# DIRECTORS' REPORT TO THE SHAREHOLDERS 2016

The Board of Directors is delighted to present 10th Annual report and the Audited Financial Statements of the company for the year ended June 30, 2016 together with Auditors' Report.

## OPERATING RESULTS

During the year under review, the net Brokerage and commission was Rs. 5,456,223 and earned dividend income Rs. 896,366. The position of appropriation is follows:

| | 2016<br>RUPEES | 2015<br>RUPEES |
|---|---|---|
| Profit/(Loss) before taxation | 208,924 | 694,381 |
| Provision for taxation | 158,697 | 127,532 |
| Profit/(Loss) after taxation | 50,227 | 566,848 |

## AUDITORS

The present auditors M/s Amin, Mudassar & Co., Chartered Accountants, stand retired and being eligible, offer themselves for re-appointment.

## ACKNOWLDEGEMENT

The Board places on record its appreciation of the support of our valued customers. I would like to highlight the hard work put in by the employees of the company.

We are confident they will continue to show the same dedication in the days ahead.

Mehreen Umar

**(MRS. MEHREEN UMAR DAHA)**
**Chairman**

**Lahore**
Dated: September 16, 2016

# MND INVESTMENT (PVT) LIMITED

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2016

**AMIN, MUDASSAR & CO.**
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MND Investment (Private) Limited** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

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

(b) in our opinion :

  (i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as stated in note 3.1 to the annexed financial statements 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, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

CHARTERED ACCOUNTANTS
MUHAMMAD AMIN

Lahore: 31 AUG 2016

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Main Boulevard, Gulberg-III, Lahore, Pakistan

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MND INVESTMENT (PVT) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

| | Note | 2016 Rupees | 2015 Rupees (Re-stated) | 2014 Rupees (Re-stated) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON CURRENT ASSETS** | | | | |
| Property and equipment | 5 | 509,730 | 510,007 | 309,787 |
| Intangible assets | 6 | 11,000,000 | 11,000,000 | 11,000,000 |
| Long term investments | 7 | 17,343,686 | 15,275,948 | 15,275,948 |
| Long term deposits | 8 | 600,000 | 1,651,000 | 651,000 |
| | | 29,453,416 | 28,436,955 | 27,236,735 |
| **CURRENT ASSETS** | | | | |
| Trade debts | 9 | 2,787,803 | 6,210,702 | 11,876,394 |
| Investment at fair value through profit and loss | 10 | 3,122,324 | 3,032,586 | 2,274,812 |
| Loans and advances | 11 | 123,300 | 132,800 | - |
| Trade deposits ,short term prepayments and current account balance with statutory authorities | 12 | 715,024 | 125,646 | 59,526 |
| Cash and bank balances | 13 | 16,454,346 | 14,245,880 | 2,199,626 |
| | | 23,202,797 | 23,747,614 | 16,410,358 |
| | | 52,656,213 | 52,184,568 | 43,647,093 |
| **EQUITY AND LIABILITIES** | | | | |
| **SHARE CAPITAL AND RESERVES** | | | | |
| Share capital | 14 | 38,680,000 | 38,680,000 | 38,680,000 |
| Accumulated loss | | (21,059,280) | (21,109,507) | (21,676,355) |
| Fair value adjustment reserve | | 7,789,890 | 5,722,151 | 5,722,151 |
| | | 25,410,610 | 23,292,644 | 22,725,796 |
| Share deposit money | | 11,500,000 | 11,500,000 | 11,500,000 |
| | | 36,910,610 | 34,792,644 | 34,225,796 |
| **NON CURRENT LIABILITIES** | | | | |
| Deferred Liabilities | | | | |
| Deferred taxation | 15 | - | - | - |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | 16 | 12,248,526 | 17,013,325 | 9,421,297 |
| Short term borrowings | 17 | 3,497,077 | 378,601 | - |
| | | 15,745,603 | 17,391,926 | 9,421,297 |
| **CONTINGENCIES AND COMMITMENTS** | 18 | - | - | - |
| | | 52,656,213 | 52,184,568 | 43,647,093 |

