

**OPTIMUS CAPITAL
MANAGEMENT (PRIVATE)
LIMITED**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2017**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Optimus Capital Management (Private) Limited "the Company"** as at June 30, 2017 and the related profit and loss account, 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in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984 – 'repealed' (effective through circular 17 of 2017 issued by Securities and Exchange Commission of Pakistan (SECP), dated July 20, 2017). Our responsibility is to express an opinion on these statements based on our audit.

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984 – 'repealed' (effective through circular 17 of 2017 issued by SECP, dated July 20, 2017);
- b) in our opinion:-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 – 'repealed' (effective through circular 17 of 2017 issued by SECP, dated July 20, 2017), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 and 3.3.3 with which we concur;
 - (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, 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 Companies Ordinance, 1984 – ‘repealed’ (effective through circular 17 of 2017 issued by SECP, dated July 20, 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi: _____

Muhammad Kamal Gochar & Co.
Chartered Accountants
Engagement Partner: Muhammad Kamal Gochar
Muhammad

OPTIMUS CAPITAL MANAGEMENT (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016 (Restated)	June 30, 2015 (Restated)
----- (Rupees) -----				
ASSETS				
NON-CURRENT ASSETS				
Property & equipment	4	13,634,628	11,632,247	15,412,252
Intangible assets	5	300,006	300,006	300,006
Long-term deposits	6	22,867,947	930,500	930,500
Long-term investment	7	41,163,833	38,500,000	38,500,000
Deferred tax		-	601,977	-
		<u>77,966,414</u>	<u>51,964,730</u>	<u>55,142,758</u>
CURRENT ASSETS				
Trade debts - unsecured, considered good	8	6,819,648	33,167,220	11,260,757
Short-term investment	9	-	1,550,500	1,642,600
Advances	10	826,884	816,500	931,367
Deposits & pre-payments	11	153,290,965	44,675,896	61,731,618
Other receivables	12	10,824,050	4,274,475	575,957
Due from related parties	13	-	31,970,011	31,465,500
Advance tax		22,200,394	10,314,402	5,367,901
Cash and bank balances	14	148,530,262	227,245,616	173,848,976
		<u>342,492,203</u>	<u>354,014,620</u>	<u>286,824,676</u>
TOTAL ASSETS		<u>420,458,617</u>	<u>405,979,350</u>	<u>341,967,434</u>
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital 1,000,000 (2016: 1,000,000) ordinary shares of Rs.100 each		<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital 1,000,000 (2016: 842,400) ordinary shares of Rs.100 each	17	100,000,000	84,240,000	84,240,000
RESERVES		<u>195,322,417</u>	<u>174,756,016</u>	<u>180,161,977</u>
Revenue reserves		<u>295,322,417</u>	<u>258,996,016</u>	<u>264,401,977</u>
NON CURRENT LIABILITIES				
Deferred tax liability		203,187	-	-
CURRENT LIABILITIES				
Trade creditors		122,031,429	144,727,850	75,330,602
Accrued liabilities	18	1,714,444	1,076,497	807,255
Other liabilities	19	1,187,140	1,178,987	1,427,600
		<u>124,933,013</u>	<u>146,983,334</u>	<u>77,565,457</u>
CONTINGENCIES AND COMMITMENTS	20			
TOTAL EQUITY AND LIABILITIES		<u>420,458,617</u>	<u>405,979,350</u>	<u>341,967,434</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

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

	Note	June 30, 2017	June 30, 2016 (Restated)
----- (Rupees) -----			
INCOME			
Operating revenues	21	110,128,586	80,685,138
Gain on sale of investments - net		43,020,213	465,228
		153,148,799	81,150,366
EXPENDITURES			
Consultancy charges		-	(1,022,530)
Administrative and general expenses	22	(102,204,919)	(93,335,767)
		50,943,880	(13,207,931)
Financial income		9,431,074	10,069,511
Other income	23	421,413	1,849,056
Financial charges	24	(119,908)	(270,423)
Profit / (Loss) before taxation		60,676,459	(1,559,787)
Taxation	25	(8,011,817)	(1,648,074)
Profit / (Loss) after taxation		52,664,642	(3,207,861)
Earnings / (Loss) per share - basic and diluted	26	52.66	(3.81)

The annexed notes from 1 to 33 form an integral part of these financial statements.

