

**PUNJAB CAPITAL SECURITIES
(PRIVATE) LIMITED**

**INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR
ENDED DECEMBER 31, 2017**

REVIEW REPORTS ON INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying balance sheet of **Punjab Capital Securities (Private) Limited ("The Company")** as of December 31, 2017 and the related statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the balance sheet of the Company as at December 31, 2017, and the related statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Lahore : _____

(Chartered Accountants)
Muhammad Ali Rafique



PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2017

	Note	(Un-audited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	1,996,286	2,213,599
Cards and rooms	5	9,374,500	9,374,500
Long term security deposits	6	2,076,909	300,000
Deferred taxation	7	2,190,777	-
		15,638,472	11,888,099
CURRENT ASSETS			
Trade debts	8	585,627	-
Advances and deposits	9	8,278,589	15,323,704
Income tax refund due from Government		134,071	3,837
Short term investment	10	15,259,068	-
Cash and bank balances	11	38,922,266	17,951,610
		63,179,621	33,279,151
TOTAL ASSETS		78,818,093	45,167,250
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	50,000,000	50,000,000
Share deposit money		26,500,000	-
Revenue reserve: accumulated loss		(5,117,399)	(5,192,376)
		71,382,601	44,807,624
CURRENT LIABILITIES			
Trade and other payables	13	6,923,581	-
Accrued and other liabilities	14	376,094	359,627
Provision for taxation		135,817	-
		7,435,492	359,627
TOTAL EQUITY AND LIABILITIES		78,818,093	45,167,250
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes from 1 to 27 from an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Note	December 31, 2017 Rupees	June 30, 2017 Rupees
Operating revenues	16	656,887	-
Administrative expenses	17	(3,442,364)	(5,191,978)
Operating loss		<u>(2,785,478)</u>	<u>(5,191,978)</u>
Finance charges	18	(6,567)	(399)
Gain on remeasurement of investment classified as 'held for trading'	10	367,174	-
		<u>(2,424,870)</u>	<u>(5,192,376)</u>
Other income	19	444,888	-
Loss before taxation		<u>(1,979,983)</u>	<u>(5,192,376)</u>
Taxation	20	2,054,960	-
Loss after taxation		<u>74,977</u>	<u>(5,192,376)</u>
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		<u><u>74,977</u></u>	<u><u>(5,192,376)</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017(UN-AUDITED)

	Note	December 31, 2017 Rupees	June 30, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,979,983)	(5,192,376)
Adjustments for non-cash charges and other items:			
Depreciation	4	239,403	319,128
Unrealized re-measurement gain on investment		(367,174)	-
Dividend income		(421,988)	-
Financial charges	18	6,567	399
Operating loss before working capital changes		<u>(2,523,175)</u>	<u>(4,872,850)</u>
Effect on cash flow due to Working capital changes			
(Increase)/decrease in current assets			
Advances and deposits		7,045,115	(15,323,704)
Trade debts		(585,627)	-
Increase in current liabilities			
Trade and other payables		6,923,581	-
Accrued and other liabilities		16,467	359,627
Cash flows from operations		<u>10,876,361</u>	<u>(19,836,927)</u>
Income tax paid		(130,234)	(3,837)
Financial charges paid		(6,567)	(399)
Dividend income received		421,988	-
Net cash generated from/(used in) operating activities		<u>11,161,548</u>	<u>(19,841,163)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(22,090)	(2,532,727)
Purchase of cards and rooms		-	(9,374,500)
Short term investment		(15,259,068)	-
Security deposit		(1,776,909)	(300,000)
Net cash used in investing activities		<u>(17,058,067)</u>	<u>(12,207,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		26,500,000	50,000,000
Net cash generated from financing activities		<u>26,500,000</u>	<u>50,000,000</u>
Net increase in cash and cash equivalents		20,970,655	17,951,610
Cash and cash equivalents at the beginning of the period		17,951,610	-
Cash and cash equivalents at the end of the period	11	<u>38,922,266</u>	<u>17,951,610</u>

The annexed notes from 1 to 27 from an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017(UN-AUDITED)