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

CHIEF EXECUTIVE

DIRECTOR

MND INVESTMENT (PVT) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

| | Note | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|
| Brokerage and commission | 19 | 5,456,223 | 4,705,404 | 4,402,164 |
| Capital loss | | - | - | (261,353) |
| | | 5,456,223 | 4,705,404 | 4,140,811 |
| Direct cost | 20 | 491,923 | 1,084,276 | 536,338 |
| | | 4,964,300 | 3,621,127 | 3,604,473 |
| Operating expenses | 21 | 5,937,602 | 4,614,650 | 4,040,599 |
| OPERATING LOSS | | (973,302) | (993,523) | (436,126) |
| OTHER OPERATING INCOME/EXPENSE | 22 | 1,190,756 | 1,700,860 | (3,056,886) |
| Finance cost | 23 | 8,530 | 12,957 | 196,471 |
| PROFIT/LOSS BEFORE TAXATION | | 208,924 | 694,381 | (3,689,482) |
| Taxation | 24 | 158,697 | 127,532 | 37,553 |
| PROFIT/LOSS FOR THE YEAR | | 50,227 | 566,848 | (3,727,036) |
| EARNING/LOSS PER SHARE- BASIC AND DILUTED | 25 | 0.01 | 0.15 | (0.96) |

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

CHIEF EXECUTIVE

DIRECTOR

MND INVESTMENT (PVT) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

| | 2016 Rupees | 2015 Rupees (Re-stated) | 2014 Rupees (Re-stated) |
|---|---|---|---|
| Profit/(loss) for the year | 50,227 | 566,848 | (3,727,036) |
| **Items that will not be reclassified subsequently to profit and loss account** | - | - | - |
| **Items that may be reclassified subsequently to profit and loss account** | | | |
| Gain on revaluation of available for sale investment | 2,067,739 | - | 5,722,151 |
| Other comprehensive income for the year | 2,067,739 | - | 5,722,151 |
| **Total comprehensive income for the year** | 2,117,966 | 566,848 | 1,995,115 |

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

CHIEF EXECUTIVE

DIRECTOR

MND INVESTMENT (PVT) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

| | Note | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit/Loss before taxation | | 208,924 | 694,381 | (3,689,483) |
| **Adjustments of items not involving movements of cash:** | | | | |
| Depreciation | 5 | 112,847 | 94,979 | 87,938 |
| Finance cost | 23 | 8,530 | 12,957 | 196,471 |
| Unrealized gain on remeasurement of investment | 10 | (89,738) | (757,774) | (98,297) |
| | | 31,639 | (649,838) | 186,112 |
| **Operating cash flows before working capital changes** | | 240,563 | 44,543 | (3,503,371) |
| **(Increase) / Decrease in working capital** | | | | |
| (Increase) / decrease in current assets | | | | |
| Account receivables | | 3,422,899 | 5,532,893 | (5,985,386) |
| Loan and advances | | 9,500 | - | - |
| Trade deposits and short term prepayments | | (490,084) | (1,009,917) | (52,109) |
| Increase / (decrease) in current liabilities | | | | |
| Trade and other payables | | (4,764,798) | 7,592,028 | (1,173,950) |
| | | (1,822,483) | 12,115,003 | (7,211,445) |
| **Cash generated from / (used in) operations** | | (1,581,920) | 12,159,546 | (10,714,816) |
| Taxes paid | | (257,989) | (183,737) | (52,462) |
| Finance cost paid | | (8,530) | (12,957) | (196,471) |
| | | (266,519) | (196,694) | (248,933) |
| **Net cash flows From operating activities** | | (1,848,440) | 11,962,852 | (10,963,749) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Fixed capital expenditure | | (112,570) | (295,200) | - |
| Loan term deposits | | 1,051,000 | - | - |
| **Net cash flows from investing activities** | | 938,430 | (295,200) | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Share deposit money received | | | | 11,500,000 |
| Director's loan receipt | | 3,118,476 | 378,602 | - |
| **Net cash flows from financing activities** | | 3,118,476 | 378,602 | 11,500,000 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 2,208,466 | 12,046,254 | 536,251 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 14,245,880 | 2,199,626 | 1,663,375 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | A | 16,454,346 | 14,245,880 | 2,199,626 |
| **A Cash and Cash Equivalents** | | | | |
| Cash and bank balances | 13 | 16,454,346 | 14,245,880 | 2,199,626 |
| | | 16,454,346 | 14,245,880 | 2,199,626 |