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 CHIEF EXECUTIVE OFFICER


 DIRECTOR

**OPTIMUS CAPITAL MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	June 30, 2017	June 30, 2016 (Restated)
		----- (Rupees) -----	-----
Profit / (Loss) for the year		52,664,642	(2,991,751)
Other comprehensive income:			
Gain/(Loss) on remeasurement of investment classified as 'available for sale'		25,763,835	(92,100)
Reversal of loss on disposal of investment classified as 'available for sale'		684,724	-
Total comprehensive income / (loss) for the year		<u>79,113,201</u>	<u>(3,083,851)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

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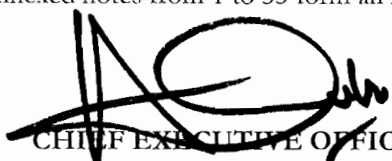

CHIEF EXECUTIVE OFFICER

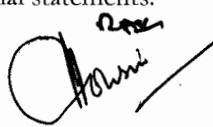

DIRECTOR

OPTIMUS CAPITAL MANAGEMENT (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016 (Restated)
----- (Rupees) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year before taxation		60,676,459	(1,559,787)
Adjustments for:			
Depreciation	4	2,144,432	3,056,499
Loss / (Gain) on disposal of fixed assets	4.1	1,051,597	(1,841,424)
Gain on disposal of PSX Shares		(44,224,039)	-
Loss on disposal of short term investments		1,203,825	-
Reversal of loss on disposal of investment classified as 'available for sale'		684,724	-
Financial charges	24	119,908	270,423
Profit before working capital changes		21,656,906	(74,289)
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		26,347,573	(21,906,463)
Advances		(10,384)	114,867
Deposits & pre-payments		(108,615,069)	17,055,722
Other receivables		(6,549,575)	(3,698,519)
Due from related parties		31,970,011	(504,511)
		(56,857,444)	(8,938,904)
Increase / (decrease) in current liabilities			
Trade creditors		(22,696,421)	69,397,248
Accrued liabilities		637,947	269,242
Other liabilities		8,153	(248,613)
		(22,050,321)	69,417,877
Cash (used in) / generated from operations		(57,250,859)	60,404,684
Income tax paid		(19,092,646)	(7,196,551)
Financial charges paid		(119,908)	(270,423)
Net cash (used in) / generated from operating activities		(76,463,413)	52,937,710
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(6,025,410)	(1,065,070)
Proceeds from disposal of fixed assets		827,000	3,630,000
Long term deposits		(21,937,447)	-
Short term investments - Proceeds		74,843,418	-
Short term investments - Purchase		(74,496,742)	-
Long term investments - Proceeds		67,324,040	-
Net cash generated from investing activities		40,534,859	2,564,930
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid		(58,546,800)	(2,106,000)
Issue of share capital		15,760,000	-
Net cash used in financing activities		(42,786,800)	(2,106,000)
Net (decrease) / increase in cash and cash equivalents		(78,715,354)	53,396,640
Cash and cash equivalents at the beginning of the year		227,245,616	173,848,976
Cash and cash equivalents at the end of the year	14	148,530,262	227,245,616

The annexed notes from 1 to 33 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER


DIRECTOR

OPTIMA'S CAPITAL MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Revenue reserve					
	Issued, subscribed and paid-up capital	Un-appropriated profit	(Loss) / Gain on changes in fair value of 'available-for-sale' investment	Total	Total	Total
	----- Rupees -----					
Balance as at June 30, 2015 (prior to restatement)	84,240,000	180,975,971	(592,624)	180,383,347		264,623,347
Effect of restatement	-	(221,370)	-	(221,370)		(221,370)
Balance as at June 30, 2015 (Restated)	84,240,000	180,754,601	(592,624)	180,161,977		264,401,977
Loss for the year (prior to restatement)	-	(2,991,751)	-	(2,991,751)		(2,991,751)
Effect of restatement	-	(216,110)	-	(216,110)		(216,110)
Loss for the year (restated)	-	(3,207,861)	-	(3,207,861)		(3,207,861)
Other comprehensive loss	-	-	(92,100)	(92,100)		(92,100)
Interim dividend @ Rs.2.50/- per share	-	(2,106,000)	-	(2,106,000)		(2,106,000)
Balance as at June 30, 2016 (Restated)	84,240,000	175,440,740	(684,724)	174,756,016		258,996,016
Profit for the year	-	52,664,642	-	52,664,642		52,664,642
Reversal of loss on disposal of investment classified as available for sale ¹	-	-	684,724	684,724		684,724
Other comprehensive gain	-	52,664,642	25,763,835	25,763,835		25,763,835
Interim dividend @ Rs.69.50/- per share	-	(58,546,800)	-	(58,546,800)		(58,546,800)
Shares issued	15,760,000	-	-	-		15,760,000
Balance as at June 30, 2017	100,000,000	169,558,582	25,763,835	195,322,417		295,322,417

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

OPTIMUS CAPITAL MANAGEMENT (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

Optimus Capital Management (Private) Limited (the Company) was incorporated under the Companies Ordinance, 1984 (the Ordinance) on March 18, 2004 as a Single Member Private Limited Company vide Incorporation Certificate No. 13358 / 20040302. The company was subsequently converted from single member company to multi member private company with effect from October 05, 2005. The company is a corporate member of Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited). The principal activities of the company are business of brokerage, sale and purchase of listed securities, etc. The registered office of the Company is situated at D 71/1, Clifton, Block 2, KDA Scheme No. 5, Karachi. The company is a subsidiary of Optimus Holdings (Private) Limited (formerly Peabody associates (Private) Limited) which holds 99.87% shares in the company.

