YASIR MAHMOOD SECURITIES
(PVT) LIMITED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the Report and the Audited Financial Statements of the company for the year ended June 30, 2017.

Market Review

The Pakistan stock market remained one of the best performing market in Asia during the financial year. Whereby KSE -100 index registered an appreciation of 23.24% to close at 46,565 points as compared to 8.9% to close at 37,783 point in the previous year. Average daily volumes remained healthy. The highest yielding sector during the year were Engineering, Auto Assemblers Automobile parts, Chemicals and Glass and Ceramics. Towards the last quarter of the financial year, the market recorded a slight negative sentiment due to uncertainty over panama case issue.

Economic Review

Pakistan continues its economic growth, which accelerated during the year under review, while most macroeconomics indicators, other than the balance of payments, generally remained stable. Improving law and order situation, better energy availability supported the economic and business sentiment. Pakistan's economy grew by 4.7%, while inflation has remained around 4.2%. The implementation of Chine-Pakistan Economic Corridor (CPEC) has increased development activities in the country with a consequent surge in the import of machinery. For the coming year GDP growth expected to touch 5.5% and foreign exchange reserves are expected to stay at a comfortable level due to FDI in the wake of CPEC.

Financial Results

The Company has earned an after tax profit of PKR 3.948 million compared to loss after tax of PKR 2.166 million for the comparative period last year. The Company earned operating revenue of PKR 17.608 million as compared to PKR 12.364 million for the corresponding period. The financial results of the company are summarized as under:

	2017 (In Rupees)	**2016 (In Rupees)**
Operating revenue	17,608,511	12,364,928
Operating expenses	16,726,793	12,141,268
Operating profit	881,718	223,661
Other operating Income/ (expenses)	4,859,671	2,458,135
Financial Charges	533,183	21,512
Impairment loss – TREC	-	-
Profit/ (Loss) before tax	5,208,206	2,660,283
Taxation	1,259,788	493,962
Profit/ (Loss) after tax	3,948,418	2,166,321

Future Prospects

The future outlook and profitability of the company looks positive on account of growing market volumes and stability in the stock market performance. The company endeavors to provide its clients financial services of the highest quality.

Auditors

The Board of Directors has proposed reappointment of the retiring auditors, Amin Mudassar & CO. Chartered Accountants, for the financial year ending June 30, 2018.

September 15, 2017

for & on behalf of the Board

Muhammad Yasir Mahmood
(Chief Executive)

AMIN, MUDASSAR & CO.
Chartered Accountants

IAPA INTERNATIONAL

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **YASIR MAHMOOD SECURITIES (PVT) 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. Our responsibility is to express an opinion on these statements based on our audit.

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

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

(b) in our opinion:

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

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

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

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

CHARTERED ACCOUNTANTS
MUHAMMAD AMIN

Lahore: 12 SEP 2017

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YASIR MAHMOOD SECURITIES (PVT) LTD.
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	2,201,956	2,379,328
Capital work in progress	6	100,000	100,000
Intangible assets	7	9,529,167	9,441,017
Long term investments	8	12,008,103	17,759,201
Long term deposits	9	1,627,500	1,127,500
Deferred taxation	10	-	-
		25,466,726	30,807,046
CURRENT ASSETS			
Trade debts	11	9,761,393	6,522,731
Investment at fair value through profit and loss	12	25,684,366	22,736,267
Loans and advances	13	511,521	502,020
Trade deposits, short term prepayments and current account balances with statutory authorities	14	1,837,251	1,634,320
Other recievable	15	-	-
Interest accrued		69,213	43,829
Cash and bank balances	16	44,747,110	42,774,782
		82,610,854	74,213,949
		108,077,580	105,020,995
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	45,001,000	45,001,000
Unappropriated profit		16,258,961	12,310,544
Fair value adjustment reserve		(5,228,004)	549,808
		56,031,957	57,861,352
CURRENT LIABILITIES			
Trade and other payable	18	51,896,786	46,685,013
Interest payable		148,837	-
Provison for taxation		-	474,630
		52,045,623	47,159,643
CONTINGENCIES AND COMMITMENTS	19	-	-
		108,077,580	105,020,995