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

CHIEF EXECUTIVE

DIRECTOR

MND INVESTMENT (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

| | Paid up capital | Accumulated loss | Fair value adjustment reserve | Total |
|---|---|---|---|---|
| | --------- (R | u p | e e | s) --------- |
| **Balance as at June 30, 2013** | 38,680,000 | (17,949,319) | - | 20,730,681 |
| Loss after taxation | - | (3,727,036) | | (3,727,036)<br>- |
| Other Comprehensive Income | - | - | 5,722,151 | 5,722,151 |
| Total comprehensive income for the year-Re-stated | | (3,727,036) | 5,722,151 | 1,995,115 |
| **Balance as at June 30, 2014 Restated** | 38,680,000 | (21,676,355) | 5,722,151 | 22,725,796 |
| Profit after taxation | - | 566,848 | - | 566,848<br>- |
| Other Comprehensive Income | - | - | - | - |
| Total comprehensive income for the year-Re-stated | - | 566,848 | - | 566,848 |
| **Balance as at June 30, 2015- Restated** | 38,680,000 | (21,109,507) | 5,722,151 | 23,292,644 |
| Profit after taxation | - | 50,227 | - | 50,227<br>- |
| Other Comprehensive Income | - | - | 2,067,739 | 2,067,739 |
| Total comprehensive income for the year | - | 50,227 | 2,067,739 | 2,117,966 |
| **Balance as at June 30, 2016** | 38,680,000 | (21,059,280) | 7,789,890 | 25,410,610 |

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

Rehman Umar

CHIEF EXECUTIVE

DIRECTOI

## 1 COMPANY AND ITS OPERATION

1.1 The company was incorporated as Private Limited Company on June 22, 2007 under the Companies Ordinance, 1984. The company is engaged in the business of share brokerage and investment in securities. The registered office of the company is situated at Room No. 509, 5th Floor, Lahore Stock Exchange Building, 19-Khyayaban-e-Aiwan-e-Iqbal, Lahore.

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

## 2 BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the 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 (IASB) as notified under the provisions of the Companies Ordinance 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these IFRSs, the requirements of Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP take precedence.

### 2.2 ACCOUNTING CONVENTION

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

### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

### 2.4 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

### 2.5 AMENDMENTS / INTERPRETATION TO EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

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

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

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

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

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

The above amendments are not likely to have a material impact on Company's financial statements.

**2.5.3 Standard and amendments to published standards that are not yet effective and not considered relevant to the company**

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### CHANGE IN ACCOUNTING POLICY

3.1 During the year, the company has changed its accounting policy in respect of treatment of available for sale investment as explained in note no. 7 to the financial statements.

### 3.2 SHARE CAPITAL

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

## 3.3 PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation.

Depreciation is charged on reducing balance method at the rates mentioned in the note no. 5. Depreciation on addition is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Normal repair and maintenance is charged to revenue as and when incurred, while major renewals and replacement are capitalized.

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

## 3.4 INTANGIBLE ASSETS

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

## 3.5 FINANCIAL ASSETS

Financial assets are classified in the following categories: Held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each balance sheet date.

### 3.5.1 Held to Maturity

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

### 3.5.2 At fair value through profit and loss

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

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

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

### 3.5.3 Available-for-sale

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

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

### 3.6 TRADE DEBTS AND OTHER RECIEVABLES

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

### 3.7 CASH AND CASH EQUIVALENTS

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

### 3.8 TAXATION

**Current**

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates available, if any, minimum tax or alternative corporate tax u/s 113 of the Income Tax Ordinance, 2001, whichever is higher.

**Deferred**

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

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

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

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

### 3.9 TRADE AND OTHER PAYABLES

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

### 3.10 PROVISIONS

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

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

## 3.11 IMPAIRMENT

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

## 3.12 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

## 3.13 REVENUE RECOGNITION

- Brokerage, consultancy and advisory fees are recognized as and when services are provided.
- Capital gains or losses on sale of marketable securities are accounted for the year in which they arise.
- Dividend income is recorded when the right to receive the dividend is established .
- Interest income is recognized on time proportion basis using effective interest rates.
- Other revenues are recorded, as and when due, on accrual basis.

## 3.14 BASIC AND DILUTED EARNINGS PER SHARE

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

## 3.15 RELATED PARTY TRANSACTIONS

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

## 4 RELATED PARTY TRANSACTIONS

Transactions with related parties have been disclosed in the relevant notes to the financial statements except that commission earned from related parties i.e. directors and shareholders during the year was amounting Rs. 75 (2015: Rs. Nil).

