ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2018

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
A member firm of
PrimeGlobal | An Association of Independent Accounting Firms

1st Floor,Modem Motors House,
Beaumont Road,Karachi,Pakistan
Ph: +92 21-35671909, 35673754
Fax: +92 21-35210626
Email:khi@nzaj.com.pk
Wab: www.nzaj.com.pk

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ABA ALI HABIB SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Aba Ali Habib Securities (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 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, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra - FCA**

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

Dated : 04 OCT 2018

Karachi :

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Notes	2018	2017
		---------- (Rupees) ----------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
20,000,000 (2017: 20,000,000) Ordinary Shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	4	200,000,000	200,000,000
Loan from sponsor-Related Party	5	-	83,500,000
Unappropriated profit		456,657,631	684,918,811
Unrealised loss on remeasurement of available for sale investments		(17,375,734)	(10,835,962)
		639,281,897	957,582,849
Current liabilities			
Short term loans from related parties- unsecured	6	71,058,203	188,677,780
Trade and other payables	7	69,619,003	376,295,192
Short term borrowings	8	729,226,705	63,814,935
Accrued markup		13,444,166	2,484,671
		1,522,629,974	1,588,855,427
Contingencies and commitments	9	-	-
ASSETS			
Non-current assets			
Property and equipment	10	4,479,326	431,783
Intangible assets	11	2,500,000	5,000,000
Deferred taxation		194,965	34,049
Long term investments	12	21,526,750	49,603,583
Long term deposits	13	2,115,000	1,615,000
		30,816,041	56,684,415
Current assets			
Trade debts - considered good	14	16,226,479	25,490,122
Short term investment	15	1,232,600,864	827,366,171
Short term deposits	16	23,450,309	161,858,124
Advances and other receivables	17	88,932,029	359,726,359
Advance tax - net		90,403,973	88,011,243
Bank balances	18	40,200,279	69,718,993
		1,491,813,933	1,532,171,012
		1,522,629,974	1,588,855,427

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

Chief Executive

Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		---------- (Rupees) ----------	
Operating revenue	19	55,585,791	73,648,332
Capital loss on sale investments		(1,525,483)	(8,521,228)
(Loss) / gain on re-measurement of investments - at fair value through profit or loss		(187,144,080)	424,958,968
Impairment loss on Trading Right Entitlement Certificate	11.1	(2,500,000)	-
		(135,583,772)	490,086,072
Administrative and operating expenses	20	(44,048,318)	(70,225,084)
Operating (loss) / profit		(179,632,090)	419,860,988
Other income	21	30,568,868	38,348,000
		(149,063,222)	458,208,988
Finance cost	22	(34,411,365)	(15,966,018)
(Loss) / Profit before taxation		(183,474,587)	442,242,970
Provision for taxation	23	(44,786,593)	(3,985,304)
(Loss) / Profit after taxation for the year		(228,261,180)	438,257,666
(Loss) / earning per share - basic and diluted	24	(11.41)	21.91

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

Chief Executive

Director

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	---------- (Rupees) ----------	
(Loss) / Profit after taxation for the year	**(228,261,180)**	438,257,666
Other comprehensive loss:		
Items that may be reclassified to profit and loss account		
Unrealized loss on re-measurement of available for sale investments	**(6,539,772)**	(10,835,962)
Total comprehensive (loss) / income for the year	**(234,800,952)**	**427,421,704**