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 (IFRSs) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984 - 'repealed', provisions of and directives issued under the Companies Ordinance, 1984 - 'repealed' (effective through circular 17 of 2017 issued by SECP, dated July 20, 2017). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 - 'repealed' shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared on the basis of historical cost convention, except otherwise stated in respective policy notes, without any adjustment to the effect of inflation or currency values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee (PKR) - rounded off to the nearest rupee, which is the functional and presentation currency of the Company.

2.4 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

2.5 New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which become effective during the year:

IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)



IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation & Amendments bringing bearer plants into the scope of IAS 16
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions.	January 1, 2018
IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 1, 2018
IAS 28 Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements).	January 1, 2018
IAS 40 Investment Property - Amendments to clarify transfers of property to, or from, investment property	January 1, 2018

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

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	January 1, 2018
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRS 17 Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on straight line basis over the estimated useful lives of the assets. Depreciation on additions is charged from the month in which they are available for use at rates specified in note 4, while no depreciation is charged in the month of disposal.

Motor Vehicles are depreciated on a straight line basis over their estimated useful life after providing for salvage value @ 40% of the cost of the said class of asset.

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Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Gains or losses on disposals of property and equipment are determined by comparing proceeds with the carrying amount and are included in the profit and loss account of the period to which it relates.

The Company assesses at each balance sheet date whether there is any indication that a fixed asset 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 amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

3.2 Intangible assets

(a) Trade Right Entitlement Certificate (TRE Certificate) & membership

TRE Certificate was received against surrender of Stock Exchange Membership Card and is stated at revalued amounts. As the fair value of both the 'asset transferred' and 'asset obtained' can not be determined with reasonable accuracy, TRE certificate has been recorded at the nil value.

(b) Others

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Amortization is charged to income applying the straight line method over the estimated useful lives of related assets, at the rate specified in Note 5. Amortization on intangible assets is charged in the month of acquisition, whereas no amortization charged in the month of disposal.

Intangible assets are capitalized when it is probable that future economic benefits attributable to the asset will flow to the enterprise and the same shall be amortized applying an appropriate amortization rate.

3.3 Financial assets

The management determines the appropriate classification of its financial assets (including investment) in accordance with the requirements of International Accounting Standards (IAS) 39: "Financial Instruments Recognition and Measurement", at the time of the purchase and re-evaluates this classification on a regular basis. The Company classifies its financial assets in following categories:

3.3.1 Classification

(i) Financial assets at fair value through profit or loss account - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

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(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivable comprise of trade debts, advances, deposits and other receivables in the balance sheet.

(iii) Available-for-sale

These are non-derivatives that are either designated in this category or not classified under any of the other categories.

3.3.2 Regular way contract

Regular purchases and sales of investments are recognized on trade date basis - i.e. on the date when the Company commits to purchase or sell the asset. All client purchases and sales are recognised on T+2 basis - i.e on the date of settlement.

3.3.3 Change in accounting policy

With effect from 1 July 2016, the company has revised its accounting policy regarding client transactions from trade date to settlement date. The revision requires the income on sale & purchase of shares shall be recorded on T+2 basis. Previously, income was recorded by the company on transaction date basis.

The effects of change has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 1 July 2016 has been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through profit and loss account is restated and disclosed as part of the Statement of Comprehensive Income respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

	June 30, 2016		June 30, 2015			
	As previously reported	Impact due to change in policy	As Restated	As previously reported	Impact due to change in policy	As restated
-----Rupees-----						
Effect on balance sheet						
Trade debts	25,660,015	7,507,205	33,167,220	20,045,201	(8,784,444)	11,260,757
Other receivables	118,560,572	(114,286,097)	4,274,475	4,062,058	(3,486,101)	575,957
Trade creditors	251,011,101	(106,283,251)	144,727,850	87,348,003	(12,017,401)	75,330,602
Other liabilities	1,237,146	(58,159)	1,178,987	1,459,373	(31,773)	1,427,600
Effect on profit and loss						
Operating revenues	80,901,248	(216,110)	80,685,138	94,045,777	(221,370)	93,824,407

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3.3.4 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction cost except for financial assets carried at fair value through profit or loss – held for trading. Financial assets carried at fair value through profit or loss – held for trading are initially recognized at fair value and transaction cost are expensed in the profit and loss account.

3.3.5 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognized in other comprehensive income, until the available for sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

3.3.6 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income, is reclassified from other comprehensive income and recognized in the profit and loss account. Impairment losses on equity financial assets recognized in profit and loss account are not reversed through profit and loss account.

3.3.7 Derecognition

Financial assets are derecognized when either the right to receive cash flows from the financial assets have expired or have been realized/transferred, and the Company has transferred substantially all risks and rewards of ownership.