## 5 PROPERTY AND EQUIPMENT

| Particulars | Cost | | | Depreciation | | | | WDV |
|---|---|---|---|---|---|---|---|---|
| | As at June 30, 2015 | Additions/ (deletions) | As at June 30, 2016 | Rate % | As at June 30, 2015 | Charge for the year | As at June 30, 2016 | As at June 30, 2016 |
| **OWNED** | | | | | | | | |
| Furniture and fittings | 93,700 | - | 93,700 | 10 | 49,557 | 4,414 | 53,971 | 39,729 |
| Office equipment | 186,000 | 39,070 | 225,070 | 10 | 21,036 | 17,715 | 38,751 | 186,319 |
| Computers | 1,118,500 | 73,500 | 1,192,000 | 30 | 928,749 | 68,488 | 997,237 | 194,763 |
| Vehicles | 600,000 | - | 600,000 | 20 | 488,851 | 22,230 | 511,081 | 88,919 |
| Rupees | 1,998,200 | 112,570 | 2,110,770 | | 1,488,193 | 112,847 | 1,601,040 | 509,730 |
| 2015 Rupees | 1,703,000 | 295,200 | 1,998,200 | | 1,393,213 | 94,979 | 1,488,193 | 510,007 |
| 2014 Rupees | 1,703,000 | - | 1,703,000 | | 1,305,275 | 87,938 | 1,393,213 | 309,787 |

| | | Note | 2016 Rupees | 2015 Rupees | 2,014 Rupees |
|---|---|---|---|---|---|
| 6 | **INTANGIBLE ASSETS** | | | | |
| | Rights of room | | 7,000,000 | 7,000,000 | 7,000,000 |
| | Trading right entitlement certificate | 6.1 | 4,000,000 | 4,000,000 | 4,000,000 |
| | | | 11,000,000 | 11,000,000 | 11,000,000 |

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

| | Note | 2016 Rupees | 2015 Rupees (Re-stated) | 2014 Rupees (Re-stated) |
|---|---|---|---|---|
| **LONG TERM INVESTMENTS** | | | | |
| **Available for sale investment** | | | | |
| Unquoted - Shares of LSE Financial Services Limited (Formerly: Lahore Stock Exchange Limited) | | | | |
| Cost as at July 01, | | 9,553,797 | 9,553,797 | 9,553,797 |
| Fair value adjustment | | 7,789,889 | 5,722,151 | 5,722,151 |
| | 7.1 | 17,343,686 | 15,275,948 | 15,275,948 |

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

The valuation of the aforementioned entity carried out the by the valuer after considering the latest available financial information, recent market development, effect of integration and new scope of business to be carried by LSE Financial Services Limited.

The company has changed its accounting policy in respect of "Available for Sale Investment" from cost to fair value. The relevant adjustment has been made retrospectively as per International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, there was no effect on earning per share in consequence of change in accounting policy.

| | | Note | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|---|
| 8 | **LONG TERM DEPOSITS** | | | | |
| | **Deposits with:** | | | | |
| | Lahore Stock Exchange | | - | 1,251,000 | 251,000 |
| | Pakistan Stock Exchange | | 200,000 | - | - |
| | National Clearing Company | | 300,000 | 300,000 | 300,000 |
| | Central Depository Company | | 100,000 | 100,000 | 100,000 |
| | | | 600,000 | 1,651,000 | 651,000 |
| 9 | **TRADE DEBTS** | 9.1 | 2,787,803 | 6,210,702 | 11,876,394 |

9.1 These are receivable against purchase of shares on behalf of client and commission charged thereof . These include amounting Rs.2,877 (2015: Rs 1,982) receivable from related parties i.e. directors and shareholders of the company. and these are secured to the extent of margin maintained with the TREC holder. Further, these are considered good by the management of the company.