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

Chief Executive **Director**

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(183,474,587)	442,242,970
Adjustments for :		
- Depreciation	156,423	107,947
- Capital Loss on sale of investment	1,525,483	8,521,228
- Unrealized loss / (gain) in the value of investment at 'fair value through profit or loss'	187,144,080	(424,958,968)
- Gain on disposal of property and equipment	(580,966)	-
- Impairment loss on TREC	2,500,000	-
- Finance cost	34,411,365	15,966,018
	225,156,385	(400,363,775)
Cash generated from operating activities before working capital changes	41,681,798	41,879,195
Decrease / (increase) in current assets:		
Trade debts - considered good	9,263,643	24,472,294
Advances and other receivables	270,794,330	(354,036,671)
Short term deposits	138,407,815	(153,862,063)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(306,676,189)	323,771,805
	111,789,599	(159,648,635)
Finance cost paid	(23,451,870)	(16,622,086)
Taxes paid	(47,501,155)	(21,455,150)
Net cash generated from / (used) in operating activities	82,518,372	(155,846,676)
CASH FLOWS FROM INVESTING ACTIVITIES		
Procceds from disposal of property and equipment	975,001	-
Payment for / proceeds from short term investment	(660,304,280)	339,002,983
Long term deposits	(500,000)	(500,000)
Net cash (used) in / generated from investing activities	(659,829,279)	338,502,983
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loans from related parties- unsecured	(117,619,577)	47,092,382
Short term borrowings	665,411,770	(206,105,736)
Net cash generated from / (used in) financing activities	547,792,193	(159,013,354)
Net (decrease) / increase in cash and cash equivalents during the year	(29,518,714)	23,642,953
Cash and cash equivalents at the beginning of the year	69,718,993	46,076,040
Cash and cash equivalents at the end of the year	40,200,279	69,718,993

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

Chief Executive **Director**

ABA ALI HABIB SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Loan from sponsor-related party	Unappropriated profit	Unrealised loss on remeasurement of investments	Total
Balance as at June 30, 2016	200,000,000	-	246,661,145	-	446,661,145
Trasnfer from long term loan	-	83,500,000	-	-	83,500,000
Total Comprehensive income for the year ended June 30, 2017					
- Profit after taxation	-	-	438,257,666		438,257,666
- Other comprehensive loss	-	-	-	(10,835,962)	(10,835,962)
	-	-	438,257,666	(10,835,962)	427,421,704
Balance as at June 30, 2017	**200,000,000**	**83,500,000**	**684,918,811**	**(10,835,962)**	**957,582,849**
Repayment of loan		**(83,500,000)**	-	-	**(83,500,000)**
Total Comprehensive loss for the year ended June 30, 2018					
- Loss after taxation	-	-	**(228,261,180)**	-	**(228,261,180)**
- Other comprehensive loss	-	-	-	**(6,539,772)**	**(6,539,772)**
	-	-	**(228,261,180)**	**(6,539,772)**	**(234,800,952)**
Balance as at June 30, 2018	**200,000,000**	-	**456,657,631**	**(17,375,734)**	**639,281,897**

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

Sajid Ali
Chief Executive

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated on 8th May 1996 as a private limited company under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017).

The Company is a TREC (Trading Right Entitlement Certificate) holder of Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited). The Company is principally engaged in brokerage of shares, stocks, securities, securities research and other related jobs. The registered office of the company is 419, Stock Exchange Building, Stock Exchange Road, Karachi

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 Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of or directives issued under the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

The financial statements have been prepared using an accrual basis of accounting except for cash flow statement which is prepared using cash basis.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

2.4 Significant accounting estimates and judgements

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

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the 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 are revised. Significant areas requiring the use of management estimates in these financial statements relate to the following:

(a) determination of the residual values and useful lives of property and equipments and intangible assets (note 3.1 & 3.2)

(b) classification of investments (note 3.7)

(c) current tax and deferred tax (note 3.10)

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2.5 Amendments / interpretation to existing standard and forthcoming requirements

2.5.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

Standard or Interpretation		Effective Date (Annual reporting periods beginning on or after)
IAS 19	Employee benefits (Amendments)	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
IAS 40	Investment property (Amendments)	January 01, 2018
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 4	Insurance contracts (Amendments)	January 01, 2018
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty Over Income Tax	January 01, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

- IFRIC 4 Determining whether an arrangement contains lease
- IFRIC 12 Service concession arrangements

2.5.2 Further, in addition to above,the fifth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes include change in nomenclature of primary financial statements and additional disclosure requirements that has been incorporated accordingly.

3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Owned

Property and equipment (except for office premises) are stated at cost less accumulated depreciation and impairment losses, if any. Office premises are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method systematically on yearly basis at the rates specified in note 10. Depreciation on additions to property and equipment is charged from the month in which an item is acquired while no depreciation is charged in the month the item is disposed off. Surplus on revaluation of property and equipment is credited to surplus on revaluation of fixed assets account. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation of fixed assets - net of deferred tax is transferred directly to equity.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount; and the impairment losses are recognised in the profit and loss account.

The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets, if any are included in profit and loss account for the current year.