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3.3.8 Offsetting

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

3.4 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include trade and other payables, running finance under mark-up arrangements, accrued mark-up on borrowing, liabilities against assets subject to finance lease, redeemable capital and dividend payable.

3.5 Revenue recognition

- (a) Brokerage, commission and other income are accrued as and when earned.
- (b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- (c) Gains or losses on sale of investments are recognized in the period in which they arise.
- (d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- (e) Consultancy, advisory fee and service charges, are recognized as and when earned.
- (f) Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

3.6 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any, and any under/over provisions in respect of prior year.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Ass

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

3.7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

3.8 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.9 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.10 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding at the end of the year.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents also consist of bank overdrafts repayable on demand, if any.

4 PROPERTY & EQUIPMENT

PARTICULARS	C O S T			D E P R E C I A T I O N			
	As at July 01, 2016	Additions / (Disposals)	As at June 30, 2017	As at July 01, 2016	Charge for the year / (Disposal)	As at June 30, 2017	Written down value as at June 30, 2017
	Rupees-----			Rupees-----			Rupees
Owned -							
Motor vehicles	15,083,920	4,516,585 (1,240,475)	18,360,030	8,311,620	385,354 (831,636)	7,865,338	10,494,692
Furniture and fixtures	2,036,687	511,825 (1,395,944)	1,152,568	793,723	207,953 (759,287)	242,389	910,179
HDP equipment	7,780,369	777,000 (1,772,518)	6,784,851	6,814,032	675,628 (1,767,174)	5,722,487	1,062,364
Office equipment	453,955	- (25,500)	428,455	391,830	56,326 (25,360)	422,796	5,659
Air conditioners	903,920	220,000 (222,760)	901,160	769,218	137,451 (222,757)	683,912	217,248
Leasehold improvements	1,613,032	- (1,613,032)	-	650,569	164,399 (814,968)	-	-
Generator	3,286,435	- (57,215)	3,229,220	1,795,079	517,321 (27,666)	2,284,734	944,486
June 30, 2017	31,158,318	6,025,410 (6,327,444)	30,856,284	19,526,071	2,144,432 (4,448,848)	17,221,656	13,634,628

Agree

PROPERTY & EQUIPMENT

PARTICULARS	C O S T			Rate	D E P R E C I A T I O N			
	As at July 01, 2015	Additions / (Disposals)	As at June 30, 2016		As at July 01, 2015	Charge for the year / (Disposal)	As at June 30, 2016	Written down value as at June 30, 2016
Owned -	Rupees-----			%	Rupees-----			Rupees
Motor vehicles	19,728,130	160,690 (4,804,900)	15,083,920	20	10,487,217	840,727 (3,016,324)	8,311,620	6,772,300
Furniture and fixtures	1,844,257	192,430	2,036,687	10	600,847	192,876	793,723	1,242,964
EDP equipment	7,140,369	640,000	7,780,369	33	5,878,867	935,165	6,814,032	966,337
Office equipment	453,955	-	453,955	20	301,038	90,792	391,830	62,125
Air conditioners	903,920	-	903,920	20	589,095	180,123	769,218	134,702
Leaschold improvements	1,541,082	71,950	1,613,032	10	491,053	159,516	650,569	962,463
Generator	3,286,435	-	3,286,435	20	1,137,779	657,300	1,795,079	1,491,356
June 30, 2016	34,898,148	1,065,070 (4,804,900)	31,158,318		19,485,896	3,056,499 (3,016,324)	19,526,071	11,632,247

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5 INTANGIBLE ASSETS	Note	June 30, 2017	June 30, 2016
----- (Rupees) -----			
Trading Right Entitlement Certificate	5.1	-	-
KSE booth		300,000	300,000
Computer software;	5.2		
- Cost		1,649,413	1,649,413
- Accumulated amortization		(1,649,407)	(1,364,429)
- Charge for the year		-	(284,978)
		(1,649,407)	(1,649,407)
- Net book value as at June 30		6	6
		<u>300,006</u>	<u>300,006</u>

5.1 The Company have been granted Trading Right Entitlement (TRE) Certificate in pursuance of Section 5 of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 read with Regulation 6 of the Stock Exchanges (Corporatisation, Demutualization and Integration) Regulation, 2012. This TRE Certificate represents intangible asset and is accounted for on Nil values as presently, the value of this TRE Certificate can not be determined with reasonable accuracy.

5.2 This represents cost of six softwares which are being amortized on straight line basis @ 33.33% p.a. calculated on monthly basis. The Softwares have been fully ammortized.