| | | 2016 Rupees | 2015 Rupees | 2015 Rupees |
|---|---|---|---|---|
| 10 | INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS | | | |
| | Cost of investment | 3,032,586 | 2,274,812 | 2,176,515 |
| | Gain on remeasurement of investment at fair value | 89,738 | 757,774 | 98,297 |
| | | 3,122,324 | 3,032,586 | 2,274,812 |
| 11 | LOANS AND ADVANCES | | | |
| | **Advances(Unsecured)** | | | |
| | Employee | 123,300 | 132,800 | - |
| 12 | TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES | | | |
| | **Deposits with:** | | | |
| | National Clearing Company | 500,000 | - | - |
| | Prepaid insurance | - | 9,916 | |
| | Tax deducted source | 215,024 | 115,730 | 59,526 |
| | | 715,024 | 125,646 | 59,526 |
| 13 | CASH AND BANK BALANCES | | | |
| | These were held as under: | | | |
| | In hand | - | - | 109,950 |
| | At bank - on current accounts | 16,454,346 | 14,245,880 | 2,089,676 |
| | | 16,454,346 | 14,245,880 | 2,199,626 |

| | | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|
| 14 | **SHARE CAPITAL** | | | |
| | **Authorized** | | | |
| | 4,500,000 (2015:4,500,000) ordinary shares of Rs.10/- each | 45,000,000 | 45,000,000 | 45,000,000 |
| | **Issued, subscribed and paid up** | | | |
| | 1,000 (2015:1,000) ordinary shares of Rs.10/- each fully paid in cash | 10,000 | 10,000 | 10,000 |
| | 3,867,000 (2015: 3,867,000) ordinary shares of Rs.10/- each fully paid for consideration other than cash | 38,670,000 | 38,670,000 | 38,670,000 |
| | | 38,680,000 | 38,680,000 | 38,680,000 |
| 15 | **DEFERRED TAXATION** | | | |
| | Deferred credits/(debits) arising due to: | | | |
| | Accelerated tax depreciation | 5,332 | 37,382 | 14,502 |
| | Brought forward losses | (82,322) | (44,967) | (1,169,842) |
| | | (76,990) | (7,586) | (1,155,340) |
| | Balance as at July 01, | - | - | 14,909 |
| | Add: charge for the year | - | - | (14,909) |
| | | - | - | - |

At year end net deductible temporary differences amounting Rs. 248,355 (2015:Rs. 19,447) which results in a net deferred tax asset of Rs. 76,990 (2015:Rs. 7,585). However, deferred tax asset has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be reassessed as at June 30, 2017.

| | | Note | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|---|
| 16 | **TRADE AND OTHER PAYABLES** | | | | |
| | Creditors for sale of shares on behalf of clients | | 12,059,502 | 16,706,077 | 8,899,479 |
| | Accrued expense | | 189,024 | 307,248 | 521,818 |
| | | | 12,248,526 | 17,013,325 | 9,421,297 |
| 17 | **SHORT TERM BORROWINGS** | | | | |
| | From related parties | 17.1 | 3,497,077 | 378,601 | - |
| | | | 3,497,077 | 378,601 | - |

17.1 This represents interest free and unsecured loan obtained from the Shareholder of the company.

## 18 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments as at balance sheet date were Rs. Nil ( 2015: Rs. Nil).

| | | Note | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|---|
| 19 | **BROKERAGE AND COMMISSION** | | | | |
| | Commission income | | 5,456,223 | 4,705,404 | 4,402,164 |
| 20 | **DIRECT COST** | | | | |
| | Lahore Stock Exchange Limited | | 59,776 | 55,752 | 32,032 |
| | National Clearing Company trade fee | | - | 209,965 | 27,483 |
| | Commission paid | | 432,147 | 503,377 | 413,871 |
| | Central Depository Company charges | | - | 315,182 | 62,952 |
| | | | 491,923 | 1,084,276 | 536,338 |
| 21 | **OPERATING EXPENSES** | | | | |
| | Directors remuneration | | 390,000 | - | - |
| | Staff salaries and benefits | | 3,298,199 | 2,555,805 | 1,647,449 |
| | Rent, rates and taxes | | 33,157 | 37,488 | 30,000 |
| | Communication expenses | | 200,985 | 204,053 | 309,608 |
| | Electricity charges | | 155,773 | 125,560 | 213,487 |
| | Postage and courier charges | | - | 101,813 | 32,628 |
| | Printing and stationery | | 44,753 | 56,420 | 64,761 |
| | Repair and maintenance | | 224,448 | 224,000 | 101,660 |
| | Legal and professional charges | | 258,525 | 102,500 | 149,197 |
| | Fee and subscription | | 93,900 | 62,330 | 74,395 |
| | Insurance | | 9,916 | 9,916 | 9,916 |
| | Books and newspapers | | 17,902 | 15,450 | 16,723 |
| | Entertainment | | 331,250 | 363,376 | 248,040 |
| | Advertisement | | 3,500 | - | 91,580 |
| | Donation | | 533,730 | 424,746 | 747,900 |
| | Depreciation | 5 | 112,847 | 94,979 | 87,938 |
| | Travelling and conveyance | | 114,058 | 58,034 | - |
| | Others | | 114,659 | 178,180 | 215,317 |
| | | | 5,937,602 | 4,614,650 | 4,040,599 |
| 22 | **OTHER OPERATING INCOME/EXPENSES** | | | | |
| | **Income from financial assets** | | | | |
| | Dividend income | | 896,366 | 705,214 | 84,397 |
| | Profit on remeasurement of investment at fair value through profit & loss | 10 | 89,738 | 757,774 | 98,297 |
| | | | 986,104 | 1,462,988 | 182,694 |
| | **Income from assets other than financial assets** | | | | |
| | Other income | | 204,652 | 237,872 | - |
| | Old Balances written Off | | - | - | (3,239,580) |
| | | | 204,652 | 237,872 | (3,239,580) |
| | | | 1,190,756 | 1,700,860 | (3,056,886) |

| | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|

## 23 FINANCE COST

| | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|
| Bank charges | 8,530 | 12,957 | 196,471 |
| | 8,530 | 12,957 | 196,471 |

## 24 TAXATION

| | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|
| Income tax: | | | |
| -Current | 168,654 | 127,532 | 52,462 |
| -Prior year | (9,957) | - | (14,909) |
| -Deferred | - | - | - |
| | 158,697 | 127,532 | 37,553 |

24.1 Income tax assessment of the Company have been finalized up to tax year 2015.

24.2 No numeric tax rate reconciliation is presented in these financial statements as the company is either liable to pay tax under final tax regime or minimum tax u/s 113 of Income Tax Ordinance 2001.

## 25 EARNING/LOSS PER SHARE- BASIC AND DILUTED

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| Profit/Loss for the year-Rupees | 50,227 | 566,848 | (3,727,036) |
| Weighted Average Number of ordinary shares outstanding during the year-Numbers | 3,868,000 | 3,868,000 | 3,868,000 |
| Earning/Loss per share-Rupees | 0.01 | 0.15 | (0.96) |

## 26 NUMBER OF EMPLOYEES

| | 2016 | 2015 (Number) | 2014 |
|---|---|---|---|
| Total number of employees at the end of year: | 9 | 10 | 7 |
| Average number of employees during the year | 9 | 10 | 7 |

## 27 REMUNERATION TO CHIEF EXECUTIVE

The aggregate amount charged in the financial statements for the year for remuneration to the chief executive of the company is as follows:

| | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|
| Chief Executive remuneration | 390,000 | - | - |
| Number of persons | 1 | - | - |

| | 2016 Rupees | 2015 Rupees |
|---|---|---|
| **28 FINANCIAL INSTRUMENTS BY CATEGORY** | | |
| **Financial assets and financial liabilities** | | |
| **Financial assets** | | |
| **Financial instruments- available for sale** | | |
| Long term investment | 17,343,686 | 15,275,948 |
| **Investment at fair value through profit and loss** | 3,122,324 | 3,032,586 |
| **Loans and receivables** | | |
| Long term deposits | 600,000 | 1,651,000 |
| Trade debts | 2,787,803 | 6,210,702 |
| Trade deposits and other receivables | 500,000 | - |
| Cash and bank balances | 16,454,346 | 14,245,880 |
| | 20,342,149 | 22,107,582 |
| **Financial liabilities** | | |
| **Financial liabilities at amortized cost** | | |
| Trade and other payables | 12,248,526 | 17,013,325 |
| Short- term borrowings | 3,497,077 | 378,601 |
| | 12,248,526 | 17,013,325 |

## 29 FINANCIAL RISK MANAGEMENT

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

The company's exposure to financial risks, the way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the company and the manner in which each of these risks are managed is as follows:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