	Issued, subscribed and paid-up capital	Share deposit money	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at January 01, 2017	-	-	-	-
Share issued during the period	50,000,000	-	-	50,000,000
Loss for the period	-	-	(5,192,376)	(5,192,376)
Balance as at July 01, 2017	<u>50,000,000</u>	<u>-</u>	<u>(5,192,376)</u>	<u>44,807,624</u>
Share deposit money received	-	26,500,000	-	26,500,000
Loss for the period	-	-	74,977	74,977
Balance as at December 31, 2017	<u><u>50,000,000</u></u>	<u><u>26,500,000</u></u>	<u><u>(5,117,399)</u></u>	<u><u>71,382,601</u></u>

The annexed notes from 1 to 27 from an integral part of these financial statements.



CHIEF EXECUTIVE

DIRECTOR

PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR HALF YEARLY ENDED DECEMBER 31, 2017(UN-AUDITED)

1. INTRODUCTION

The Punjab Capital Securities (Private) Limited (“the Company”) was incorporated in Pakistan and registered under the repealed Companies Ordinance, 1984 as company limited by shares dated 29th day of November 2016. The principal activity of the Company is brokerage services, portfolio management and consultancy services. The registered office of the company is situated at Room No 319, 3rd Floor, LSE Building, Lahore.

The Company is wholly-owned subsidiary of First Punjab Modarba (“the Parent”) by virtue of 100% holding of 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 Standards Board (IASB) and the provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on May 30, 2017. Securities and Exchange Commission of Pakistan (SECP) vide its Circular 23 of 2017 dated October 04, 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

This interim financial information is un-audited. This interim financial information of the Company for the six months period ended December 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 “Interim Financial Reporting”.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

2.3 Accounting estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that



period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan rupees, which is the functional and presentation currency for the Company.

2.5 New standards, amendments to approved accounting standards and new interpretations

2.5.1. Amendments to approved accounting standards and an interpretation which became effective during the year ended December 31, 2017

There were certain amendments to the approved accounting standards and a new interpretation issue by International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.2. New standards and amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company

There are certain new standards and amendments to the approved accounting standards which will be effective for the Company for annual periods beginning on or after July 1, 2016 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged on reducing balance method at the rates specified in note 4. Depreciation on additions is charged from the day in which the asset is put to use and on disposals, up to the day the asset has been in use.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change of accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

Maintenance and normal repairs are charged to statement of comprehensive income as when incurred. Major renewals and improvements are capitalized and the assets so replace, if any, are retired.

3.2 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whether the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of comprehensive income. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss has recognized. If that is the case, the carrying amount of

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the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of comprehensive income.

3.3 Cards and Rooms

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

3.4 Trade debts

Trade debts are carried at cost which is the fair value of the consideration to be received in future for the services provided less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.5 Investments

Held for trading

These investments are held for trading and acquired principally for the purpose of generating profit from short-term fluctuations in price or dealer's margin. These are marked to market based on market prices and the surplus/(deficit) arising from changes in the fair value of securities classified as held for trading is taken to profit and loss account.

3.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

3.7 Revenue recognition

Dividend income

Dividend income is recognized when company's right to receive the dividend is established.

Commission

Commission and brokerage income is recognized when the related services are rendered.

Others

Gain or loss from re-measurement of investment is recognized at year end.

3.8 Provisions

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

3.9 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also

includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

Deferred tax is calculated at the rates are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

3.10 Related party transactions

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

3.11 Financial instruments

Financial assets

Significant financial assets include advances, deposits, receivables, investments and cash & bank balances. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include trade payables, accrued and other payables. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and de-recognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

Offsetting

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

4. Property and equipment

4.1 Reconciliation of the carrying amounts at the end of the period is as follows. (Un-audited)

Particulars	Cost			Rate	Accumulated Depreciation			Written down value as at December 31, 2017
	As at July 01, 2017	Additions during the period	As at December 31, 2017		As at July 01, 2017	Charge for the period	As at December 31, 2017	
Furniture and fixtures	667,635	5,000	672,635	15	53,541	46,223	99,764	572,871
Computers	1,170,180	5,000	1,175,180	30	204,782	145,067	349,849	825,332
Office equipments	694,912	12,090	707,002	15	60,805	48,113	108,918	598,084
	<u>2,532,727</u>	<u>22,090</u>	<u>2,554,817</u>		<u>319,128</u>	<u>239,403</u>	<u>558,531</u>	<u>1,996,286</u>