6 LONG-TERM DEPOSITS		June 30, 2017	June 30, 2016
----- (Rupees) -----			
PSX - initial trading deposits		200,000	200,000
CDC		100,000	100,000
NCCPL		800,000	300,000
Office rent deposits		300,000	300,000
NCCPL - Base Minimum Capital		21,437,447	-
Others		30,500	30,500
		<u>22,867,947</u>	<u>930,500</u>
7 LONG-TERM INVESTMENT			
Pakistan Stock Exchange Limited	7.1 &		
1,602,953 (2016: 4,007,383) Ordinary Shares	7.2	<u>41,163,833</u>	<u>38,500,000</u>

7.1 This represents shares of Pakistan Stock Exchange Limited ('PSX') allotted as a result of Corporatization, Demutualization and Integration Act, 2012 (the Act) in lieu of membership card of KSE. During the year 60% of the shares kept in blocked account have been sold at a price of Rs. 28/- per share in accordance with the requirements of Act, in which 40% of the entire shareholding were sold to Chinese consortium through the divestment committee after retention of 10% of the sale price in terms of Share Purchase Agreement for a year to settle any outstanding liabilities of PSX and another 20% of the entire shareholding were sold through Book Building and IPO to high net worth individuals, strategic institutions and general public. The remaining 40% i.e. 1,602,953 shares are now kept in blocked account in the name of the Company in compliance with sub-regulations (1), (2) and (3) of Regulation 5 of Public Offering Regulations, 2017. The Company has revalued its remaining shareholding in PSX at the closing price of Rs. 25.68 as at the balance sheet date.

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8	TRADE DEBTS - UNSECURED, CONSIDERED GOOD	Note	June 30, 2017	June 30, 2016 (Restated)
			----- (Rupees) -----	
	Related party	8.1	-	203,453
	Others		<u>6,819,648</u>	<u>32,963,767</u>
			<u><u>6,819,648</u></u>	<u><u>33,167,220</u></u>

8.1 This represents balance receivable from Optimus Markets (Private) limited.

8.2 **Trade debts - net** 6,819,648 33,167,220

Aging Analysis

Within 5 days	1,896,278	27,529,600
Above 5 days	4,923,369	5,637,620

<u>6,819,648</u>	<u>33,167,220</u>
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Receivables above 5 days net-off collateral (after applying haircut)	<u>4,941,323</u>	<u>5,637,620</u>
--	------------------	------------------

This note is provided in compliance to Section 34(2) (h) of Brokers (licensing and operations) Regulations 2016 which requires disclosure of ageing analysis of trade debts with clause 34(2)(h)(i) requiring provision for unsecured receivables of more than five days to the extent by which the amount receivable exceed the collateral held from such customer after applying haircuts on VAR basis.

As per clarifications issued by PSX in its notice PSX/N-6741 this information is required as additional disclosure and does not provide accounting treatment hence no provision was recorded.

9	SHORT-TERM INVESTMENT	June 30, 2017	June 30, 2016
		----- (Rupees) -----	
		Market Value	Market Value
	Financial assets at fair value through 'other comprehensive income - available for sale' - investment in shares of listed companies	9.1	<u>1,550,500</u>

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9.1 Detail of investment in shares of listed companies:		June 30, 2017	June 30, 2016
		----- (Rupees) -----	
<u>Number of Shares</u>		<u>Market</u>	<u>Market</u>
<u>30-Jun-17</u>	<u>30-Jun-16</u>	<u>Value</u>	<u>Value</u>
<u>Name of Companies</u>			
-	10,000	-	1,550,500
-	10,000	-	1,550,500
Pakistan Petroleum Limited			
10 ADVANCES			
Advance to employees - against salaries		826,884	816,500
11 DEPOSITS & PRE-PAYMENTS			
Short-term deposits	11.1	152,140,523	43,415,332
Pre-payments		1,150,442	1,260,564
		153,290,965	44,675,896
11.1 This represents ready market and future market exposure deposits with the PSX.			
12 OTHER RECEIVABLES		Note	June 30, 2017
			June 30, 2016
			(Restated)
			----- (Rupees) -----
Receivable from NCCPL - net	12.1	94,472	248,310
Other receivable		10,729,578	4,026,135
		10,824,050	4,274,445
12.1 This represents the clients' future market transaction profits held by the National Clearing Company of Pakistan Limited (NCCPL) as at June 30, 2017.			
13 DUE FROM RELATED PARTIES		June 30, 2017	June 30, 2016
		----- (Rupees) -----	
Optimus Holdings (Private) Limited (formerly Peabody Associates (Private) Limited)	13.1	-	31,000,000
Accrued markup on loan		-	970,011
		-	31,970,011
13.1 This represents an unsecured amount recoverable from the holding company bearing interest @ 6 months KIBOR + 0.5% (2016: 6 Months KIBOR + 0.5%).			

2024

14 CASH AND BANK BALANCES	Note	June 30, 2017	June 30, 2016
----- (Rupees) -----			
Cash in hand		48,986	67,297
Cash at banks			
- in current accounts		122,689,026	101,500,376
- in saving accounts	14.1	25,792,250	125,677,943
		<u>148,530,262</u>	<u>227,245,616</u>

14.1 These carry return ranging from 5% to 8% (2016 : 4% to 6%) per annum.

15 CLIENTS' ASSETS	June 30, 2017		June 30, 2016	
	No. of Securities	Value ---rupees---	No. of Securities	Value ---rupees---
Held at bank		122,031,006		144,727,849
Held as securities:				
- No. of securities	47,290,920		45,191,570	
- Value of securities		1,674,765,015		3,142,455,982

16 VALUE OF SECURITIES PLEDGED WITH FINANCIAL INSTITUTIONS

Value of securities pledge with financial institutions as at 30 June, 2017 are as follows:

	Note	June 30, 2017	June 30, 2016
----- (Rupees) -----			
Proprietary		Nil	Nil
Client:			
Askari Bank Limited		543,038,690	601,140,565
JS Bank Limited		148,657,980	115,495,340
MCB Bank Limited		386,945,821	128,947,384
Bank of Khyber		345,811,257	165,298,635
Allied Bank Limited			11,122,000
Bank Alfalah Limited			319,890,426
		<u>1,424,453,748</u>	<u>1,401,894,350</u>

17 SHARE CAPITAL

2017	2016		2017	2016
(Number of shares)				
780,000	780,000	Ordinary shares of Rs.100/= each	78,000,000	78,000,000
		Fully paid in cash		
62,400	62,400	Issued as bonus shares	6,240,000	6,240,000
157,600	-	Further issue of shares	15,760,000	-
<u>1,000,000</u>	<u>842,400</u>		<u>100,000,000</u>	<u>84,240,000</u>

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17.1 PATTERN OF SHARE HOLDING

	June 30, 2017		June 30, 2016	
	No. of share	Shareholding %	No. of share	Shareholding %
Company's shareholding as at 30 June 2017 is as under				
Asif Ali Qureshi	641	0.064%	540	0.064%
Muhammad Mohsin Ahsan	641	0.064%	540	0.064%
Optimus Holdings (Private) Limited (Formerly Peabody Associates (Private) Limited)	998,718	99.872%	841,320	99.872%
	<u>1,000,000</u>	<u>100%</u>	<u>842,400</u>	<u>100%</u>

No changes in shareholding above 5% during the year ended June 30, 2017

	June 30, 2017	June 30, 2016
	----- (Rupees) -----	
18 ACCRUED LIABILITIES		
Accrued expenses	<u>1,714,444</u>	<u>1,076,497</u>
19 OTHER LIABILITIES		
Sales tax payable	<u>1,187,140</u>	<u>1,178,987</u>

20 CONTINGENCIES AND COMMITMENTS

20.1 There are no contingencies and commitments as on June 30, 2017 (2016: Nil).

	June 30, 2017	June 30, 2016
	----- (Rupees) -----	
21 OPERATING REVENUES		
Equity brokerage income	91,638,227	69,117,121
Shares balloting income	432	490,584
Consultancy income	17,899,115	9,732,570
Dividend income	590,812	1,344,863
	<u>110,128,586</u>	<u>80,685,138</u>

21.1 The Company share's turnover for the year ended June 30, 2017 (2016) is as under:

	June 30, 2017		June 30, 2016	
	Volume	Value ---(Rupees)---	Volume	Value ---(Rupees)---
Retail clients	<u>263,352,310</u>	<u>13,818,127,200</u>	<u>155,460,835</u>	<u>9,078,835,383</u>
Institutional clients	<u>1,242,346,603</u>	<u>59,912,785,604</u>	<u>625,531,319</u>	<u>44,032,314,306</u>
Proprietary trades	<u>39,654,999</u>	<u>2,482,225,214</u>	<u>1,684,000</u>	<u>105,609,368</u>

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DIVIDEND INCOME	Note	June 30, 2017	June 30, 2016
----- (Rupees) -----			
Pakistan Stock Exchange Limited		440,812	1,282,363
Engro Fertilizer Limited		150,000	-
Pakistan Petroleum Limited		-	62,500
		<u>590,812</u>	<u>1,344,863</u>

22 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and other benefits		67,867,602	51,434,633
Traveling, conveyance and vehicle running expenses		1,183,636	127,686
Rent, rates and taxes		3,001,054	16,496,027
Utility charges		2,055,536	1,768,847
Postage, telephone and telegram		4,558,673	4,431,697
Repair and maintenance		1,327,140	1,080,222
Insurance		1,537,163	1,529,082
Depreciation	4	2,144,432	3,056,499
Entertainment		1,358,745	444,134
Printing and stationery		219,751	323,725
Legal and professional charges		2,092,674	7,728
Fees and subscription		5,481,701	3,459,239
Auditors' remuneration	22.1	352,600	1,231,835
CDC charges		2,072,497	1,658,245
KSI charges		199,624	314,950
NCCPL charges		2,661,333	1,921,912
SECP charges		490,832	547,042
EDP expenses		1,096,135	2,450,057
Research and development		471,016	503,953
Bad debt expense		11,875	
Assets - written off		1,472,840	
Others		548,060	548,254
		<u>102,204,919</u>	<u>93,335,767</u>