**Exposure to Credit Risk**

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net 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 management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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

| | Note | 2016<br>Rupees | 2015<br>Rupees |
|---|---|---|---|
| Long term investment | | 17,343,686 | 15,275,948 |
| Long term deposits | | 600,000 | 1,651,000 |
| Short term deposits | | 500,000 | - |
| Trade debts | 29.1.1 | 2,787,803 | 6,210,702 |
| Bank balances | 29.1.2 | 16,454,346 | 14,245,880 |
| | | 37,685,835 | 37,383,530 |

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

| | 2016<br>Rupees | 2015<br>Rupees |
|---|---|---|
| Upto 1 month | 148,093 | 329,924 |
| 1 to 6 months | 2,071,518 | 4,614,953 |
| More then 6 months | 568,192 | 1,265,825 |
| | 2,787,803 | 6,210,702 |

29.1.2 **Concentration of credit risk**

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

Geographically there is no concentration of credit risk.

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

| | Note rating | 2016 Rupees | 2015 Rupees |
|---|---|---|---|
| Cash at banks | A1+ | 16,454,346 | 14,245,880 |

b) **Liquidity Risk**

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

| | 2016 | | | |
|---|---|---|---|---|
| | Carrying Amount | Contractual Cash Flows | Maturity up to one year | Maturity after one year |
| | -------------R u p e e s------------- | | | |
| Trade and other payables | 12,248,526 | 12,248,526 | 12,248,526 | - |
| Short term borrowings | 3,497,077 | 3,497,077 | 3,497,077 | - |
| | 15,745,603 | 15,745,603 | 15,745,603 | - |

| | 2015 | | | |
|---|---|---|---|---|
| | Carrying Amount | Contractual Cash Flows | Maturity up to one year | Maturity after one year |
| | -------------R u p e e s------------- | | | |
| Trade and other payables | 17,013,325 | 17,013,325 | 17,013,325 | - |
| Short term borrowings | 378,601 | 378,601 | 378,601 | - |
| | 17,391,926 | 17,391,926 | 17,391,926 | - |

**Liquidity Risk Management**

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

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

c) Market Risk

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

i) Foreign Currency Risk

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

ii) Price Risk

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

Sensitivity Analysis

The table below summarizes Company's equity price risk as of 30 June 2016 and 2015 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices of investments through profit and loss as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

| | Fair Value | Hypothetical Price Change | Estimated Fair Value After Hypothetical Change In Price | Hypothetical Increase/(Decrease) in Share Holders' Equity |
|---|---|---|---|---|
| | Rupees | | Rupees | Rupees |
| June 30, 2016 | 3,122,324 | 10% increase | 3,434,556 | 312,232 |
| | | 10% decrease | 2,810,092 | (312,232) |
| June 30, 2015 | 3,032,586 | 10% increase | 3,335,845 | 303,259 |
| | | 10% decrease | 2,729,327 | (303,259) |

N

iii) **Interest Rate Risk**

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

**Sensitivity Analysis**

Currently, the Company is not exposed to any interest rate risk as it does not hold any mark up/interest bearing financial instrument exposed to interest rate risk at the reporting date.

## 29.2 Fair value of financial instruments

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

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

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

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

| | 2016 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| | -----------------Rupees----------------- | | |
| **Financial assets** | | | |
| Investment at fair value through profit and loss | 3,122,324 | - | - |
| Investments available for sale | - | 17,343,686 | - |
| | 3,122,324 | 17,343,686 | - |

| | 2015 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| | ----------------Rupees---------------- | | |
| **Financial assets** | | | |
| Investment at fair value through profit and loss | 3,032,586 | - | - |
| Investments available for sale | - | 15,275,948 | - |
| | 3,032,586 | 15,275,948 | - |

### 29.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has a gearing ratio of 9% (2015: 1%) as of the balance sheet date.

## 30 OPERATING SEGMENT

30.1 These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

30.2 All non-current assets of the Company as at June 30, 2016 are located in Pakistan.

## 31 CORRESPONDING FIGURES

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

Deposits with Lahore Stock Exchange, Pakistan Stock Exchange, National Clearing Company ,Central Depository Company and Others amounting Rs. 600,000 and Rs.1,651,000 and Rs.651,000 for the year(s) ended June 30, 2016 , 2015 and 2014 respectively have been reclassified from short term deposits to long term deposits.

## 32 GENERAL

Figures have been rounded off to the nearest of rupee.

## 33 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 31 AUG 2016 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR