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*MUHAMMAD AMER RIAZ SECURITIES  
(PRIVATE) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2016*

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED** ('the Company') as at 30 June 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 accounts 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;
  - (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 the 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 30 June 2016 and of the loss, its comprehensive income, cash flows and changes in equity for the year then ended;
- (d) in our opinion, no Zakat was deductible at source under Zakat & Ushr Ordinance, 1980; and
- (e) the financial statements for the year ended 30 June 2015 were audited by another firm of auditors, whose report dated 28 September 2015 expressed an unqualified opinion on those financial statements.

Lahore  
Dated: 04 October 2016

  
Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants  
Shahid Mehmood

**MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2016**

|   | NOTE | 2016<br>RUPEES    | 2015<br>RUPEES    |
|---|------|-------------------|-------------------|
| <b>ASSETS</b>   |      |                   |                   |
| <b>NON CURRENT ASSETS</b>   |      |                   |                   |
| Property, plant and equipment   | 7    | 492,566           | 617,626           |
| Intangible assets   | 8    | 1,280,000         | 1,280,000         |
| Long term investment  | 9    | 2,720,000         | 2,720,000         |
| Long term deposits  | 10   | 630,000           | 630,000           |
|   |      | 5,122,566         | 5,247,626         |
| <b>CURRENT ASSETS</b>   |      |                   |                   |
| Trade debts   | 11   | 2,744,256         | 3,833,117         |
| Short term investments  | 12   | 4,177,802         | 6,051,317         |
| Advances and other receivables  | 13   | 886,363           | 40,206            |
| Cash and bank balances  | 14   | 8,723,038         | 9,086,561         |
|   |      | 16,531,459        | 19,011,201        |
|   |      | <u>21,654,025</u> | <u>24,258,827</u> |
| <b>EQUITY AND LIABILITIES</b>   |      |                   |                   |
| <b>SHARE CAPITAL AND RESERVES</b>   |      |                   |                   |
| Authorized share capital<br>1,200,000 (2015: 1,200,000) ordinary shares<br>of Rs. 10 each |      | 12,000,000        | 12,000,000        |
| Issued, subscribed and paid-up capital  | 15   | 10,500,000        | 10,500,000        |
| Share deposit money   |      | 2,900,000         | 2,900,000         |
| Reserves  | 16   | (940,213)         | (89,463)          |
|   |      | 12,459,787        | 13,310,537        |
| <b>NON CURRENT LIABILITIES</b>  |      |                   |                   |
| <b>CURRENT LIABILITIES</b>  |      |                   |                   |
| Trade and other payables  | 17   | 9,163,575         | 10,901,001        |
| Provision for taxation  | 18   | 30,663            | 47,289            |
|   |      | 9,194,238         | 10,948,290        |
| Contingencies and commitments   | 19   | -                 | -                 |
|   |      | <u>21,654,025</u> | <u>24,258,827</u> |

The annexed notes from 01 to 33 form an integral part of these financial statements.

TRGM

Chief Executive

  
Director

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED 30 JUNE 2016

|   | NOTE | 2016<br>RUPEES   | 2015<br>RUPEES |
|---|------|------------------|----------------|
| Operating revenue                             | 20   | 1,623,679        | 1,525,469      |
| Operating expenses                            | 21   | (2,423,646)      | (2,784,560)    |
| Other operating income                        | 22   | 649,272          | 1,518,123      |
| Other operating expenses                      | 23   | (672,464)        | -              |
|   |      | <u>(823,159)</u> | <u>259,032</u> |
| Finance cost                                  | 24   | (11,354)         | (10,042)       |
| (Loss)/profit before taxation                 |      | <u>(834,513)</u> | <u>248,990</u> |
| Taxation                                      | 25   | (16,237)         | (55,113)       |
| (Loss)/profit after taxation                  |      | <u>(850,750)</u> | <u>193,877</u> |
| (Loss)/earnings per share - basic and diluted | 26   | <u>(0.81)</u>    | <u>0.18</u>    |

The annexed notes from 01 to 33 form an integral part of these financial statements.

TRGM

Chief Executive

  
 Director

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016

|  | NOTE | 2016<br>RUPEES   | 2015<br>RUPEES |
|--|------|------------------|----------------|
| (Loss)/profit after taxation                   |      | (850,750)        | 193,877        |
| Other comprehensive income                     |      |                  |                |
| Total comprehensive (loss)/income for the year |      | <u>(850,750)</u> | <u>193,877</u> |

The annexed notes from 01 to 33 form an integral part of these financial statements.

TAGH

Chief Executive

  
Director

**MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

|   | 2016<br>RUPEES | 2015<br>RUPEES |
|---|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                |                |
| Net (loss)/profit before taxation                                   | (834,513)      | 248,990        |
| Adjustments for non cash items:                                     |                |                |
| Finance cost  | 11,354         | 10,042         |
| Revaluation loss on listed securities                               | 672,464        | -              |
| Depreciation  | 125,060        | 163,472        |
|   | 808,878        | 422,504        |
| Operating (loss)/profit before working capital changes              | (25,635)       | 671,494        |
| Adjustments for working capital changes                             |                |                |
| (Increase)/decrease in trade debts                                  | 1,088,861      | 773,205        |
| (Increase)/decrease in advances and other receivables               | (846,157)      | 6,536          |
|   | 242,704        | 779,741        |
| Decrease/(increase) in trade and other payables                     | (1,737,426)    | (1,227,992)    |
| Cash used in operating activities                                   | (1,520,357)    | (25,747)       |
| Tax paid  | (32,863)       | (58,216)       |
| Finance cost paid   | (11,354)       | (10,042)       |
| Net cash (used in)/generated from operating activities              | (1,564,574)    | (94,005)       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                |                |
| Cash received/ (paid) on disposal/ acquisition of listed securities | 1,201,051      | (1,257,872)    |
| Net cash (used in)/generated from investing activities              | 1,201,051      | (1,257,872)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                |                |
| Share deposit money received  | -              | 2,900,000      |
| Net cash (used in)/generated from financing activities              | -              | 2,900,000      |
| Net (decrease)/increase in cash and cash equivalents                | (363,523)      | 1,548,123      |
| Cash and cash equivalents at the beginning of the year              | 9,086,561      | 7,538,438      |
| Cash and cash equivalents at the end of the year                    | 8,723,038      | 9,086,561      |

The annexed notes from 01 to 33 form an integral part of these financial statements.

TAGM

Chief Executive

  
Director

MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016

RUPEES

|                              | Share capital | Share deposit money | Accumulated loss | Total      |
|------------------------------|---------------|---------------------|------------------|------------|
| Balance as at 30 June 2014   | 10,500,000    | -                   | (283,340)        | 10,216,660 |
| Profit for the year          | -             | -                   | 193,877          | 193,877    |
| Share deposit money received | -             | 2,900,000           | -                | 2,900,000  |
| Balance as at 30 June 2015   | 10,500,000    | 2,900,000           | (89,463)         | 13,310,537 |
| Loss for the year            | -             | -                   | (850,750)        | (850,750)  |
| Balance as at 30 June 2016   | 10,500,000    | 2,900,000           | (940,213)        | 12,459,787 |

The annexed notes from 01 to 33 form an integral part of these financial statements.

TAM

Chief Executive

  
 Director

**MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1 LEGAL STATUS AND NATURE OF BUSINESS**

Muhammad Amer Riaz Securities (Private) Limited was incorporated under the Companies Ordinance, 1984 vide Certificate No. 0083542 dated 22 April 2013 issued by Joint Registrar of Companies Lahore Region, Lahore. The Company is a member of Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited. The registered office of the Company is located at Room No. 306, Pakistan Stock Exchange building, 19 Khayaban-e-Iqbal, Lahore. Its principal activities include trading and brokerage for equities and underwriting of public issues.

**2 BASIS FOR PREPARATION**

**2.01 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. 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. 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 standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

**2.02 Standards, interpretations and amendments to published approved accounting standards**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

**Standards, amendments to published standards and interpretations effective in current year**

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2015:

**New/Revised Standards, Interpretations and Amendments**

IFRS 13 - Fair Value Measurement. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

**Improvement to Accounting Standards issued by the IASB**

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations - (changes in methods of disposal).

IFRS 7 - Financial Instruments: Disclosures - (servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements).

IAS 19 - Employee Benefits - (discount rate: regional market issue).

IAS 34 - Interim Financial Reporting - (disclosure of information elsewhere in the interim financial report).

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

**Standards, interpretations and amendments to published standards that are effective but not relevant to the Company**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2015 are considered not to be relevant or to have any significant impact on the Company's financial reporting and operations.



**Standards, interpretations and amendments to existing standards that are not yet effective**

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

|   |                 |
|---|-----------------|
| IFRS 10 - Consolidated Financial statements   | 01 January 2016 |
| IFRS 11 - Joint arrangements  | 01 January 2016 |
| IFRS 12 - Disclosure of interests in other entities                                 | 01 January 2016 |
| IAS 16 and 38 - Clarification of Acceptable Method of Depreciation and Amortization | 01 January 2016 |
| IAS 16 and 41 - Agriculture: Bearer Plants  | 01 January 2016 |

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| <b>Standard or Interpretation</b>                               | <b>Effective Date<br/>(Annual periods<br/>beginning on or after)</b> |
|---|--|
| IFRS 09 - Financial Instruments: Classification and Measurement | 01 January 2018  |
| IFRS 14 - Regulatory Deferral Accounts                          | 01 January 2016  |
| IFRS 15 - Revenue from Contracts with Customers                 | 01 January 2018  |
| IFRS 16 - Leases  | 01 January 2019  |

**3 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

**4 JUDGMENT, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of approved standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows:

**4.01 Depreciation method, rates and useful lives of property, plant and equipment**

The management of the Company reassesses useful lives, depreciation method, and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from those items.

**4.02 Fair value of financial instruments having no active market**

Fair value of financial instruments having no active market is determined using discounted cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk - return factors inherent in the financial instrument.

**4.03 Taxation**

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

**4.04 Provisions**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

**5 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

**6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**6.01 Property, plant and equipment**

**a) Recognition and measurement**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 entity and cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which these are incurred.

**b) Depreciation**

Depreciation on property, plant and equipment is charged to profit and loss account by applying the reducing balance method so as to write off the cost/depreciable amount of the assets over their estimated useful lives at the rates specified in note 7 to the financial statements. Depreciation on additions is charged from the month in which the asset was available for use up to the month prior to disposal.

**c) Derecognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Disposal of an asset is recognized when significant risk and rewards, incidental to the ownership of an asset, have been transferred to the buyer. Gains and losses on disposal of assets are taken to the profit and loss account.

**d) Impairment**

The Company assesses at each balance sheet date whether there is any indication that a tangible fixed asset may be impaired. If such indication exists, the carrying amount of such 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 the recoverable amounts and the difference is charged to profit and loss account of that year.

**6.02 Intangibles**

These are stated at cost less amortization and impairment loss, if any.

Amortization is charged on an assets in the month it is available for use and no depreciation is charged in the month the said assets is disposed off.

Amortization is charged using the reducing balance method at the rates specified in the relevant note 8 to the financial statements.

**6.03 Investments**

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in case of investments at fair value through profit and loss, in which case these transaction costs are charged to the profit and loss account. All regular way purchases and sales of investments are recognized/derecognized on the trade date. These are classified and measured as follows:

**Investments at fair value through profit or loss**

Investments which are acquired principally for the purposes of generating profit from short term fluctuations in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are re-measured at fair value. Gains or losses on re-measurement of these investments are recognized in the profit and loss account currently.

**Available for sale**

Investments which are not classified in preceding category is classified as available for sale investments. After initial recognition, these investments are re-measured at fair value. Surplus/deficit arising from re-measurement are taken to other comprehensive income until the investments are sold/disposed-off or until the investments are determined to be impaired, at which time, cumulative gain or loss previously reported in the other comprehensive income is included in the current year's profit and loss account.

**6.04 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in statement of changes in equity or in which case it is recognized in equity.

**Current**

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive/final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

**Deferred**

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is charged or credited to the profit and loss account.

**6.05 Borrowing cost**

The Borrowing costs are interest or other auxiliary cost incurred by the company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account. However, borrowing costs incurred on qualifying assets are capitalized as part of the cost of the asset.

**6.06 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**6.07 Related party transactions**

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

**6.08 Impairment**

**Financial assets**

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

**Non-financial assets**

The carrying amounts of non - financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

**6.09 Trading Right Entitlement Certificate (TREC)**

It is stated at cost less impairment, if any. Cost is determined as the value of the membership card with which it has been exchanged. For this purpose, the cost of the membership card has first been allocated to the shares of Pakistan Stock Exchange at their par value of Rs. 10 each and the remaining cost has been allocated to the TREC.

**6.10 Short term investments available for sale**

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

**6.11 Trade receivables**

These are stated initially at fair value less provision for impairment, if any.

## MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED

A provision for impairment is recognized where there is objective evidence that the Company will not be able to collect all amounts due according to original terms of the receivable. The amount of provision is charged to profit and loss account.

Trade debts are written off when considered irrecoverable.

### 6.12 Revenue recognition

Revenues are recognized as per the following criteria:

Brokerage, commission, consultancy and other income are recognized as and when such services are provided.

Interest income is recognized on a time proportion basis using the effective interest rate of return.

Capital gain/(loss) on sale of securities are included in profit and loss account on the date at which the transaction takes place.

Miscellaneous income is recognized on receipt basis.

### 6.13 Financial instruments

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

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

### 6.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

### 6.15 Creditors, accrued and other liabilities

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

### 6.16 Off setting of financial assets and liabilities

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

### 6.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

### 6.18 Earning per share

Earning per share is calculated by dividing the profit/(loss) after tax for the year by the weighted average number of shares outstanding during the year.

### 6.19 Securities purchased under resale agreement

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognized in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included as reverse repo against marketable securities. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions and accrued over the life of the reverse repo agreement.



7 PROPERTY, PLANT AND EQUIPMENT

|                  | 2016<br>RUPEES | 2015<br>RUPEES |
|------------------|----------------|----------------|
| Operating assets | 492,566        | 617,626        |
|                  | <u>492,566</u> | <u>617,626</u> |

The following is a statement of operating fixed assets (tangible):

|  | RUPEES    |                        |                  |           |
|--|-----------|------------------------|------------------|-----------|
|  | Computers | Furniture and Fixtures | Office Equipment | Total     |
| <b>At 30 June 2014</b>                       |           |                        |                  |           |
| Cost   | 342,068   | 210,500                | 286,416          | 838,984   |
| Accumulated depreciation                     | (33,351)  | (10,394)               | (14,141)         | (57,886)  |
| Net book value in Rupees                     | 308,717   | 200,106                | 272,275          | 781,098   |
| <b>Year ended 30 June 2015</b>               |           |                        |                  |           |
| Depreciation charge for the year (note 7.01) | (92,615)  | (30,016)               | (40,841)         | (163,472) |
| Net book value as at 30 June 2015            | 216,102   | 170,090                | 231,434          | 617,626   |
| <b>Year ended 30 June 2016</b>               |           |                        |                  |           |
| Depreciation charge for the year (note 7.01) | (64,831)  | (25,514)               | (34,715)         | (125,060) |
| Net book value as at 30 June 2016            | 151,271   | 144,576                | 196,719          | 492,566   |
| <b>At 30 June 2015</b>                       |           |                        |                  |           |
| Cost   | 342,068   | 210,500                | 286,416          | 838,984   |
| Accumulated depreciation                     | (125,966) | (40,410)               | (54,982)         | (221,358) |
| Net book value in Rupees                     | 216,102   | 170,090                | 231,434          | 617,626   |
| <b>At 30 June 2016</b>                       |           |                        |                  |           |
| Cost   | 342,068   | 210,500                | 286,416          | 838,984   |
| Accumulated depreciation                     | (190,797) | (65,924)               | (89,697)         | (346,418) |
| Net book value in Rupees                     | 151,271   | 144,576                | 196,719          | 492,566   |
| Annual rates of depreciation (%)             | 30        | 15                     | 15               |           |

7.01 Depreciation charge for the year has been allocated as follows:

|                    | 2016<br>RUPEES | 2015<br>RUPEES |
|--------------------|----------------|----------------|
| Operating expenses | 125,060        | 163,472        |
|                    | <u>125,060</u> | <u>163,472</u> |

7.02 No impairment relating to operating fixed assets has been recognised in the current year.

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| 8 INTANGIBLE ASSETS  | NOTE | 2016<br>RUPEES   | 2015<br>RUPEES   |
|--|------|------------------|------------------|
| Trading Rights Entitlement Certificate<br>- Pakistan stock exchange  | 8.01 | <u>1,280,000</u> | <u>1,280,000</u> |
| <p><b>8.01</b> This represents trading rights in Pakistan Stock Exchange Limited which have replaced membership cards of stock exchange pursuant to the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the 2012 Act). Before demutualization, the stock exchanges were functioning as Guarantee Limited Companies, wherein ownership and trading rights were conferred to members through membership cards. Pursuant to demutualization, the ownership in a stock exchange has been segregated from the right to trade on the exchange. Therefore, the membership cards have now been replaced by shares in the exchange representing ownership in the exchange and Trading Rights Entitlements Certificates (TREC) representing rights to trade in the exchange.</p> <p>As a result, the Company has been allotted 843,975 shares of the face value of Rs. 10/- each, out of which 506,385 shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of demutualization. Since the shares are not presently tradable the fair value cannot be determined with reasonable accuracy. The Company has reclassified its investment from Intangible asset to long term investments at par value for better presentation.</p> <p>The Company has pledged/hypothecated TREC of Lahore Stock Exchange Limited and 337,590 (40% of allotted shares) of LSE with LSE in compliance with Base Minimum Capital requirements under the Regulations Governing Risk Management of the LSE.</p> |      |                  |                  |
| <b>9 LONG TERM INVESTMENT</b>  |      |                  |                  |
| <b>Available for sale</b>  |      |                  |                  |
| Investment in Pakistan Stock Exchange shares   | 9.01 | <u>2,720,000</u> | <u>2,720,000</u> |
|  |      | <u>2,720,000</u> | <u>2,720,000</u> |
| <b>9.01 Investment in Pakistan Stock Exchange (PSX) shares</b>   |      |                  |                  |
| Investment in PSX Shares 843,975; (2015: 843,975) shares   |      | <u>2,720,000</u> | <u>2,720,000</u> |
|  |      | <u>2,720,000</u> | <u>2,720,000</u> |
| <b>10 LONG TERM DEPOSITS</b>   |      |                  |                  |
| Deposit with Pakistan Stock Exchange (Guarantee) Limited   |      | 430,000          | 430,000          |
| Deposit with National Clearing Company Limited   |      | 200,000          | 200,000          |
|  |      | <u>630,000</u>   | <u>630,000</u>   |
| <b>11 TRADE DEBTS</b>  |      |                  |                  |
| Secured - considered good  |      | <u>2,744,256</u> | <u>3,833,117</u> |
|  |      | <u>2,744,256</u> | <u>3,833,117</u> |
| <b>12 SHORT TERM INVESTMENTS</b>   |      |                  |                  |
| <b>Held for trading:</b>   |      |                  |                  |
| Investment in shares of listed companies - through profit and loss   |      | <u>4,177,802</u> | <u>6,051,317</u> |
|  |      | <u>4,177,802</u> | <u>6,051,317</u> |

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|  | NOTE | 2016<br>RUPEES    | 2015<br>RUPEES    |
|--|------|-------------------|-------------------|
| <b>13 ADVANCES &amp; OTHER RECEIVABLES</b>   |      |                   |                   |
| Loan to director   |      | 801,069           | -                 |
| Tax deducted at source   |      | 38,205            | 40,206            |
| Capital gain tax   |      | 47,089            | -                 |
|  |      | <u>886,363</u>    | <u>40,206</u>     |
| <b>14 CASH AND BANK BALANCES</b>   |      |                   |                   |
| Cash in hand   |      | 6,962             | 36,330            |
| Cash with banks - In current accounts  |      | 8,716,076         | 9,050,231         |
|  |      | <u>8,723,038</u>  | <u>9,086,561</u>  |
| <b>15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>   |      |                   |                   |
| 1,050,000 (2015: 1,050,000) ordinary shares of<br>Rs. 10 each issued as fully paid in cash |      | <u>10,500,000</u> | <u>10,500,000</u> |
| <b>16 RESERVES</b>   |      |                   |                   |
| <b>Capital Reserves:</b>   |      |                   |                   |
| Share deposit money  |      | <u>2,900,000</u>  | <u>2,900,000</u>  |
|  |      | 2,900,000         | 2,900,000         |
| <b>Revenue Reserves:</b>   |      |                   |                   |
| Unappropriated loss  |      | <u>(940,213)</u>  | <u>(89,463)</u>   |
|  |      | (940,213)         | (89,463)          |
|  |      | <u>(940,213)</u>  | <u>(89,463)</u>   |
| <b>17 TRADE AND OTHER PAYABLES</b>   |      |                   |                   |
| Trade creditors  |      | 8,679,124         | 9,729,829         |
| Salaries payable   |      | -                 | 620,000           |
| Federal excise duty payable  |      | 21,951            | 35,240            |
| Audit fee payables   |      | 250,000           | 25,000            |
| Other payables   |      | 212,500           | 490,932           |
|  |      | <u>9,163,575</u>  | <u>10,901,001</u> |
| <b>18 PROVISION FOR TAXATION</b>   |      |                   |                   |
| Opening balance  |      | 47,289            | 50392             |
| Taxation - current   |      | 16,237            | 55,113            |
|  |      | 63,526            | 105505            |
| Tax payments/adjustments during the year   |      | <u>(32,863)</u>   | <u>(58,216)</u>   |
|  |      | <u>30,663</u>     | <u>47,289</u>     |
| <b>19 CONTINGENCIES AND COMMITMENT</b>   |      |                   |                   |
| Contingencies and commitment during the year is Nil (2015: Nil)                            |      |                   |                   |
| <b>20 OPERATING REVENUE</b>  |      |                   |                   |
| Commission income  |      | <u>1,623,679</u>  | <u>1,525,469</u>  |
|  |      | 1,623,679         | 1,525,469         |

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MUHAMMAD AMER RIAZ SECURITIES (PRIVATE) LIMITED

|  |       | 2016             | 2015             |
|--|-------|------------------|------------------|
|  | NOTE  | RUPEES           | RUPEES           |
| <b>21 OPERATING EXPENSES</b>   |       |                  |                  |
| Directors' remuneration  | 29    | 150,000          | 720,000          |
| Staff salaries and benefits  |       | 616,000          | 715,000          |
| Telephone and postage  |       | 214,599          | 182,451          |
| Printing and stationery  |       | 7,000            | 2,925            |
| Office general expense   |       | 28,020           | 25,618           |
| Newspaper and periodicals  |       | 3,968            | 3,265            |
| Entertainment  |       | 8,350            | 17,420           |
| Fee and taxes  |       | 413,993          | 108,326          |
| Electricity charges  |       | 112,632          | 104,649          |
| Repair and maintenance   |       | 17,643           | 78,912           |
| Travelling and conveyance  |       | 4,050            | 248,754          |
| Computer expenses  |       | 129,750          | 57,000           |
| Legal and professional charges   |       | 236,155          | 45,000           |
| Auditors' remuneration   | 21.01 | 250,000          | 25,000           |
| Rent, rates and taxes  |       | 106,426          | 283,768          |
| Charity and donation   | 21.02 | -                | 3,000            |
| Depreciation   |       | 125,060          | 163,472          |
|  |       | <u>2,423,646</u> | <u>2,784,560</u> |
| <b>21.01 Auditors' remuneration</b>  |       |                  |                  |
| Statutory audit fee  |       | 250,000          | 25,000           |
|  |       | <u>250,000</u>   | <u>25,000</u>    |
| <b>21.02</b> No director or his/ her spouse had any interest in donees' fund.  |       |                  |                  |
| <b>22 OTHER OPERATING INCOME</b>   |       |                  |                  |
| Dividend income  |       | 253,193          | 226,185          |
| Other income   |       | 79,498           | -                |
| Gain on sale of shares   |       | 316,581          | 1,291,938        |
|  |       | <u>649,272</u>   | <u>1,518,123</u> |
| <b>23 OTHER OPERATING EXPENSES</b>   |       |                  |                  |
| Revaluation loss on listed securities  |       | 672,464          | -                |
|  |       | <u>672,464</u>   | <u>-</u>         |
| <b>24 FINANCE COST</b>   |       |                  |                  |
| Bank charges   |       | 11,354           | 10,042           |
|  |       | <u>11,354</u>    | <u>10,042</u>    |
| <b>25 TAXATION</b>   |       |                  |                  |
| Taxation:  |       |                  |                  |
| Current  |       | 16,237           | 55,113           |
|  |       | <u>16,237</u>    | <u>55,113</u>    |
| <b>25.01</b> Provision for the year has been made in accordance with section 233 (A) of the Income Tax Ordinance, 2001 ("the Ordinance").  |       |                  |                  |
| <b>25.02</b> Assessment for and up to tax year 2015 are deemed assessment under section 120 (1) of the Ordinance, as per Income Tax returns filed by the company.  |       |                  |                  |
| <b>25.03</b> There is no relationship between tax expense and accounting profit since the Company's profits are subject to tax under section 233 (A). Accordingly, no numerical reconciliation has been presented. |       |                  |                  |
| <b>26 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED</b>  |       |                  |                  |
| <b>26.01 Basic</b>   |       |                  |                  |
| (Loss)/earnings for the year   |       | (850,750)        | 193,877          |
| Weighted average number of shares outstanding during the period  |       | 1,050,000        | 1,050,000        |
| (Loss)/earnings per share - basic (Amount in Rupees)   |       | <u>(0.81)</u>    | <u>0.18</u>      |
| <b>26.02 Diluted</b>   |       |                  |                  |
| There is no dilutive effect on the basic earnings per share of the company because the company has no outstanding potential ordinary shares.   |       |                  |                  |

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

**Risk management framework**

The Board of Directors of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**27.01 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 participants and of failure of the financial markets, the depositories, the settlements or clearing system.

|                  | Rating Agency | Credit Rating |           |
|------------------|---------------|---------------|-----------|
|                  |               | Short term    | Long term |
| MCB Bank Limited | PACRA         | A1+           | AAA       |

**Exposure to credit risk**

Credit risk of the Company arises principally from its trade debts, long term deposits, advances, deposits and other receivables and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

| Note                           | 2016<br>Rupees    | 2015<br>Rupees    |
|--------------------------------|-------------------|-------------------|
| Long term deposits             | 630,000           | 630,000           |
| Trade debts                    | 2,744,256         | 3,833,117         |
| Advances and other receivables | 801,069           | -                 |
| Bank balances                  | 8,716,076         | 9,050,231         |
|                                | <u>12,891,401</u> | <u>13,513,348</u> |

**Credit risk management**

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 from and maintained by the clients. The Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines.

All transactions in listed securities are settled using National Clearing Company of Pakistan Limited, being the central clearing company of the country. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by the stock exchange. The Company does not expect to incur material credit losses on its financial assets.

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The maximum exposure to credit risk before any credit enhancements at 30 June 2016 is the carrying amount of the financial assets as set out below:

| NOTE                                       | 2016<br>RUPEES    | 2015<br>RUPEES    |
|--|-------------------|-------------------|
| Long term investments - Available for sale | 2,720,000         | 2,720,000         |
| Long term deposits                         | 630,000           | 630,000           |
| Trade debts                                | 2,744,256         | 3,833,117         |
| Short term investments - Held for trading  | 4,177,802         | 6,051,317         |
| Advances and other receivables             | 801,069           | -                 |
| Bank balances                              | 8,716,076         | 9,050,231         |
|  | <u>17,069,203</u> | <u>19,564,665</u> |

Except for the impairment disclosed above, no impairment has been recognized in respect of these receivables as the security against the same is adequate. The Company is doing its utmost to recover the amount from the doubtful clients and is confident that majority of the amount would be recovered based on the past experience and the recovery efforts being carried out by the Company.

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

**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 diversified and transactions are entered into with credit-worthy counterparties of diverse natures thereby mitigating any significant concentrations of credit risk.

**27.02 Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Description              | Carrying<br>Amounts<br>Rupees | Contractual<br>cash flows<br>Rupees | Less than<br>1 year<br>Rupees | Between 1<br>and 5 years<br>Rupees | Over<br>5 years<br>Rupees |
|--------------------------|-------------------------------|-------------------------------------|-------------------------------|------------------------------------|---------------------------|
| <b>30 June 2016</b>      |                               |                                     |                               |                                    |                           |
| Trade and other payables | 9,141,624                     | 9,141,624                           | 9,141,624                     | -                                  | -                         |
|                          | <u>9,141,624</u>              | <u>9,141,624</u>                    | <u>9,141,624</u>              | <u>-</u>                           | <u>-</u>                  |
| <b>30 June 2015</b>      |                               |                                     |                               |                                    |                           |
| Trade and other payables | 10,865,761                    | 10,865,761                          | 10,865,761                    | -                                  | -                         |
|                          | <u>10,865,761</u>             | <u>10,865,761</u>                   | <u>10,865,761</u>             | <u>-</u>                           | <u>-</u>                  |

27.03 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.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

|   | Within<br>one year<br>Rupees | More than<br>one year and<br>up to five years<br>Rupees | Above<br>five years<br>Rupees | Not exposed<br>to interest<br>rate risk<br>Rupees | Total<br>Rupees   |
|---|------------------------------|---|-------------------------------|---|-------------------|
| <b>As at 30 June 2016</b>                   |                              |   |                               |   |                   |
| <b>FINANCIAL ASSETS</b>                     |                              |   |                               |   |                   |
| Trade receivables                           | 2,744,256                    | -   | -                             | -   | 2,744,256         |
| Advances and other receivables              | -                            | -   | -                             | 801,069   | 801,069           |
| Short term investment                       | 4,177,802                    | -   | -                             | -   | 4,177,802         |
| Bank balances                               | -                            | -   | -                             | 8,716,076   | 8,716,076         |
|   | <u>6,922,058</u>             | <u>-</u>  | <u>-</u>                      | <u>9,517,145</u>                                  | <u>16,439,203</u> |
| <b>FINANCIAL LIABILITIES</b>                |                              |   |                               |   |                   |
| Trade and other payables                    | -                            | -   | -                             | 9,141,624   | 9,141,624         |
|   | <u>-</u>                     | <u>-</u>  | <u>-</u>                      | <u>9,141,624</u>                                  | <u>9,141,624</u>  |
| Total Interest rate<br>sensitivity gap      | 6,929,020                    | -   | -                             | -   | -                 |
| Cumulative interest rate<br>sensitivity gap | <u>6,929,020</u>             | <u>6,929,020</u>  | <u>6,929,020</u>              | -   | -                 |
| <b>As at 30 June 2015</b>                   |                              |   |                               |   |                   |
| <b>FINANCIAL ASSETS</b>                     |                              |   |                               |   |                   |
| Trade receivables                           | 3,833,117                    | -   | -                             | -   | 3,833,117         |
| Advances and other receivables              | -                            | -   | -                             | -   | -                 |
| Short term investment                       | 6,051,317                    | -   | -                             | -   | 6,051,317         |
| Bank balances                               | -                            | -   | -                             | 9,050,231   | 9,086,561         |
|   | <u>9,884,434</u>             | <u>-</u>  | <u>-</u>                      | <u>9,050,231</u>                                  | <u>18,970,995</u> |
| <b>FINANCIAL LIABILITIES</b>                |                              |   |                               |   |                   |
| Trade and other payables                    | -                            | -   | -                             | 10,865,761  | 10,865,761        |
|   | <u>-</u>                     | <u>-</u>  | <u>-</u>                      | <u>10,865,761</u>                                 | <u>10,865,761</u> |
| Total Interest rate<br>sensitivity gap      | 9,884,434                    | -   | -                             | -   | -                 |
| Cumulative interest rate<br>sensitivity gap | <u>9,884,434</u>             | <u>9,884,434</u>  | <u>9,884,434</u>              | -   | -                 |

Mark-up rates are mentioned in the respective notes to the accounts.

**Market risk management**

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

**- Currency risk**

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

**- Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield.

**Sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not have affected the after tax loss of the Company.

**Other price risk**

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE-index and the value of individual shares.

The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain. There is no outstanding exposure of the Company in lieu of equity securities as at 30 June 2016.

**27.04 Fair value of financial instruments**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

| As at 30 June 2016   | Level 1<br>Rupees | Level 2<br>Rupees | Level 3<br>Rupees | Total<br>Rupees  |
|--|-------------------|-------------------|-------------------|------------------|
| Financial asset:<br>Held for trading:<br>Investment in listed securities | 4,177,802         | -                 | -                 | 4,177,802        |
| Available for sale:<br>Investment in shares of PSX                       | -                 | -                 | 2,720,000         | 2,720,000        |
| <b>Total non-financial assets</b>  | <b>4,177,802</b>  | <b>-</b>          | <b>2,720,000</b>  | <b>6,897,802</b> |

| As at 30 June 2015   | Level 1<br>Rupees | Level 2<br>Rupees | Level 3<br>Rupees | Total<br>Rupees  |
|--|-------------------|-------------------|-------------------|------------------|
| Financial asset:<br>Held for trading:<br>Investment in listed securities | 6,051,317         | -                 | -                 | 6,051,317        |
| Available for sale:<br>Investment in shares of PSX                       | -                 | -                 | 2,720,000         | 2,720,000        |
| <b>Total non-financial assets</b>  | <b>6,051,317</b>  | <b>-</b>          | <b>2,720,000</b>  | <b>8,771,317</b> |

**27.05 Capital risk management**

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

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The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, 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.

Net capital requirements of the Company are set and regulated by KSE. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

**28 TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Company comprise of the directors of the Company who are also the major shareholders and key management personnel of the Company.

The related party transactions of the Company mainly comprise of the remunerations and loan paid to its directors.

| 28.01 Detail of related party as follows: | NOTE | 2016<br>RUPEES | 2015<br>RUPEES |
|---|------|----------------|----------------|
| Balances with related party               |      |                |                |
| Loan to directors                         |      | 801,069        | -              |

**29 DIRECTORS REMUNERATION**

**Director's Remuneration**

|                         | Chief Executive/Director |         |
|-------------------------|--------------------------|---------|
|                         | 2015                     | 2016    |
| Managerial remuneration | 150,000                  | 720,000 |
|                         | 150,000                  | 720,000 |
| Number of persons       | 2                        | 2       |

**30 SUBSEQUENT EVENTS**

There were no significant adjustable events subsequent to 30 June 2016, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

**31 NUMBER OF EMPLOYEES**

The total number of employees as at 30 June 2016 were 14 (30 June 2015: 23) and the average number of employees during the year were 10 (30 June 2015: 16).

**32 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue as on 04 October 2016 by the Board of Directors of the Company.

**33 GENERAL**

- Figures have been rounded off to the nearest of Rupees in except where stated otherwise.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.

TRGIR

Chief Executive

Muhammad Amer Riaz  
Director