22.1 Auditors' remuneration

Audit fee		145,000	387,700
Tax consultancy		-	819,135
Other certification		193,100	10,500
Out of pocket expenses		14,500	14,500
		<u>352,600</u>	<u>1,231,835</u>

23 OTHER INCOME

Gain on disposal of fixed assets		421,243	1,841,424
Other		170	7,632
		<u>421,413</u>	<u>1,849,056</u>

ALTA

24 FINANCIAL CHARGES	Note	June 30, 2017	June 30, 2016
----- (Rupees) -----			
Bank charges		119,908	210,423
25 TAXATION			
- current	25.1	6,693,481	1,374,714
- prior		513,172	875,337
- deferred		805,164	(601,977)
		<u>8,011,817</u>	<u>1,648,074</u>
Reconciliation of tax charge for the year			
Accounting profit		60,676,459	
Corporate tax rate		31%	
Tax on accounting profit at applicable rate		18,809,702	
Tax effect of - income tax at lower rate and final tax regime		(12,395,218)	
- adjustment due to available tax losses			
- deferred tax recognized at lower rate		6,773	
- others		1,590,560	
		<u>8,011,817</u>	

25.1 Relationship between accounting (loss) / profit and tax expense

In the view of tax loss for the year, provision for minimum tax has been made in accordance with Section 113 of Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit has not been presented for the year ended June 30, 2016.

25.2 DEFERRED TAX - NET

Deferred tax liability/ (asset) comprises of taxable / (deductible) temporary differences in respect of the following:

	June 30, 2017	June 30, 2016
----- (Rupees) -----		
Taxable temporary differences due to		
- accelerated tax depreciation allowance	113,187	-
- intangible assets	90,000	90,705
Deductible temporary differences due to		
- property & equipment	-	(28,800)
- unrealized loss on short term investments	-	(27,846)
- unused tax losses	-	(636,035)
Deferred tax liability/ (asset)	<u>203,187</u>	<u>(601,977)</u>

26 (LOSS) / EARNINGS PER SHARE

The basic earnings per share of the Company is based on:

profit / (loss) after taxation	52,664,642	(3,207,861)
Weighted average number of ordinary shares	1,000,000	842,000
Earnings / (loss) per share - basic and diluted	<u>52.66</u>	<u>(3.81)</u>

26.1 Diluted earnings / (loss) per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2017 and June 30, 2016 which could have any effect on the earnings / (loss).

2016

27 RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefit fund, directors, key management personnel and their close family members. Contributions to the provident fund are made as per the terms of employment. Remuneration of key management personnel are in accordance with their terms of employment and is disclosed in Note 28 below. Transactions with other related parties are entered into at rates negotiated with them which are as follows:

Related party	Relationship	Nature of transaction	June 30,	June 30,
			2017	2016
			----- (Rupees) -----	
Optimus Holdings (Private) Limited (Formerly Peabody Associates (Private) Limited)	Holding Company	Amount paid	8,700,000	-
		Amount received	42,465,046	-
		Interest received	2,765,046	1,050,671
		Interest accrued	1,795,035	970,911
Optimus Markets (Private) Limited	Common Shareholding	Vehicle sold / purchased	-	1,350,000
		Amount paid	1,800,000	-
		Amount received	2,100,000	300,000
Zakheera.com	Common Shareholding	Expense paid	-	1,150,000
Asif Ali Qureshi	Director	Amount paid	4,879,168	6,084,000
		Amount received	4,879,168	6,084,000
Energy Consulting & Partners (Pvt) Ltd	Common Directorship	Amount received/paid	-	465,500
PNO Waste Management (Pvt) Ltd	Common Directorship	Amount paid	30,000,000	56,500,000
		Amount received	30,000,000	56,500,000

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR AND OTHER EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration, including certain benefits to the Chief Executive Officer, Executive Director and other executives of the Company is as follows:

	Chief Executive Officer		Executive Director		Other Executives	
	June 2017	June 2016	June 2017	June 2016	June 2017	June 2016
.....(Rupees).....						
Gross salaries	7,200,000	6,600,000	7,200,000	6,600,000	25,539,392	19,174,345
Bonus	3,000,000	-	3,000,000	-	9,350,000	3,660,000
Others	24,000	24,000	24,000	24,000	456,000	222,000
	<u>10,224,000</u>	<u>6,624,000</u>	<u>10,224,000</u>	<u>6,624,000</u>	<u>35,345,392</u>	<u>23,056,345</u>
Number of Persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>21</u>	<u>10</u>

The Company provides company maintained car to the chief executive officer, executive director and certain other executives. The Company does not pay remuneration to any non-executive directors. Further, the chief executive officer and executive director are also entitled for perquisites and facilities/benefits as per the Company's policies and rules.

