	15%	376,691	29,550	406,241	167,448
Office equipments	387,103	-	387,103	15%	251,858	20,287	272,145	114,958
Vehicles	1,110,700	-	1,110,700	15%	703,156	61,132	764,288	346,412
Computers	1,433,090	54,471	1,487,561	30%	1,301,010	55,965	1,356,975	130,587
Total Rupees-2016	3,504,582	54,471	3,559,053		2,632,715	166,934	2,799,649	759,405

	Note	2017 Rupees	2016 Rupees

5 INVESTMENT PROPERTY

	Note	2017 Rupees	2016 Rupees
Cost			
Opening	5.1	**17,650,000**	17,650,000
Additions (at Cost)		**-**	-
Disposals (at NBV)		**-**	-
Closing		**17,650,000**	17,650,000
Accumulated depreciation			
Opening		**(1,765,000)**	-
Charge for the year		**(1,588,500)**	(1,765,000)
Closing		**(3,353,500)**	(1,765,000)
NBV at June 30		**14,296,500**	15,885,000
Rate of depreciation		**10%**	10%

5.1 These represents two offices in old stock exchange building.

6 INTANGIBLE ASSETS

	2017	2016
Trading Rights Entitlement Certificate	**5,000,000**	15,000,000
Less: Impairment loss	**-**	(10,000,000)
	5,000,000	5,000,000
Membership card - Pakistan Mercantile Exchange Limited	**250,000**	250,000
	5,250,000	5,250,000

The company has recognised impairment in value of TREC of Rs. 10 million based on BMC valuation of Rs. 5 million issued by Pakistan Stock Exchange limited.

7 LONG TERM INVESTMENT

2017 Number of Shares	2016 Number of Shares		2017 Rupees	2016 Rupees
1,602,953	4,007,383	Investment in shares of Pakistan Stock Exchange Limited - available for sale	**16,029,532**	40,073,830
-	-	Unrealized gain on remeasurement	**25,134,303**	-
1,602,953	4,007,383		**41,163,835**	40,073,830

This represents shares of Pakistan Stock Exchange Limited (PSX) formerly Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member in the following manner:

1. 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale. The shares of KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

Pursuant to integration No.1/2016 dated January 06, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), whereby Lahore Stock Exchange Limited (LSE) and Islamabad Stock Exchange Limited (ISE) were integrated with Karachi Stock Exchange Limited to form Pakistan Stock Exchange (PSX) with effect from January 11, 2016. By virtue of Integration Order, all TRE Certificate Holders of ISE and LSE become the TRE Certificate Holder of PSX from the effective date of integration.

During the year 1,602,953 shares has been sold to Chinese Consortium at the rate 28 and consideration of RS.40,394,421 has been received. Balance consideration of RS.4,488,269 is classified as deferred income which will be credited as income after one year subject to reduction, if any, that may be made in accordance with the Share Purchase Agreement executed amongst Chinese Consortium Divestment Committee and PSX.

8 LONG TERM ADVANCES AND DEPOSITS

	2017 Rupees	2016 Rupees
Pakistan Stock Exchange Limited	**16,310,036**	314,809
National Clearing Company of Pakistan Limited	**300,000**	300,000
Central Depository Company of Pakistan	**100,000**	100,000
Pakistan Mercantile Exchange Limited	**750,000**	750,000
Deposit against office at Pakistan Mercantile Exchange Limited	**2,500,000**	2,500,000
	19,960,036	3,964,809

9 DEFERRED TAX ASSETS

	2017 Rupees	2016 Rupees
Deferred tax	**4,595,782**	-
Taxable temporary differences arising in respect of:		
Property plant and equipment	**15,133**	-
Investment property	-	-
	15,133	-
Deductible temporary differences arising in respect of:		
Tax losses	**4,164,891**	-
Trade debts	**446,024**	-
	4,610,915	-
Unrecognised deferred tax asset	**(4,610,915)**	-
	-	-

9.1 The deferred tax asset of Rs 4.596 million (2016 : Rs. Nil) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

10 TRADE RECEIVABLES

	Note	2017 Rupees	2016 Rupees
Considered good		4,275,938	37,214,183
Considered doubtful		1,918,382	-
		6,194,320	37,214,183
Provision for considered doubtful		(1,438,787)	-
Net receivable from Client	10.1	4,755,533	37,214,183
From clearing house		-	184,835
Receivable from PSX	10.2	21,999,100	-
		26,754,633	37,399,018

10.1 The total value of securities pertaining to clients are Rs. 28.410 million held in sub-accounts of the company. No security is pledged by client to the financial institutions.

10.2 This represent amount receivable from PSX against shares sold to general public.

11 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017 Rupees	2016 Rupees
Advances to staff		141,000	191,000
Exposure deposit	11.1	37,300,000	30,500,000
Other receivables		9,259,283	1,000,000
		46,700,283	31,691,000

11.1 These represent amounts of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

12 TAX REFUND DUE FROM GOVERNMENT

	Note	2017 Rupees	2016 Rupees
Opening tax refund		6,506,360	-
Further Tax deducted during the year		1,861,578	
Previous year adjustment as per return		(3,006,903)	-
Provision for the year		(2,091,141)	-
		3,269,894	6,506,360

13 SHORT TERM INVESTMENT

Investment at fair value through profit and loss - Held for trading

	Note	2017 Rupees	2016 Rupees
Listed equity securities	13.1	43,445,575	19,670,127
Unrealised (loss) / gain on remeasurement of investments		(2,976,565)	28,878
Market value		40,469,010	19,699,005

13.1 *Held for trading - Ordinary Shares*

2017 Number of Shares	2016 Number of Shares		2017 Rupees	2016 Rupees
-	6,000	Agriauto Industries Limited	-	1,171,500
14,000	7,500	Attock Refinery Limited	**5,356,120**	2,101,050
-	5,000	Dewan Sugar Mills Limited	-	23,800
40,000	-	D.G. Khan Cement Company Limited	**8,526,400**	-
15,000	15,000	Engro Fertilizer Limited	**828,600**	967,200
-	3,000	Engro Corporation Limited	-	998,910
10,000	-	Engro Foods Limited	**1,214,900**	-
100,000	-	Fauji Cement Company Limited	**4,103,000**	-
12,500	12,500	Fauji Fertilizer Bin Qasim Limited	**535,500**	662,625
12,500	12,500	Fauji Fertilizer Company Limited	**1,033,000**	1,434,000
10,000	-	Gul Ahmed Textile Mills Limited	**409,800**	-
7,000	-	Ghandhara Nissan Limited	**1,575,560**	-
7,000	-	The General Tyre & Rubber Company of Pakistan Limited	**2,124,500**	-
2,000	7,500	Honda Atlas Cars Pakistan	**1,735,380**	2,693,175
10,000	-	Hi-Tech Lubricants Limited	**1,090,100**	-
250,000	300,000	K-Electric Limited	**1,725,000**	2,418,000
10,000	10,000	National Refinery Limited	**7,259,900**	4,754,000
100,000	100,000	Nimir Resins Limited	**943,000**	901,000
10,000	-	Oil & Gas Development Company Limited	**1,406,900**	-
-	2,000	Shell Pakistan Limited	-	580,420
15,000	2,500	TRG Pakistan Limited Class "A"	**601,350**	83,875
-	5,000	Tri-Pack Films Limited	-	909,450
625,000	488,500		**40,469,010**	19,699,005

13.1.1 The market value of each security is as follows:

	2017	2016
Agriauto Industries Limited	-	195.25
Attock Refinery Limited	**382.58**	280.14
Dewan Sugar Mills Limited	-	4.76
D.G. Khan Cement Company Limited	**213.16**	-
Engro Fertilizer Limited	**55.24**	64.48
Engro Corporation Limited	-	332.97
Engro Foods Limited	**121.49**	-
Fauji Cement Company Limited	**41.03**	-
Fauji Fertilizer Bin Qasim Limited	**42.84**	53.01
Fauji Fertilizer Company Limited	**82.64**	114.72
Gul Ahmed Textile Mills Limited	**40.98**	-
Ghandhara Nissan Limited	**225.08**	-
The General Tyre & Rubber Company of Pakistan Limited	**303.50**	-
Honda Atlas Cars Pakistan	**867.69**	359.09
Hi-Tech Lubricants Limited	**109.01**	-
K-Electric Limited	**6.90**	8.06
National Refinery Limited	**725.99**	475.40
Nimir Resins Limited	**9.43**	9.01
Oil & Gas Development Company Limited	**140.69**	-
Shell Pakistan Limited	-	290.21
TRG Pakistan Limited Class "A"	**40.09**	33.55
Tri-Pack Films Limited	-	181.89

	2017 Rupees	2016 Rupees

14 CASH AND BANK BALANCES

	2017 Rupees	2016 Rupees
Cash in hand	**31,540**	16,617
Cash at bank - Current account	**91,699,456**	60,002,306
	91,730,996	60,018,923
Balance pertaining to:		
- clients	**21,813,354**	19,985,311
- brokerage house	**69,886,102**	40,016,995
	91,699,456	60,002,306

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017 Rupees	2016 Rupees
Number of shares				
1,500,000	1,500,000	Ordinary shares of Rs. 100 each fully paid in cash	**150,000,000**	150,000,000
1,500,000	1,500,000		**150,000,000**	150,000,000

The share holders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All the shares carry "one vote" per share without restriction.

16 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2017 Rupees	2016 Rupees
Accrued expenses		**156,600**	154,246
Deferred income	8	**4,488,268**	-
CGT payable		**-**	220,770
SST payable		**303,146**	205,542
Workers Welfare Fund payable		**-**	45,728
Other liabilities		**5,617**	1,132,790
		4,953,630	1,759,076

17 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments during the year (2016 : Nil).

18 OPERATING REVENUE

	Note	2017 Rupees	2016 Rupees
Brokerage commission	18.1 & 18.1.1	**18,468,138**	9,992,776
Custody / Laga / NCSS Fees		**7,055,932**	1,253,023
Dividend income		**1,362,880**	1,901,313
		26,886,949	13,147,112

	Note	2017 Rupees	2016 Rupees

18.1 Brokerage commission

Gross commission		29,835,326	16,267,409
Sales tax/ Federal excise duty		(2,401,187)	(1,299,061)
		27,434,139	14,968,348
Commission to agents and dealers		(8,966,001)	(4,975,572)
		18,468,138	9,992,776

18.1.1 Brokerage commission pertains to

Institutional clients	-	-
Proprietary trades	-	-
Retail customers	18,468,138	9,992,776
	18,468,138	9,992,776

19 ADMINISTRATIVE EXPENSES

Director's remuneration	1,200,000	1,680,000
Salaries, benefit and allowances	11,280,645	7,614,800
Service and transaction charges	7,966,599	1,406,122
Utilities	312,582	414,630
Printing and stationery	68,656	154,440
Fees and subscription	10,000	15,000
Legal and professional charges	2,387,000	603,400
I.T expenses	269,892	507,000
Entertainment	358,849	710,978
Postage and courier	242,970	9,940
Traveling and conveyance	38,090	327,981
Audit fee	-	-
Rent, rates and taxes	55,400	29,000
Repair and maintenance	207,504	609,988
Depreciation	1,803,134	1,931,933
Provision for considered doubtful	-	-
General Expenses	117,825	84,338
	26,319,146	16,099,550

20 FINANCE COST

Bank charges	23,313	17,863

21 OTHER CHARGES

	Note	2017 Rupees	2016 Rupees
Worker's Welfare Fund		-	45,728
Impairment loss		-	10,000,000
Audit fee	21.1	156,600	100,000
Provision for bad debts		5,769,240	-
		5,925,840	10,145,728

	2017 Rupees	2016 Rupees
21.1 Audit fees		
Statutory audit		
Haroon Zakaria and Co	135,000	-
Nasir Javaid Maqsood Imran & Co.	-	100,000
Certification		
Net capital balance	21,600	-
	156,600	100,000

22 OTHER INCOME

	2017 Rupees	2016 Rupees
From financial assets		
Profit on PSX deposit	1,116,679	1,003,786
IPO commission	33,546	100,135
	1,150,225	1,103,921
From non-financial assets		
Rental income	841,500	1,158,300
	1,991,725	2,262,221

23 TAXATION

	2017 Rupees	2016 Rupees
Current	2,091,141	1,249,915
Prior	3,006,903	204,421
	5,098,044	1,454,336

23.1 *Relationship between income tax expense and accounting profit*

In the view of tax loss for the year, provision for minimum tax has been made in accordance with Section 113 of the Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit has not been presented for the current year.

Income tax returns of the company have been finalized upto and including the tax year 2015, which is deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

24 PROVISION FOR IMPAIRMENT LOSSES

The aging of trade debts as at balance sheet is summarized below: -

	30-Jun-17		30-Jun-16	
	Rupees			
Past due 1-30 days	3,549,375	-	24,679,827	-
Past due 31 days -90 days	680,065	-	6,420,924	-
Past due 90 days -1 year	46,498	-	6,113,433	-
More than one year	1,918,382	(1,438,787)	-	-
	6,194,320	(1,438,787)	37,214,183	-

	2017 Rupees	2016 Rupees

24.1 *Aging analysis*

	2017 Rupees	2016 Rupees
Amount Past due more than 5 days	5,817,181	-
Collateral held from customers	(4,223,219)	-
Amount eligible for provision	1,593,962	-

Provision is made to the extent that management expects will be irrecoverable based on past and industry practice.

25 *PATTERN OF SHAREHOLDINGS*

Following are the shareholders having more than 5% holding as at December 31, 2016:

Name of Shareholder	*No. of Shares Held*	*Percentage %*
Ms. Maria Ghulam Muhammad	1,484,999	99.00
Mrs. Mariam Ghulam Muhammad	15,000	1.00
Mr. Ahmed Hussain	1	-
	1,500,000	100.00

26 *EARNING / (LOSS) PER SHARE*
- Basic and diluted

	2017 Rupees	2016 Rupees
Earning / (loss) after taxation	34,390,556	(9,219,388)
Weighted average number of shares issued upto the end of the year	1,500,000	1,500,000
	22.93	(6.15)

There is no dilutive effect on the basic earnings per share of the company

27 *REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE*

	2017		2016	
	Directors	Chief Executive	Directors	Chief Executive
Remuneration	-	1,200,000	480,000	1,200,000
Number of person(s)	1	1	2	1

In addition to above chief executive and director are allowed reimbursement of variance house hold expense.

28 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES
Financial Instrument by Category

Financial Assets

	2017				
	At fair value through profit or loss-held for trading	*Available for sale*	*Loans and Receivables*	*Other financial assets*	*Total*
	Rupees				
Long term investment		41,163,835			41,163,835
Long term loans, advances and deposits			19,960,036		19,960,036
Short term investments	40,469,010				40,469,010
Trade debts-secured			26,754,633		26,754,633
Short term deposits, advances & other receivable			46,700,283		46,700,283
Cash and bank balances				91,730,996	91,730,996
	40,469,010	41,163,835	93,414,952	91,730,996	266,778,793

	2016				
	At fair value through profit or loss-held for trading	*Available for sale*	*Loans and Receivables*	*Other financial assets*	*Total*
	Rupees				
Long term investment	-	40,073,830	-	-	40,073,830
Long term loans, advances and deposits	-	41,163,835	3,964,809	-	45,128,644
Short term investments	19,699,005	-	-	-	19,699,005
Trade debts-unsecured	91,730,996	-	37,399,018	-	129,130,014
Short term deposits, advances & other receivable	-	-	31,691,000	-	31,691,000
Cash and bank balances					(42,878,225)
Cash and bank balances	-	-	-	60,018,923	60,018,923
	111,430,001	81,237,665	73,054,827	60,018,923	239,984,966

29 FINANCIAL RISK MANAGEMENT

The Boar of Directors of the company has overall responsibility for establishment and oversight of the company's risk management framework. The Company has exposure to the following risks from its use of financial instrument:

1) Market Risk
2) Liquidity Risk
3) Credit Risk
4) Operational Risk

29.1 Market Risk

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

29.1.1 Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the company's loss by Rs. Nil and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

29.1.2 *Foreign currency risk*

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

29.1.3 *Equity Price Risk*

Equity price risk is that risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for the shares and liquidity in the market. Management of the company estimates that a 10% increase in overall equity prices in the market with all other factors remaining constant would increase the company's profit by Rs.1,969,901/- and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

29.2 *Liquidity Risk*

Liquidity risk is the risk that the company will encounter difficulty in meeting it's financial obligation associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of possibility that the Company could required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2017				
	Carrying Amount	*Contractual Cash Flows*	*Six months or less*	*six to twelve months*	*one to two year*
	----------------	----------------	Rupees	----------------	----------------
Financial Liabilities					
Creditors, accrued expense and other liabilities	**26,491,091**	**26,491,091**	**-**	**26,491,091**	**-**

	2016				
	Carrying Amount	*Contractual Cash Flows*	*Six months or less*	*six to twelve months*	*one to two year*
	----------------	----------------	Rupees	----------------	----------------
Financial Liabilities					
Creditors, accrued expense and other liabilities	16,846,943	16,846,943	-	16,846,943	-

29.3 *Credit Risk*

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

29.3.1 *Exposure to Credit Risk*

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of the financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	2017	*2016*
Long term investment	**41,163,835**	40,073,830
Long term loans, advances & deposits	**19,960,036**	3,964,809
Short term investment	**40,469,010**	19,699,005
Trade debts-unsecured	**26,754,633**	37,399,018
Short term deposits advances & other receivable	**46,700,283**	31,691,000
Cash & bank balances	**91,730,996**	60,018,923
	266,778,793	192,846,585

29.4 *Operational Risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arising formal the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas.

1) requirements for appropriate segregation of duties between various functions, roles and responsibility;
2) requirements for the reconciliation and monitoring of transactions;
3) compliance with regulatory and other legal requirements;
4) documentation of control and procedures;
5) requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
6) ethical and business standards;
7) risk mitigation, including insurance where this is effective.

Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analysis financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets at fair value through profit and loss

	2017			
	Level 1	***Level 2***	***Level 3***	***Total***
Listed securities	**40,469,010**	**-**	**-**	**40,469,010**
Available for sale				
Investment in shares of Pakistan stock exchange limited	**41,163,835**	**-**	**-**	**41,163,835**

Financial assets at fair value through profit and loss

	2016			
	Level 1	***Level 2***	***Level 3***	***Total***
Listed securities	19,699,005	-	-	19,699,005
Available for sale				
Investment in shares of Pakistan stock exchange limited	-	-	40,073,830	40,073,830

Capital management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finance its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related if any one party has the ability to control the other party a exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel, staff provident fund and financial institution having nominee on the board of directors.

31 NUMBER OF EMPLOYEES

The total number of employees at year end excluding the contractual employees were 17 (2016: 17) and average number of employees during the year was 17 (2016: 17).

32 DATE OF AUTHORIZATION TO ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 14 SEP 2017.

33 GENERAL

Figure have been re-arranged and reclassified wherever necessary, for the purpose of better presentation. No major reclassification were made in these financial statement.

Figures have been rounded off to the nearest rupee.

Mariya

Chief Executive

Mariam

Director