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

CHIEF EXECUTIVE

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT) LTD.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Brokerage and commission	20	14,756,310	8,504,166
Capital gain on investment in listed securities		2,852,201	3,860,762
		17,608,511	12,364,928
Direct cost	21	2,107,439	2,327,480
		15,501,072	10,037,448
Operating expenses	22	14,619,355	9,813,788
OPERATING PROFIT		881,717	223,661
Other operating income	23	4,859,671	2,458,135
Finance cost	24	533,183	21,512
PROFIT BEFORE TAXATION		5,208,205	2,660,283
Taxation	25	1,259,788	493,962
PROFIT FOR THE YEAR		3,948,417	2,166,321
		--------Rupees------	
EARNING PER SHARE-BASIC AND DILUTED	26	0.88	0.48

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

CHIEF EXECUTIVE

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT) LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Profit for the year	3,948,417	2,166,321
Items that will not be reclassified subsequently to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account		
(Loss)/Gain on remeasurement of long term investment available for sale - Shares of LSE Financial Services	(5,851,107)	2,065,683
Gain on remeasurement of long term investment available for sale - Mutual funds	73,295	28,788
Other comprehensive (loss)/income for the year	(5,777,812)	2,094,471
Total comprehensive (loss)/income for the year	(1,829,395)	4,260,792

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

CHIEF EXECUTIVE

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT) LTD.
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,208,205	2,660,283
Adjustments for non cash items:			
Depreciation	5	336,999	146,455
Amortization	7	111,850	41,500
Finance cost		533,183	21,512
Unrealized (profit)/ loss on re-measurement of investments	12	403,620	1,254,920
Dividend income		(1,043,368)	(926,514)
Balances written back		-	(1,312)
Loss on disposal of fixed asset		1,823	132,604
		344,107	669,165
Operating cash Flows Before Working capital changes		5,552,312	3,329,449
Changes in Working Capital			
(Increase) / decrease in current assets			
Accounts receivables		(3,238,662)	(13,630)
Loans and advances		(9,501)	(84,090)
Short tern investment		-	(2,593,760)
Trade deposits, short term prepayments		11,784	(751,317)
Other receivable		-	-
Interest accrued		(25,384)	5,431
Increase / (decrease) in current liabilities			
Trade and other payable		5,211,773	777,940
		1,950,010	(2,659,426)
Cash Outflow From Operations		7,502,322	670,023
Taxes paid		(1,949,132)	(1,322,423)
Finance cost paid		(384,346)	(21,512)
		(2,333,478)	(1,343,935)
Net cash Flows From Operating Activities		5,168,844	(673,912)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(166,550)	(1,615,855)
Intangible asset purchased		(200,000)	(375,000)
Sales proceeds from disposal of fixes assets		5,100	199,000
Short tern investment		(3,425,015)	-
Long term investment		46,583	15,697
Long term deposits		(500,000)	156,200
Dividend income		1,043,368	926,514
Net cash Flows From Investing Activities		(3,196,514)	(693,444)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash Flows From Financing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,972,328	(1,367,356)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		42,774,782	44,142,138
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	44,747,110	42,774,782

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

CHIEF EXECUTIVE

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT) LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Paid up capital	Unappropriated Profit	Fair value adjustment reserve	Total
	--------- (R u p e e s) ---------			
Balance as at June 30, 2015	45,001,000	10,144,222	(1,544,663)	53,600,559
Profit after taxation	-	2,166,321	-	2,166,321
Other comprehensive income	-	-	2,094,471	2,094,471
Total comprehensive income for the year	-	2,166,321	2,094,471	4,260,792
Balance as at June 30, 2016	45,001,000	12,310,544	549,808	57,861,352
Profit after taxation	-	3,948,417	-	3,948,417
Other comprehensive loss	-	-	(5,777,812)	(5,777,812)
Total comprehensive income loss for the year	-	3,948,417	(5,777,812)	(1,829,395)
Balance as at June 30, 2017	45,001,000	16,258,961	(5,228,004)	56,031,957

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

CHIEF EXECUTIVE

DIRECTOR

YASIR MAHMOOD SECURITIES (PVT) LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 COMPANY AND ITS OPERATION

Yasir Mahmood Securities (Private) Limited ("the Company") was incorporated on June 05, 2006 as a private limited Company under the Companies Ordinance, 1984 (repealed). The Company is principally engaged in the business of brokerage, financial consultancy, underwriting, portfolio management/acquisition of securities and securities research. The registered office of the Company is situated at 2nd Floor, Room # 205, 19- Khayaban-e-Aiwan-e-Iqbal, Lahore Stock Exchange Building, Lahore.

The company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange.

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.
The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no. 17 dated July 20, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except as stated hereafter in the relevant accounting policies. Further accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupee, which is the company's functional and presentation currency.

2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

3 AMENDMENTS / INTERPRETATION TO EXISTING STANDARDS AND FORTHCOMING REQUIREMENTS

3.1 Amendments to published standards that are effective in current year but not relevant to the Company.

There are amendments to published standards that are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3.2 Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2017 or later periods:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating

to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. Accordingly, surplus on revaluation of fixed assets will be part of equity.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 SHARE CAPITAL

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

4.2 PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation.

Depreciation is charged on reducing balance method at the rates mentioned in note no. 5. Depreciation on additions is charged for the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off. Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacements are capitalized.

Gain or loss on disposal of property and equipment, if any is taken to profit and loss account.

4.3 INTANGIBLE ASSETS

Intangible assets with finite useful life are stated at cost less amortization and impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount.

4.3.1 Membership card and offices

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 its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

4.3.2 Computer Software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method using the rate specified in note 7.2 to the account.

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

4.4 FINANCIAL ASSETS

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

4.4.1 Held to Maturity

The investments with fixed maturity, if any, that the company has to positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortized cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

4.4.2 At fair value through profit and loss

Investments classified as held for trading are included in the category of financial assets at fair value through profit and loss. These are listed securities that are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

All investments are initially recognized at cost, being the fair value of the consideration given excluding acquisition charges with the investment. After initial recognition, investments are measured at their fair values. Unrealized gains and losses on investments are recognized in profit and loss account of the period.

Fair values of these securities representing listed equity and debt securities are determined by reference to stock exchange quoted market prices at the close of the business on balance sheet date.

4.4.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are premeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

4.4.4 Loans and Receivables

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

4.5 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.

4.6 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet date, where there is a legal enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.7 TRADE DEBTS AND OTHER RECIEVABLES

Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtful debts, if any. A provision for doubtful debt is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at fair value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and short term running finances with bank.

4.9 BORROWINGS

Borrowings that are acquired for long term financing are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.10 TAXATION

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws.

Deferred

The company accounts for deferred taxation using the liability method on all timing differences which are considered reversible in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates expected to apply to the period when the related temporary differences reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

4.11 TRADE AND OTHER PAYABLES

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

4.12 PROVISIONS

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.13 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.14 IMPAIRMENT

The Company assesses at each reporting date whether there is any indication that operating fixed assets may be impaired. If such an indication exists, the carrying amounts of the related assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is charged to the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.15 REVENUE RECOGNITION

Revenue is recognized to the extent that it 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

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.

- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Dividend income is recorded when the right to receive the dividend is established.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.
- Other revenues are recorded, as and when due, on accrual basis.

4.16 BASIC AND DILUTED EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.17 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

4.18 TRADE DATE ACCOUNTING

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

5 Property and equipment

Particulars	Cost				Depreciation					W.D.V.
	As at June 30, 2016	Additions	Deletion	As at June 30, 2017	Rate %	As at June 30, 2016	charge for the year	Adjustment	As at June 30, 2017	As at June 30, 2017
OWNED										
Computers	1,362,025	92,400	-	1,454,425	33	1,033,564	127,799	-	1,161,363	293,062
Furniture and fixtures	224,964	-	-	224,964	10	129,741	9,522	-	139,263	85,701
Office equipment	489,886	40,700	9,900	520,686	10	310,828	19,016	2,977	326,867	193,819
Electric equipment	730,676	33,450	-	764,126	10	308,170	45,254	-	353,424	410,702
Vehicle	1,400,000	-	-	1,400,000	10	45,920	135,408	-	181,328	1,218,672
Rupees	4,207,551	166,550	9,900	4,364,201		1,828,223	336,999	2,977	2,162,245	2,201,956

5.1 Property and equipment

Particulars	Cost				Depreciation					W.D.V.
	As at June 30, 2015	Additions	Deletion	As at June 30, 2016	Rate %	As at June 30, 2015	charge for the year	Adjustment	As at June 30, 2016	As at June 30, 2016
OWNED										
Computers	2,549,034	115,100	1,302,109	1,362,025	33	2,242,125	18,226	1,226,787	1,033,564	328,461
Furniture and fixtures	501,696	14,000	290,732	224,964	10	290,535	14,781	175,575	129,741	95,223
Office equipment	596,148	13,500	119,762	489,886	10	352,532	22,380	64,084	310,828	179,058
Electric equipment	830,353	73,255	172,932	730,676	10	374,610	43,341	109,781	308,170	422,506
Vehicle	53,990	1,400,000	53,990	1,400,000	10	29,888	47,727	31,695	45,920	1,354,080
Rupees	4,531,221	1,615,855	1,939,525	4,207,551		3,289,690	146,455	1,607,922	1,828,223	2,379,328

6 CAPITAL WORK IN PROGRESS

	2017 Rupees	2016 Rupees
Advance for purchase of room - LSE Financial Services Limited	100,000	100,000
	100,000	100,000

7 INTANGIBLE ASSETS	Note	2017 Rupees	2016 Rupees
Rights of room		5,000,000	5,000,000
Trading right entitlement certificate	7.1	4,100,000	4,100,000
Computer software	7.2	429,167	341,017
		9,529,167	9,441,017

7.1 It represents Trading Right Entitlement Certificate (TREC) received from the Pakistan Stock Exchange Limited without any additional payment, in lieu of TREC issued by the Lahore Stock Exchange Limited, surrendered on, January 10, 2016 on the consequence of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Trading Right entitlement certificate is pledged/mortgaged with the Pakistan Stock Exchange Limited as a collateral for running the brokerage business and to meet partly, the Base Minimum Capital Requirement.

7.2 Computer software

Particulars	Cost			Amortization				W.D.V.
	As at June 30, 2016	Additions/ (Deletions)	As at June 30, 2017	Rate %	As at June 30, 2016	charge for the year	As at June 30, 2017	As at June 30, 2017
Computer software	1,459,000	200,000	1,659,000	20	1,117,983	111,850	1,229,833	429,167
Rupees	1,459,000	200,000	1,659,000		1,117,983	111,850	1,229,833	429,167

7.2.1 Computer software

Particulars	Cost			Amortization				W.D.V.
	As at June 30, 2015	Additions/ (Deletions)	As at June 30, 2016	Rate %	As at June 30, 2015	charge for the year	As at June 30, 2016	As at June 30, 2016
Computer software	1,084,000	375,000	1,459,000	20	1,076,483	41,500	1,117,983	341,017
Rupees	1,084,000	375,000	1,459,000		1,076,483	41,500	1,117,983	341,017

	Note	2017 Rupees	2016 Rupees
8 LONG TERM INVESTMENTS			
Available for sale investment:			
- Unquoted - Shares of LSE financial services limited			
Cost as at July 01,		16,959,243	16,959,243
Fair value adjustment		(5,470,729)	380,378
	8.1	11,488,514	17,339,621
- Investment in mutual funds	8.2	519,589	419,580
		12,008,103	17,759,201

8.1 Pursuant to the promulgation of the Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (The Act), The Lahore Sock Exchange Limited, now LSE Financial Services Limited allotted 843,975 shares of the face value of Rs. 10 each to the TREC holder. All shares are held in freeze status in the respective CDC sub-account of the TREC holder. The divestment of the same will be made in accordance with the requirements of the Act within one year from the date of Scheme(s) of Integration approved by the Securities and Exchange Commission of Pakistan vide Order No. 01/2016 dated January 11, 2016 under regulation 6 (8) of the Stock Exchange (Corporatization, Demutualization and Integration) Regulations, 2012. The Company has pledged 843,875 shares of LSE Financial Services Limited with the Pakistan Stock Exchange to fulfill the Base Minimum Capital requirement.

The valuation of the aforementioned entity carried out the by the valuer after considering the latest available financial information, recent market development and growth of the business being carried by LSE Financial Services Limited.

	Note	2017 Rupees	2016 Rupees
8.2 Investment in mutual funds			
Carrying value		446,293	390,792
Gain on measurement of fair value of investment as at June 30,		73,296	28,788
		519,589	419,580

9 LONG TERM DEPOSITS			
Deposit with:			
National Clearing Company of Pakistan Limited		800,000	300,000
Pakistan Stock Exchange Limited		200,000	200,000
Central Depository Company Limited		100,000	100,000
Membership of Royal Palm Country Club		400,000	400,000
Others		127,500	127,500
		1,627,500	1,127,500

		2017 Rupees	2016 Rupees
10	**DEFERRED TAXATION**		
	Deferred tax liabilities/(assets) arising due to:		
	Accelerated tax depreciation	160,715	121,685
	Accelerated tax amortization	(289)	319
	Provision against receivables	(474,885)	(393,292)
	Minimum Tax	(61,781)	-
		(376,240)	(271,289)
	Balance as at July 01,	-	-
	Less: charge for the year	-	-
		-	-

At the year end net deductible temporary differences amounting Rs. 1,109,978 (2016: 875,129) which results in a net deferred tax asset of Rs. 376,240 (2016: 271,289) . However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2018.

		Note	2017 Rupees	2016 Rupees
11	**Trade debts**			
	Receivable from clients on account of			
	Purchase of shares on behalf of clients	11.1	1,405,139	1,367,669
	Less: Provision for doubtful debts	11.1.2	(18,998)	-
			1,386,141	1,367,669
	Receivable from National Clearing Company of Pakistan Limited		8,375,252	5,155,062
			9,761,393	6,522,731

11.1 Aging Analysis

		Amount Rupees	Custody Value Rupees
Upto five days		31,800	166,867,806
More than five days	11.1.1	1,354,341	98,544,658
		1,386,141	265,412,464

	2017 Rupees	2016 Rupees
11.1.2 Opening Balance	-	-
Provision made during the year	18,998	-
	18,998	-

11.2 Trade debts and other receivables are recognized initially at cost which is the fair value of consideration to be received less provision for doubtful debts, if any. A provision for doubtful debt is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

	Note	2017 Rupees	2016 Rupees
12 INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS			
Listed Companies			
Carrying value		26,161,282	23,991,187
Loss on remeasurement of fair value of investment as at June 30,		(476,916)	(1,254,920)
	12.1	25,684,366	22,736,267

12.1 This includes shares having carrying value of Rs.1,908,150 (2016: 699,200) pledged with National Clearing Company of Pakistan Limited.

	Note	2017 Rupees	2016 Rupees
13 LOANS AND ADVANCES			
Advances (Unsecured)			
Employee		511,521	502,020
14 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES			
Deposits with:			
National Clearing Company of Pakistan Limited		800,000	800,000
Prepayments		46,670	56,712
Tax deducted at source		982,512	767,797
Sales tax adjustable		8,069	9,811
		1,837,251	1,634,320
15 OTHER RECIEVABLE			
Other receivable		1,983,000	1,983,000
Less: Provision against other receivables	15.1	(1,983,000)	(1,983,000)
		-	-

15.1 This represents provision made against balance amount due from a former employee against fraud committed by him. The Company is pursuing the matter with the police and in a court of law and is hopeful that it will be able to recover the amount. However, as a matter of prudence, the balance amount receivable has been fully provided for in these financial statements.

	Note	2017 Rupees	2016 Rupees
16 CASH AND BANK BALANCES			
These were held as under:			
Cash in hand		371	687
Cash at bank			
Current Account			
Pertaining to brokerage house		183,589	30,671,782
Pertaining to clients		32,109,032	22,400
		32,292,621	30,694,182
Deposit Account			
Pertaining to brokerage house	16.1	593,384	6,321,337
Pertaining to clients	16.1	11,860,734	5,758,576
		12,454,118	12,079,912
		44,746,739	42,774,095
		44,747,110	42,774,782

16.1 It carries markup @ 3.75% to 5.20% (2016 3.75% to 6.30%) per annum.

	Note	2017 Rupees	2016 Rupees
17 SHARE CAPITAL			
Authorized			
10,000,000 (2016: 10,000,000) ordinary shares of Rs.10/- each		100,000,000	100,000,000
Issued, subscribed and paid up			
4,500,100 (2016: 4,500,100) ordinary shares of Rs.10/- each fully paid in cash	17.1	45,001,000	45,001,000

17.1 Categories of shareholders

	% age of Shares Held		Number of Shares Held	
	2017	2016	2017	2016
Individuals				
Mrs. Mahena Yasir	0.01%	0.01%	450	450
Muhammad Yasir Mehmood	99.99%	99.99%	4,499,650	4,499,650
	100%	100%	4,500,100	4,500,100

	Note	2017 Rupees	2016 Rupees
18 TRADE AND OTHER PAYABLE			
Creditors for sale of shares on behalf of clients	18.1 & 18.2	51,535,187	46,377,606
Withholding tax payable		11,030	11,407
Federal excise duty payable		120,217	91,975
Accrued expenses		230,352	204,025
		51,896,786	46,685,013

18.1 The total value of securities pertaining to clients are Rs. 812,712,494 held in sub-accounts of the company. No clients' security is pledged with the financial institutions except with NCCPL amounting Rs. 24,219,210 for exposure.