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29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorized in three categories defined as follows:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company categorizes its long term investment amounting to Rs. 41,163,833 in Level 1 (2016 38,500,000 in Level 3) short term investment amounting to Rs. Nil (2016. 1,550,500) in Level 1.

Financial risk management

The Company does not have investments in equity or debt instruments except some short term equity instruments in listed entities. The Board of Directors of Company has overall responsibility for establishment and oversight of the Company's risk management framework. The Company has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.1 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 placements 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 the long term deposits, trade debts, short term investments and advances, deposits 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 according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

Ans.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment & 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 settled upon delivery.

	June 30, 2017 (Rupees)
The maximum exposure to credit risk at period end is as follows:	
Long term deposit	22,867,947
Trade debts - considered good	6,819,648
Advances	826,884
Deposits and pre-payments	153,290,965
Other receivables	10,824,050
	<u>194,629,494</u>

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit 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.

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Bank	Rating Agency	Rating	
		Short term	Medium to long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	JCR-VIS	A-1+	AA+
Dubai Islamic Bank	JCR-VIS	A1	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
United Bank Limited	JCR-VIS	A-1+	AAA

29.2 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 difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and 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 following are the contractual maturities of financial liabilities:

Ans

	Carrying amount	Contractual cash flows	Six to twelve months	One to two years	Two to five years
----- Rupees -----					
June 30, 2017					
Trade creditors	122,031,429	122,031,429	-	-	-
Accrued liabilities	1,714,444	1,714,444	-	-	-
Other liabilities	1,187,140	1,187,140	-	-	-
	124,933,013	124,933,013	-	-	-
June 30, 2016 (Restated)					
Trade creditors	144,727,850	144,727,850	-	-	-
Accrued liabilities	1,076,497	1,076,497	-	-	-
Other liabilities	1,178,987	1,178,987	-	-	-
	146,983,333	146,983,333	-	-	-

On the balance sheet date, the Company has cash and bank balances of Rs. 148.530 million (2016: Rs.227.245 million).

29.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk:

- Currency risk
- Interest rate risk
- Other price risk

Yield / interest rate sensitivity position for 'on balance sheet financial instruments' is based on the earlier of contractual repricing or maturity date. The company's market rate of return sensitivity related to financial assets and financial liabilities as at 30 June 2017 can be determined from the following:

	June 30, 2017				
	Effective rate of return	Exposed to interest rate risk		Not exposed to interest	Total
		Upto one year	More than one year		
----- Rupees -----					
Financial assets					
Long term deposit	-	-	22,867,947		22,867,947
Short term investment	-	-	-		-
Trade debts	-	-	6,819,648		6,819,648
Advances	-	-	826,884		826,884
Deposits & pre-payments	-	-	153,290,965		153,290,965
Other receivables	-	-	10,824,050		10,824,050
Cash & bank balances		25,792,250	-	122,689,026	148,481,276
		25,792,250	-	317,318,520	343,110,770
Financial liabilities					
Trade creditors	-	-	122,031,429		122,031,429
Accrued liabilities	-	-	1,714,444		1,714,444
Other liabilities	-	-	1,187,140		1,187,140
		-	-	124,933,013	124,933,013
On balance sheet gap		25,792,250	-	192,385,507	218,177,757

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29.4	FINANCIAL INSTRUMENTS BY CATEGORY	Note	June 30, 2017	June 30, 2016 (Restated)
			------(Rupees)-----	
	Financial assets			
	Loans and receivables			
	Trade debts - unsecured, considered good		6,819,648	33,167,220
	Advances		826,884	816,567
	Other receivables		10,824,050	4,274,475
	Due from related parties		-	31,970,011
	Cash and bank balances		148,530,262	227,245,616
			<u>167,000,844</u>	<u>297,473,823</u>
	Fair value through profit and loss investments		<u>-</u>	<u>-</u>
	Available for Sale Investments		<u>41,163,833</u>	<u>38,500,000</u>
	Financial liabilities			
	Financial liabilities at amortized cost			
	Trade creditors		122,031,429	144,727,850
	Accrued liabilities		1,714,444	1,076,497
	Other liabilities		1,187,140	1,178,987
			<u>124,933,013</u>	<u>146,983,333</u>

29.5 CAPITAL MANAGEMENT

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

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

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

30 NUMBER OF EMPLOYEES

Number of employees as at year end	<u>40</u>	<u>37</u>
Average number of employees during the year	<u>38</u>	<u>36</u>

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31 DATE OF AUTHORISATION

These financial statements have been authorized for issue on _____ by the Board of Directors of the company.

32 RECLASSIFICATION

Provision for taxation for prior years has been adjusted against advance tax for better presentation.

33 GENERAL

33.1 Figures in these financial statements have been rounded off to the nearest rupee.

33.2 Prior year's figures in these financial statements have been re-classified / re-arranged where necessary for better presentation.



CHIEF EXECUTIVE OFFICER



DIRECTOR

RKM