Normal repairs and maintenance costs are charged to profit and loss account in the period of its occurrence, while major renovations and improvements are capitalized only when it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying straight line method systematically on yearly basis at the rates specified in note 10.

3.2 Intangible assets

This represents Trading Right Entitlement Certificate of Pakistan Stock Exchange.

TRE Certificate is considered to have indefinite useful life and stated at revalued amount. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and when carrying value exceeds estimated recoverable amount, these are written to their estimated recoverable amount.

3.3 Borrowing costs

Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset, i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized as part of cost of that asset. All other borrowing costs are charged to income in the period in which they are incurred.

3.4 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instruments. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortized cost as the case may be.

3.5 Off-setting for financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Impairment

Financial assets

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

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

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in 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.

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

3.7 Investments

Investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investments, except in case of held for trade investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The Company classifies its investments in the following categories:

Financial assets 'at fair value through profit or loss - held for trade'

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trade'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

Held to maturity investments

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are remeasured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed off or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of term finance certificates, unites of open end mutual funds and government securities are determined on the basis of rates notified by Mutual Funds Association of Pakistan for term finance certificates, relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.

Investment in subsidiary companies

Subsidiaries are those enterprises in which the parent Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of it's directors.

The investments in subsidiary companies are stated at cost and the carrying amount is adjusted for impairment, if any, to the recoverable amounts of such investments.

3.8 Long term deposits

These are stated at cost which represents the fair value of consideration given.

3.9 Trade debts

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

3.10 Taxation

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 at the balance sheet date, and any adjustment to tax payable in *respect of previous years*

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.11 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. Revenue is recognized on the following basis:

- Brokerage income is recognized as and when such services are provided.
- Interest income is recognized at effective yield on time proportion basis.
- 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.

3.12 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

3.13 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.15 Dividend

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.16 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

3.17 Earning per share

Earning per share is calculated by dividing the profit after taxation for the year by the weighted average number of shares outstanding during the year.

	Note	2018	2017
		---------- (Rupees) ----------	

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This comprises fully paid-up ordinary shares of Rs. 10 each as follows:

2018	2017		2018	2017
------ (No. of shares) ------			(Rupees)	
6,500,000	6,500,000	Issued for cash	**65,000,000**	65,000,000
13,500,000	13,500,000	Issued otherwise than in cash	**135,000,000**	135,000,000
20,000,000	20,000,000		**200,000,000**	**200,000,000**

5 LOAN FROM SPONSOR-RELATED PARTY

	Note	2018	2017
Loan from sponsor	5.1	-	83,500,000
		-	**83,500,000**

5.1 This represents an interest free loan from a member of the Company. This loan is designated interest free and is repayable at the discretion of the Company.Earlier it was recorded as a long term loan. Further, in accordance with Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements, such loan has been classified as part of equity instead of long term borrowing in these financial statements. During the year, the said loan is repaid in full.

6 SHORT TERM LOAN FROM RELATED PARTIES-UNSECURED

	Note	2018	2017
Loan from directors	6.1	**2,914,330**	152,819,002
Payable to Abid Ali Habib Securities (Private) Limited	6.2	**68,143,873**	35,858,778
		71,058,203	**188,677,780**

6.1 This is an interest free loan from director of the company and is repayable on demand.

6.2 This represents to Abid Ali habib securities (Private) Limited.

7 TRADE AND OTHER PAYABLES

	Note	2018	2017
Trade payables		**48,821,918**	71,035,623
Clients deposit held with exchange		**16,796,260**	99,581,576
Sales tax payable		**297,263**	436,791
Withholding tax payable		**280,780**	1,947,671
CVT		**70,199**	65,482
CDC and NCSS payable		-	743,463
Capital gain tax payable		-	1
Salaries and allowance		-	2,858,088
Accrued expenses		**877,663**	653,050
Payable against Repo Agreement	7.1	-	198,765,630
Dealer payable		**334,520**	-
Other payables		**2,140,400**	207,817
		69,619,003	**376,295,192**

7.1 The company sale and repurchase, and reverse sale and repurchase transactions are covered by re-purchase agreements with netting terms.All the trades are under-collateralized and the collateral margin on each transaction is at least 10%. During the year, Repo transactions are settled