4.2 Reconciliation of the carrying amounts at the beginning of the period is as follows. (Audited)

Particulars	Cost			Rate	Accumulated Depreciation			Written down value as at June 30, 2017
	As at January 01, 2016	Additions during the period	As at June 30, 2017		As at January 01, 2016	Charge for the period	As at June 30, 2017	
Furniture and fixtures	-	667,635	667,635	15	-	53,541	53,541	614,094
Computers	-	1,170,180	1,170,180	30	-	204,782	204,782	965,399
Office equipments	-	694,912	694,912	15	-	60,805	60,805	634,107
	-	<u>2,532,727</u>	<u>2,532,727</u>		-	<u>319,128</u>	<u>319,128</u>	<u>2,213,599</u>

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	(Un-audited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
5. Cards and rooms		
LSE room	4,374,500	4,374,500
Trading Right Entitlement Certificate(TREC)	<u>5,000,000</u>	<u>5,000,000</u>
	<u><u>9,374,500</u></u>	<u><u>9,374,500</u></u>
6. Long term security deposits		
National Clearing Company of Pakistan Limited	200,000	200,000
Central Depository Company	100,000	100,000
Deposit against base minimum capital	576,909	-
Basic deposit for regular	200,000	-
Basic deposit for future	<u>1,000,000</u>	<u>-</u>
	<u><u>2,076,909</u></u>	<u><u>300,000</u></u>
7. Deferred taxation		
Deferred tax liability on taxable temporary difference arising in respect of:		
Accelerated tax depreciation on operating fixed assets	(206,789)	-
Accelerated tax amortization on intangible assets	(562,470)	-
Investment in equity - un-quoted	<u>(110,152)</u>	<u>-</u>
Deferred tax assets on deductible temporary difference arising in respect of:		
Un absorbed tax loss	2,687,629	-
Unabsorbed accumulated depreciation	374,348	-
Tax credit	<u>8,211</u>	<u>-</u>
Net deferred tax assets	<u><u>2,190,777</u></u>	<u><u>-</u></u>
7.1	As per the assessment of the management of the Company, the taxable income of the Company will fall under normal tax in the near future and the minimum turnover taxes paid by the Company will not lapse. Consequently, based on prudence principle, the Company has recognized deferred tax assets in respect of tax losses available for carry forward u/s 57 of Income Tax Ordinance, 2001, as sufficient tax profits would be available to set these losses in foreseeable future.	
8. Trade debts		
Unsecured:		
- Considered good	<u>585,627</u>	<u>-</u>
9. Advances and deposits		
Advance for shares	-	14,891,894
Advances to suppliers	477,089	430,310
Security deposit	<u>7,801,500</u>	<u>1,500</u>
	<u><u>8,278,589</u></u>	<u><u>15,323,704</u></u>
9.1	This includes Rs. 7,800,000 (June-2017: Nil) given to NCCPL against ready and future exposure.	

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	(Un-audited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
10. Short term investment		
Held for trading		
843,975 (June-2017: Nil) shares of LSE Financial Services Limited	10.1 <u>15,259,068</u>	<u>-</u>
10.1 Revaluation gain		
Cost	14,891,894	-
Revaluation gain on remeasurement	<u>367,174</u>	<u>-</u>
	<u>15,259,068</u>	<u>-</u>
11. Cash and bank balances		
Cash at hand	7,897	11,412
Cash at bank		
Current account	<u>38,914,369</u>	<u>17,943,198</u>
	<u>38,922,266</u>	<u>17,954,610</u>
12. Share Capital		
Authorized		
10,000,000 (June-2017: 10,000,000) ordinary shares of Rs.10 each	<u>100,000,000</u>	<u>100,000,000</u>
12.1. Issued, subscribed and Paid up		
5,000,000 (June-2017: 5,000,000) ordinary shares of Rs.10 each fully paid-up in cash	<u>50,000,000</u>	<u>50,000,000</u>
12.1.1 There has been no movement in ordinary share capital during the period ended December 31, 2017.		
13. Trade and other payables		
Trade payables	6,906,874	-
Others payable	<u>16,706</u>	<u>-</u>
	<u>6,923,581</u>	<u>-</u>
14. Accrued and other liabilities		
Accrued liabilities	-	76,575
Provident fund payable	376,094	186,052
Audit fee payable	-	100,000
	<u>376,094</u>	<u>362,627</u>

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15. Contingencies and commitments

There are no material contingencies and commitments at the balance sheet date.

	Note	(Un-audited) December 31, 2017 Rupees	(Audited) 30-Jun-17 Rupees
16. Operating revenues			
Commission income		656,887	-
17. Administrative expenses			
Salaries, allowances and benefits		2,446,013 ✓	3,404,923
Provident fund - employer contribution		95,021 ✓	93,026
Internet charges		14,700 ✓	4,000
Communication charges		93,689 ✓	101,851
Courier charges		3,308 ✓	761
Utility charges		49,273 ✓	27,950
Travelling expenses		4,840 ✓	-
Printing and stationery		61,834 ✓	46,599
Fee and subscription		40,000 ✓	319,500
Kitchen expense		25,961 ✓	10,153
Rent and rates		12,412 ✓	-
Entertainment		8,993 ✓	4,100
Repair and maintenance		77,225 ✓	146,558
Legal and professional		194,037 ✓	546,950
Auditor's remuneration	17.1	-	150,000
Water charges		10,260 ✓	5,800
Depreciation expense	4	239,403 ✓	319,128
Insurance charges		46,764 ✓	5,879
Computer printer maintenance		1,350 ✓	4,800
CDC & NCCPL charges		13,981 ✓	-
Miscellaneous expenses		3,300 ✓	-
		3,442,364 ✓	5,191,978
17.1 Auditor's remuneration			
Statutory audit		-	100,000
Others		-	50,000
		-	150,000
18. Finance Cost			
Bank charges		5,127	187
FED charges		1,440	212
		6,567 ✓	399
19. Other income			
Income from financial assets			
Dividend income on shortterm investment		421,988	-
Income from non-financial assets			
Risk management services		22,900	-
		444,888	-

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	Note	(Un-audited) December 31, 2017 Rupees	(Audited) 30-Jun-17 Rupees
20. Taxation			
Current period		72,014	-
Transaction tax		63,803	-
Deferred tax	7	(2,190,777)	-
		<u>(2,054,960)</u>	<u>-</u>

20.1 Relationship between federal tax expense and accounting profit

In view of available income tax losses, provision for current taxation for the period ended December 31, 2017 is based on "Minimum Tax" u/s 113 of Income Tax Ordinance, 2001, there was no relationship between aggregate tax expense and accounting profit. Owing to accounting and tax losses and charging minimum tax, the reconciliation of average effective tax rate with applicable tax rate is not given.

21. Remuneration of Chief executive, Director and Executives

The aggregate amount charged in the financial statements for the period for remuneration, including all benefits, to the Chief Executive, Director and Executives of the Company are as follows:

	Chief Executive		Executives	
	(Un-audited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees	(Un-audited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
Managerial remuneration	1,215,000	2,420,956	809,219	959,067
Other benefits	416,994	611,956	-	-
Provident fund	95,021	93,026	-	-
	<u>1,727,015</u>	<u>3,125,938</u>	<u>809,219</u>	<u>959,067</u>
No. of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>

21.1 No remuneration is paid to any Director other than Chief Executive.

22. Related party transaction

The related parties comprise parent, associates, directors and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes of these financials statement. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	(Un-audited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
Parent Company	Preliminary expenses	-	4,987,863
Provident fund	Employer contribution	95,021	93,026
	Employee contribution	95,021	93,026

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23. Financial instruments and related disclosures

23.1 Maturities of financial assets and liabilities

As At December 31, 2017 (Un-audited)

	Mark-up bearing maturity				Non-mark-up bearing maturity				Total
	Upto one year	Over one year upto five years	Over five years	Sub-total	Upto one year	Over one year upto five years	Over five years	Sub-total	
Financial assets	-----Rupees-----								
Long term security deposits	-	-	-	-	-	-	2,076,909	2,076,909	2,076,909
Advances and deposits	-	-	-	-	-	-	8,278,589	8,278,589	8,278,589
Short term investment	-	-	-	-	-	-	15,259,068	15,259,068	15,259,068
Cash and bank balances	-	-	-	-	-	-	38,922,266	38,922,266	38,922,266
	-	-	-	62,459,922	-	-	2,076,909	64,536,831	64,536,831
Financial liabilities									
On balance sheet									
Share deposit money	-	-	-	-	-	-	26,500,000	26,500,000	26,500,000
Trade and other payables	-	-	-	-	-	-	6,923,581	6,923,581	6,923,581
Accrued and other liabilities	-	-	-	-	-	-	376,094	376,094	376,094
	-	-	-	-	-	-	33,799,675	33,799,675	33,799,675
Off balance sheet									
	-	-	-	-	-	-	-	-	-
	-	-	-	33,799,675	-	-	33,799,675	33,799,675	33,799,675

As At June 30, 2017 (Audited)

	Mark-up bearing maturity				Non-mark-up bearing maturity				Total
	Upto one year	Over one year upto five years	Over five years	Sub-total	Upto one year	Over one year upto five years	Over five years	Sub-total	
Financial assets									
Long term security deposits	-	-	-	-	-	-	300,000	300,000	300,000
Advances and deposits	-	-	-	-	-	3,837	-	3,837	3,837
Income tax refund due from Government	-	-	-	-	-	-	-	-	-
Cash and bank balances	-	-	-	-	17,951,610	-	-	17,951,610	17,951,610
	-	-	-	-	17,951,610	3,837	300,000	18,255,447	18,255,447
Financial liabilities									
On balance sheet									
Accrued and other liabilities	-	-	-	-	359,627	-	-	359,627	359,627
	-	-	-	-	359,627	-	-	359,627	359,627
Off balance sheet									
	-	-	-	-	359,627	-	-	359,627	359,627
	-	-	-	-	359,627	-	-	359,627	359,627

Rupees-----

Rm

23.2 Interest / mark-up 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. The Company is not exposed to any short term borrowing arrangements having variable rate pricing.

23.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash & cash equivalents and marketable securities and the ability to close out market positions due to dynamic nature of the business. Currently, there is no liquidity risk.

23.4 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.. The Company is not materially exposed to credit risk.

23.5 Fair values 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. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

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 that have a significant effect on the recorded fair value that are not based on observable market data

The carrying values of financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each

23.6 Foreign-exchange risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company is currently not exposed to foreign exchange risk.

23.7 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. Currently, the Company has zero borrowing at balance sheet thus minimizing the gearing ratio.

24. Provident fund and related disclosures

The following information is based on latest unaudited financial statements of the Fund as at balance sheet date:

	(Un-audited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
Size of the fund	<u><u>376,094</u></u>	<u><u>186,052</u></u>
Cost of investments made	<u><u>-</u></u>	<u><u>-</u></u>
Percentage of investments made	<u><u>-</u></u>	<u><u>-</u></u>
Fair value of investments	<u><u>-</u></u>	<u><u>-</u></u>

The investments out of the provident fund have not been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 and rules formulated for this purpose.

25. No. of employees

The total and average number of employees respectively are as follows:

	(Un-audited) December 31, 2017 Number	(Audited) June 30, 2017 Number
Number of employees	<u><u>4</u></u>	<u><u>4</u></u>
Average number of employees	<u><u>4</u></u>	<u><u>4</u></u>

26. Date of authorization

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

27. General

Figures have been rounded off to the nearest rupees.

for

CHIEF EXECUTIVE OFFICER

DIRECTOR