18.2 This includes amounting Rs. 53,796 (2016: Rs.614,164) payable to related parties i.e. directors and shareholders of the company against sale of shares.

19 CONTINGENCIES AND COMMITMENTS

Contingencies

Refer to note 15.1

Commitments

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

	Note	2017 Rupees	2016 Rupees
20 BROKERAGE AND COMMISSION			
Retail Customers	20.1	16,673,637	9,864,833
Institutional Customers		443,683	-
		17,117,320	9,864,833
Less: Sales Tax		2,361,010	1,360,667
		14,756,310	8,504,166

20.1 It includes commission earned from related parties i.e. directors and shareholders during the year amounting Rs. 362,842 (2016: Rs. 228,784).

	Note	2017 Rupees	2016 Rupees
21 DIRECT COST			
Commission paid		915,034	1,432,529
National Clearing Company trade fee		310,145	262,591
Central Depository Company charges		655,685	523,261
Pakistan Stock Exchange expense		213,430	47,679
LSE Financial services Limited expenses		13,145	61,420
		2,107,439	2,327,480

	Note	2017 Rupees	2016 Rupees
22 OPERATING EXPENSES			
Directors' remunerations		6,600,000	3,159,000
Salaries and other benefits		5,036,622	3,569,142
Rent, rates and taxes		45,088	310,823
Traveling and conveyance		154,720	37,516
Utilities		128,178	137,982
Communication charges		409,400	475,490
Printing and stationery		85,562	110,758
Repairs and maintenance		304,656	701,816
Fee and subscription		327,497	276,530
Legal and professional charges		401,084	358,032
News papers and periodicals		5,652	5,811
Entertainment		231,664	90,378
Insurance		142,926	95,029
Advertisement and business promotion		-	3,236
Postage and telegram		133,585	135,570
Share transfer expenses		-	6,000
Donation		100,000	-
Depreciation	5	336,999	146,455
Amortization	7	111,850	41,500
Miscellaneous expenses		63,872	152,720
		14,619,355	9,813,788
23 OTHER OPERATING INCOME / (EXPENSES)			
Income from financial assets			
Dividend income		1,043,368	926,514
Provision for doubtful debts		(18,998)	
Profit on bank deposit		3,075,163	1,833,106
Loss on remeasurement of investment at fair value through profit & loss	12	(476,916)	(1,254,920)
		3,622,617	1,504,700
Income from assets other than financial assets			
Account maintenance and custody fee		811,164	757,452
Balances written back		-	1,312
Loss on sale of fixed asset		(1,823)	(132,604)
Other income		427,713	327,275
		1,237,054	953,435
		4,859,671	2,458,135

	Note	2017 Rupees	2016 Rupees
24 FINANCE COST			
Markup on borrowings		500,940	-
Bank charges		32,243	21,512
		533,183	21,512
25 TAXATION			
Income tax:			
-Current		1,252,485	474,630
-Prior year		7,303	19,332
-Deferred		-	-
	25.1	1,259,788	493,962
25.1 Profit before taxation		5,208,205	-
Tax at applicable rate 31%		1,614,544	-
Tax effect of income under presumptive tax regime		(359,763)	-
Tax effect of non-deductible expenses		28,704	-
Tax effect of prior year tax		7,303	
Tax effect of tax credits		(31,000)	
		1,259,788	-

25.2 No numeric tax rate reconciliation was presented in previous years as the company was either liable to pay tax under final tax regime or minimum tax us 113 of Income Tax Ordinance 2001.

	2016	2015
26 EARNING PER SHARE-BASIC AND DILUTED		
Profit for the year - Rupees	3,948,417	2,166,321
Weighted Average Number of ordinary shares outstanding during the year - Numbers	4,500,100	4,500,100
Earnings per share-Rupees	0.88	0.48

27 NUMBER OF EMPLOYEES

	2017	2016
	(-----N u m b e r-----)	
Number of employees at the end of year	9	11
Average number of employees during the year	10	11

28 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive and directors of the company is as follows:

	2017 ----------Rupees----------		
	Chief Executive	Director	Total
Managerial Remuneration	3,300,000	3,300,000	6,600,000
Number of persons	1	1	2

	2016 ----------Rupees----------		
Managerial Remuneration	2,337,000	822,000	3,159,000
Number of persons	1	1	2

The Chief Executive and directors are entitled to free use of cars according to the company's policy.