	Note	2018	2017
		---------- (Rupees) ----------	
8 SHORT TERM BORROWING - SECURED			
From banking companies and other financial institutions other than related parties:			
Summit bank limited	8.1	219,256,700	34,061,832
Soneri bank limited	8.2	10,110,663	29,679,463
Askari bank limited	8.3	299,946,444	73,640
Bank alfalah limited	8.4	199,912,898	-
		729,226,705	63,814,935

8.1 The Company has a running finance facility amounting upto Rs. 500 million (2017: 250 million) from the Summit Bank Limited. This arrangement carries mark-up @ 3 months KIBOR plus 2% per annum. This arrangement is secured by pledge of shares and personal guarantee of director Mr. Aba Ali Habib.

8.2 The Company has a running finance facility amounting upto Rs. 150 million (2017: 150 million) from Soneri Bank Limited . This arrangement carries mark-up @ 3 months KIBOR plus 3 MK+2% per annum . This arrangement is secured against pledge of shares of companies registered in CDC on as per bank's approved list at margin of 30%-50% and personal guarantees of director Mr Aba Ali Habib.

8.3 The Company has a running finance facility amounting upto Rs. 300 million (2017: 100 million) from the Askari Bank Limited for one year. This arrangement carries mark-up @ 3 months KIBOR plus 1.75% per annum . This arrangement is secured against pledge of shares of companies listed in CDC as per bank's approved list at margin of 30% - 40% and personal guarantees of director Mr Aba Ali Habib.

8.4 The Company has a running finance facility amounting upto Rs. 200 million (2017: Nil) from the Bank alfalah Limited for one year. This arrangement carries mark-up @ 3 months KIBOR plus 1.50% per annum . This arrangement is secured against pledge of shares of companies listed in CDC as per bank's approved list at margin of 30% - 40% and personal guarantees of director Mr Aba Ali Habib.

9 CONTINGENCIES AND COMMITMENTS

Contingencies

A bank guarantee of Rs.35 million (2017: Rs.35 million) has been provided to Pakistan Stock Exchange-National Clearing Company of Pakistan Limited for deposit of Margin/Exposure to Pakistan Stock Exchange/National Clearing Company of Pakistan Limited against the security of pledge of shares and personal guarantee of only one sponsor director Mr. Aba Ali Habib

Commitments

There are no commitments as at June 30, 2018 (2017: Nil).

10 PROPERTY AND EQUIPMENT

	2018			
	Furniture and fixtures	Motor vehicle	Computer and accessories	Total
COST				
As at June 30, 2017	200,000	1,202,500	100,000	1,502,500
Additions during the year	-	4,598,000	-	4,598,000
Disposal during the year	-	(1,202,500)	-	(1,202,500)
	200,000	4,598,000	100,000	4,898,000
ACCUMULATED DEPRECIATION				
As at July 1, 2017	174,834	808,465	87,417	1,070,716
For the year	5,033	148,873	2,517	156,423
On disposals	-	(808,465)	-	(808,465)
Impairment	-	-	-	-
As at June 30, 2018	179,867	148,873	89,934	418,674
Written down value as at June 30, 2018	20,133	1,053,627	10,066	4,479,326

	2017			
	Furniture and fixtures	Motor vehicle	Computer and accessories	Total
COST				
As at June 30, 2016	200,000	1,202,500	100,000	1,502,500
Additions during the year	-	-	-	-
Disposal during the year	-	-	-	-
	200,000	1,202,500	100,000	1,502,500
ACCUMULATED DEPRECIATION				
As at July 1, 2017	168,542	709,956	84,271	962,770
For the year	6,292	98,509	3,146	107,947
On disposals	-		-	-
Impairment	-	-	-	-
As at June 30, 2017	174,834	808,465	87,417	1,070,717
Written down value as at June 30, 2017	25,166	394,035	12,583	431,783

10.1 Particulars of disposal of property and equipment are as follows:

Particulars	Cost	Book Value	Sale proceed	Gain on disposal	Mode of disposal	Particulars of buyer
Motor vehicle	1,202,500	394,035	975,001	580,966	Negotiations	Zaheer Ahmed

Depreciation rates per annum (%)	20	20	20

		Note	2018	2017
			---------- (Rupees) ----------	
11	**INTANGIBLE ASSETS**			
	Trading Right Entittlement Certificate	11.1	5,000,000	5,000,000
	Impairment in the value of TREC		(2,500,000)	-
			2,500,000	5,000,000

11.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

During the year PSX directed all TRE holders through its letter dated November 10, 2017 to revise the value of its TREC to 2.5 million for the purpose of Base Minimum Capital requirement.

		Note	2018	2017
12	**LONG TERM INVESTMENTS**			
	- PSX shares	12.1	21,526,750	41,163,833
	- LSE shares		-	8,439,750
			21,526,750	49,603,583

12.1

June-18	June-17			
No. of shares				
1,602,953	4,007,283	Opening balance	41,163,833	129,996,261
-	(1,602,953)	Sold to strategic investor(40% shares)	-	(51,999,795)
-	-	Unrealized loss for the year	(6,539,772)	(10,835,962)
(512,991)	(801,377)	Sold to general public 15% shares (2017:20% shares)	(13,097,311)	(25,996,671)
1,089,962	1,602,953		21,526,750	41,163,833

In 2016, the Securities and Exchange Commission of Pakistan (SECP) accorded its approval to Pakistan Stock Exchange Limited (PSX) for issuing letter of acceptance to a Chinese Consortium for the strategic sale of 40% of shares against a consideration of $85.6 million at an offer price of Rs. 28 per share.

PSX vide their letter dated 29 December 2016 informed the Company that 40% (1,602,953 shares), which were held in blocked form in terms of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, have been sold to Chinese consortium by the Divestment Committee at an offer price of Rs. 28 per share. Subsequently, a formal signing ceremony was held on 20 January 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the equity sale committee of PSX.

During the year, PSX issued notice PSX/N-3707 dated June 13, 2018 whereby 15% of the original holding was unblocked. The Company has sold 512,991 shares of Pakistan Stock Exchange Limited out of long term investments.

		2018	2017
13	**LONG TERM DEPOSITS**		
	Clearing house deposit	100,000	100,000
	Pakistan Stock Exchange	10,000	10,000
	LSE Clearing / NCSS deposit	330,000	330,000
	Booth deposit	75,000	75,000
	SLB exposure	100,000	100,000
	National Clearing Company of Pakistan Limited	1,300,000	800,000
	Central Depository Company	200,000	200,000
		2,115,000	1,615,000

		Note	2018	2017
			---------- (Rupees) ----------	
14	**TRADE DEBTS - CONSIDERED GOOD**			
	Trade debts- considered good	14.1	16,226,479	25,490,122
14.1	**Aging analysis**			
	Within 5 days		5,192,186	1,067,174
	Above 5 days		11,034,293	24,422,948
			16,226,479	25,490,122
15	**SHORT TERM INVESTMENTS - at fair value through profit or loss 'Held for trading'**			
	Quoted equity securities		1,232,600,864	827,366,171
16	**SHORT TERM DEPOSITS**			
	Exposure deposit for MTS with NCCPL	16.1	-	5,312,064
	Future deposit with PSX and Others	16.1	23,450,309	156,546,060
			23,450,309	161,858,124

16.1 Theses represents amounts of deposits held at the year end against exposure arising out of trading in securities in accordance with the regulation of PSX and NCCPL, respectively.

		2018	2017
17	**ADVANCES AND OTHER RECEIVABLES**		
	Receivable from PSX	-	4,488,269
	Receivable from client	78,188,316	171,559,092
	Car advance	-	4,598,000
	Advance to staff	10,023,930	867,488
	Other receivables	719,783	2,659,090
	Receivables against Repo	-	175,554,420
		88,932,029	359,726,359
18	**BANK BALANCES**		
	At banks:		
	- Current accounts	40,184,093	69,686,809
	- Saving accounts	16,186	362,184
		40,200,279	70,048,993
19	**OPERATING REVENUE**		
	Brokerage income	40,083,603	66,282,962
	Income from MFS	10,390,331	6,399,764
	IPO and book building commission	5,111,857	965,606
		55,585,791	73,648,332