29 FINANCIAL INSTRUMENTS BY CATEGORY

	2017 Rupees	2016 Rupees
Financial assets and financial liabilities		
Financial assets		
Financial instruments- available for sale		
Long term investment	12,008,103	17,759,201
Investment at fair value through profit and loss	25,684,366	22,736,267
Loans and receivables		
Long term deposits	1,627,500	1,127,500
Trade debts	9,761,393	6,522,731
Trade deposits	800,000	800,000
Cash and bank balances	44,746,739	42,774,095
	56,935,632	51,224,326
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	51,896,786	46,685,013
Interest payable	148,837	-
Provison for taxation	-	474,630
	52,045,623	47,159,643

30 FINANCIAL RISK MANAGEMENT

30.1 The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) 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. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to Credit Risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities and other receivables. The carrying amount of 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. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	Note	2017 Rupees	2016 Rupees
Long term investment		12,008,103	17,759,201
Long term deposits		1,627,500	1,127,500
Trade deposits		1,837,251	1,634,320
Trade debts	30.1.1	9,761,393	6,522,731
Bank balances	30.1.2	44,747,110	42,774,782
		69,981,357	69,818,533

30.1.1 The maximum exposure to credit risk for trade debts is due from local clients and the aging of trade debts at the reporting date was:

	2017 Rupees	2016 Rupees
The aging of trade debts at the reporting date was:		
Upto 1 month	9,546,288	6,238,810
1 to 6 months	1,203	852
More than 6 months	213,902	283,069
	9,761,393	6,522,731

30.1.2 Concentration of credit risk

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

Geographically there is no concentration of credit risk.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

	Note rating	2017 Rupees	2016 Rupees
Cash at banks	A1+	44,746,739	42,774,095

b) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2017			
	Carrying Amount	Contractual Cash Flows	Maturity up to one year	Maturity after one year
	----------Rupees----------			
Trade and other payables	51,896,786	51,896,786	51,896,786	-
Interest Payable	148,837	148,837	148,837	-
	52,045,623	52,045,623	52,045,623	

	2016			
	Carrying Amount	Contractual Cash Flows	Maturity up to one year	Maturity after one year
	----------Rupees----------			
Trade and other payables	46,685,013	46,685,013	46,685,013	-

Liquidity Risk Management

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer.

c) Market Risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

ii) Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up 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 or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities and also the company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

Sensitivity Analysis

The table below summarizes Company's equity price risk as of 30 June 2017 and 2016 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices of investments through profit and loss as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity

markets and the aforementioned concentrations existing in Company's equity investment portfolio.

	Fair Value	Hypothetical Price Change	Estimated Fair Value After Hypothetical Change In Price	Hypothetical Increase/(Decrease) in Share Holders' Equity
	Rupees		Rupees	Rupees
June 30, 2017	25,684,366	10% increase	28,252,803	2,568,437
		10% decrease	23,115,929	(2,568,437)
June 30, 2016	22,736,267	10% increase	25,009,894	2,273,627
		10% decrease	20,462,640	(2,273,627)

iii) Interest Rate Risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Sensitivity Analysis

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have increased profit by Rs. 124,541 (2016: 425,600). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

30.2 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically reprised.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The table below analyses 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 categorized:

	2017		
	Level 1	Level 2	Level 3
	----------Rupees----------		
Financial assets			
Investments available for sale	519,589	11,488,514	-
Investment at fair value through profit and loss	25,684,366	-	-
	26,203,955	11,488,514	-

	2016		
	Level 1	Level 2	Level 3
	----------Rupees----------		
Financial assets			
Investments available for sale	419,580	17,339,621	-
Investment at fair value through profit and loss	22,736,267	-	-
	23,155,847	17,339,621	-

30.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has a gearing ratio of 0%(2016: 0%) as of the balance sheet date.

31 OPERATING SEGMENT

31.1 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.

31.2 All non-current assets of the Company at June 30, 2017 are located in Pakistan.

32 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever needed for comparison purpose, however, there were no material rearrangements.

33 GENERAL

Figures have been rounded off to the nearest of rupee.

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 15 SEP 2017 by the Board of Directors of the company.

CHIEF EXECUTIVE

DIRECTOR