		Note	2018	2017
			---------- (Rupees) ----------	
20	**ADMINISTRATIVE AND OPERATING EXPENSE**			
	Salaries, Commission and allowances		**19,306,179**	31,127,992
	Electricity charges		**828,470**	1,949,046
	Rent expense		**313,750**	241,400
	Laga expenses		**15,559,721**	19,544,482
	CDC charges		**1,959,924**	2,737,930
	Travelling expenses		**38,716**	31,400
	Office repair and maintenance		**109,310**	2,540,040
	Legal and professional charges		**558,914**	1,081,230
	Auditors' remuneration	**20.1**	**325,000**	325,000
	Telephone and mobile		**862,840**	991,204
	Depreciation		**156,423**	107,947
	Printing and stationery		**192,827**	204,952
	Computer hardware and software fees		**1,467,177**	2,333,649
	Entertainment expenses		**570,839**	660,695
	Vehicle running expense		**508,088**	1,279,952
	It service		**510,650**	-
	Miscellaneous and general expenses		**55,813**	1,704,819
	Donations		-	1,670,696
	Courier and Postage		**63,804**	93,850
	Marketing		**659,873**	1,598,800
			44,048,318	**70,225,084**
20.1	**Auditors' remuneration**			
	Audit fee		**125,000**	125,000
	Other certifications		**200,000**	200,000
			325,000	325,000
21	**OTHER INCOME**			
	Profit on bank deposit		**965,603**	988,583
	Profit on PSX margin		**625,827**	904,515
	Dividend income on shares		**28,396,472**	36,454,902
	Gain on disposal of fixed assets		**580,966**	-
			30,568,868	**38,348,000**
22	**FINANCE COST**			
	Bank charges		**696,480**	859,221
	Mark-up on running finance		**33,714,885**	15,106,797
			34,411,365	**15,966,018**
23	**TAXATION**			
	Current		**44,947,509**	6,313,329
			-	(2,325,761)
			44,947,509	3,987,568
	Deferred		**(160,916)**	(2,264)
			44,786,593	**3,985,304**

23.1 The income tax assessments of the Company have been finalised up to and including the tax year 2017.Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

23.2 The numerical reconciliation between the tax expense and accounting profit has not been presented as the total income of the company attracted presumptive tax and minimum tax under Section 113 of the income tax ordinance, 2001. Furhter, comparison of last three years of income tax provision with tax assessed is presented below:

	2017	**2016**	**2015**
Income tax provision for the year(as per accounts)	3,985,304	3,980,012	160,313
Income tax as per tax return/assessment	5,476,952	4,669,476	5,285,419

24 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

(Loss) / profit after taxation for the year		**(228,261,180)**	438,257,666
Weighted average number of ordinary shares	(No. of shares)	**20,000,000**	20,000,000
(Loss) / earning per share - basic and diluted		**(11.41)**	21.91

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

25.1 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 the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placement or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advances, trade deposits, bank balances 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 whereby clients are provided trading limits accordingly 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 risk 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 salted / paid for upon delivery.

The maximum exposure to credit risk at the reporting date is as follows:

		Carrying amount	
		2018	2017
	Note	---------- (Rupees) ----------	
Long term deposits	13	**2,115,000**	1,615,000
Trade debts - considered good	14	**16,226,479**	25,490,122
Advances and other receivables	17	**88,932,029**	359,726,359
Short term deposits	16	**23,450,309**	161,858,124
Bank balances	18	**40,200,279**	69,718,993
		170,924,096	**618,408,598**

All balances are denominated in local currency.

Bank Balances

The analysis below summarizes the credit quality of the Company's bank balances (including profit receivables) as at June 30, 2018 and June 30, 2017:

	2018	2017
	---------- (Rupees) ----------	
Bank balances	**16,186**	32,184

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to BBB assigned by reputable credit rating agencies.

25.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties in raising funds to meet commitments 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 positions 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:

	2018					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
		-----Rupees-----				
Financial liabilities						
Trade and other payables	**69,619,003**	**69,619,003**	-	-	-	-
Accrued mark-up	**13,444,166**	**13,444,166**	-	-	-	-
	83,063,169	**83,063,169**	-	-	-	-

	2017					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
		-----Rupees-----				
Financial Liabilities						
Trade and other payables	376,295,192	376,295,192	-	-	-	-
Accrued mark-up	2,484,671	2,484,671	-	-	-	-
	378,779,863	**378,779,863**	-	-	-	-

25.3 Market risk

Market risk is the risk that the value of a financial instruments may fluctuate as a result of changes in market interest rates or the market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manage market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. The Company is exposed to interest rate risk and other price risk only.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	Carrying amount	
	2018	**2017**
	---------- (Rupees) ----------	
Fixed rate investment		
- Bank balances in profit and loss sharing accounts	**16,186**	32,184

The Company does not have any fixed rate financial instrument at fair value through profit or loss.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

	2018
	Rupees
Total assets	1,522,629,974
Total liabilties	(883,348,077)
Capital adequacy level	639,281,897

While determining the value of the total assets of the TREC holder, notional value of the TRE certificate as at year ended as determined by Pakistan Stock Limited has been considered.

28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise associated companies, directors and key management personnel and close family members of the directors. Transactions with related parties may be carried at negotiated rates. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment.

Transcations with related parties are entered into at rates negotiated with them. Details of transcations and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	2018	2017
	---------- (Rupees) ----------	
28.1 Directors		
Short term loan from related parties		
Opening balance	152,819,002	141,585,398
Received during the year	-	11,233,604
Repayments during the year	(149,904,672)	-
Closing balance	2,914,330	152,819,002
Long term loan from related parties		
Opening balance	83,500,000	83,500,000
Received during the year	-	-
Repayments during the year	(83,500,000)	-
Closing balance	-	83,500,000
28.2 Associated companies		
Short term loan from related parties		
Opening balance	35,858,778	-
Received during the year	32,285,095	35,858,778
Repayments during the year	-	-
Closing balance	68,143,873	35,858,778

29 NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2018 were **54** (2017: 51). Average number of employees during the year were **53** (2017: 23).

30 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purpose of comparison.

Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market prices (other than arising from interest rate risk or currency risk) whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

Presently, the Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities.

Interest rate sensitivity analysis

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates as at year end was as follows:

	2018			
	Effective rate of mark-up / return (%)	Exposed to interest rate risk	Not exposed to interest rate risk	Total
	---Rupees---			
Financial assets				
Long term deposits	-	-	2,115,000	2,115,000
Trade debts	-	-	16,226,479	16,226,479
Advances and other receivables	-	-	88,932,029	88,932,029
Short term deposits	-	-	23,450,309	23,450,309
Bank balances	5% to 10%	16,186	40,184,093	40,200,279
		16,186	170,907,911	170,924,097
Financial liabilities				
Long term loans		-	-	-
Trade and other payables		-	69,619,003	69,619,003
Short term loans from related parties-unsecured			71,058,203	
short term borrowings	Variable	729,226,705	-	729,226,705
Accrued mark-up	Variable	13,444,166	-	13,444,166
		742,670,871	140,677,206	812,289,874
Cumulative gap		(742,654,685)	30,230,705	(641,365,777)

	2017			
	Effective rate of mark-up / return (%)	Exposed to interest rate risk	Not exposed to interest rate risk	Total
	---Rupees---			
Financial assets				
Long term deposits	-	-	1,615,000	1,615,000
Trade debts	-	-	25,490,122	25,490,122
Advances and other receivables	-	-	359,726,359	359,726,359
Short term deposits	-	-	161,858,124	161,858,124
Bank balances	5% to 10%	32,184	69,686,809	69,718,993
		32,184	618,376,415	618,408,598
Financial liabilities				
Long term loans			-	-
Trade and other payables	-	-	376,295,192	376,295,192
Short term loans from related parties-unsecured			188,677,780	
short term borrowings	Variable	63,814,935	-	63,814,935
Accrued mark-up	Variable	2,484,671		2,484,671
		66,299,606	564,972,972	442,594,798
Cumulative gap		(66,267,422)	53,403,443	175,813,801

25.4 Operational risk

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the 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 risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Company's activities.

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

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirement for the reconciliation and monitoring of transaction;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

25.5 Fair value of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the 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 carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

26 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders.

There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

27 CAPITAL ADEQUACY LEVEL

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Net Capital and Liquid Capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirments are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Capital adequacy level as required by CDC is calculated as follows:

31 GENERAL

31.1 Certain prior year comparatives have been reclassified to conform to the current's years presentation.

31.2 These financial statements have been authorized for issue by the Board of Directors of the Company on 04-10-2018.

Chief Executive

Director