

**M/S.KOSMOPOLITAN SECURITIES
(PRIVATE) LIMITED**

FINANCIAL STATEMENTS FOR THE

YEAR ENDED JUNE 30, 2018

**To the members of Kosmopolitan Securities (Private) Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the annexed financial statements of **Kosmopolitan Securities (Private) Limited**, ("the Company") which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in for Director's Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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KRESTON

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

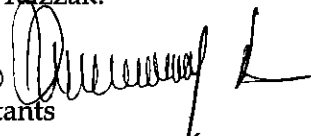
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is
Mohammad Hanif Razzak.


Chartered Accountants

Karachi:

Dated: October 05, 2018

KOSMOPOLITAN SECURITIES (PVT.) LTD


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	NOTE No.	30-Jun-18 Rupees	30-Jun-17 Rupees
<u>CAPITAL & LIABILITIES</u>			
<u>AUTHORISED CAPITAL</u>			
1,500,000 Ordinary Shares of Rs. 100 each.		150,000,000	150,000,000
<u>ISSUED, SUBSCRIBED & PAIDUP CAPITAL</u>			
760,000 Ordinary Shares of Rs. 100 each allotted for consideration paid in Cash	5	76,000,000	76,000,000
Un-appropriated Profit		27,346,341	36,884,364
		103,346,341	112,884,364
<u>TRADE AND OTHER PAYABLES</u>			
Accrued expenses		78,159	73,747
Provision for taxation - net of payments		-	2,541,134
		78,159	2,614,881
Contingencies & Commitment	6	-	-
		103,424,500	115,499,245
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Intangible Assets	7	200,000	200,000
Long Term Investments	8	7,914,576	10,290,958
Long Term deposits	9	509,000	11,501,000
		8,623,576	21,991,958
<u>CURRENT ASSETS</u>			
Loan & Advances	10	4,488,268	-
Receivable against Sale of Shares		-	15,492,177
Short term investments	11	29,668,866	30,872,875
Cash & Bank Balances	12	60,643,790	47,142,235
		94,800,924	93,507,287
		103,424,500	115,499,245

The annexed notes 1 to 20 form an integral part of this financial statement

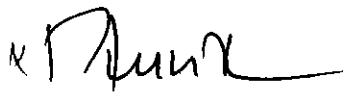


Chief Executive


Director

KOSMOPOLITAN SECURITIES (PVT) LTD
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	30-Jun-18 Rupees	30-Jun-17 Rupees
<u>Income:</u>		
Dividend Income on PSX shares	475,738	440,812
PSX Bank Profit on Retention Money 10%	215,278	-
Capital Gain on transfer of PSX shares	-	34,324,034
	<u>691,016</u>	<u>34,764,846</u>
<u>Expenses:</u>		
Fee & Subscription	(406,544)	(274,967)
Re-measurement (loss) in listed shares	(2,550,000)	-
Shared cost of PSX IPO	-	(442,245)
Audit Fee	(21,600)	(21,600)
	<u>(2,978,144)</u>	<u>(738,812)</u>
(Loss) / Profit before taxation	<u>(2,287,128)</u>	<u>34,026,034</u>
Provision for taxation		
Current	(135,944)	(2,596,285)
Prior year	2,390,440	-
	<u>2,254,496</u>	<u>(2,596,285)</u>
Net (Loss) / profit after taxation	<u>(32,632)</u>	<u>31,429,749</u>
<u>Other Comprehensive income / (loss):</u>		
Reclassification on adjustemnt on disposal of available for sale investment included in profit and loss account	-	8,955,706
Re-measurement (loss) / gain in Shares of PSX	(9,505,391)	25,134,303
	<u>(9,505,391)</u>	<u>34,090,009</u>
Total Comprehensive income / (loss)	<u><u>(9,538,023)</u></u>	<u><u>65,519,758</u></u>
Earning per share - (Loss)	<u><u>(0.04)</u></u>	<u><u>41.35</u></u>

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 Chief Executive Director

KOSMOPOLITAN SECURITIES (PVT.) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	30-Jun-18 Rupees	30-Jun-17 Rupees
-----Rupees-----		
Cash flows From Operating activities		
(Loss) / Profit before taxation for the year	(2,287,128)	34,026,034
Adjustment for non-cash items:		
Capital Gain on transfer of PSX shares	-	(34,324,034)
Re-measurement Gain/(Loss) in Shares of PSX	2,550,000	-
	2,550,000	(34,324,034)
	262,872	(298,000)
Changes in working capital		
(Increase) / Decrease in Current assets		
Receivable against Sale of Shares	15,492,177	(15,492,177)
Loans and advances	(4,488,268)	-
	11,003,909	(15,492,177)
Increase /(Decrease) in Current liabilities		
Accrued expenses	4,412	22,000
Net Changes in Working Capital	11,008,321	(15,470,177)
Decrease in long term deposits	10,992,000	(10,995,191)
Income taxes paid during the year	(286,638)	(55,151)
Cash flow from operations	10,705,362	(11,050,342)
Net Cash generated from operating activities	21,976,555	(26,818,519)
Cash flows From Investing Activities		
Purchase of investment	(8,475,000)	-
Sale Proceed from investment	-	67,324,040
Net Cash (used in)/generated from investing activities	(8,475,000)	67,324,040
Net Cash (used in)/generated from Financing Activities	-	-
Net (decrease)/increase in cash and cash equivalents	13,501,555	40,505,521
Cash and cash equivalent at beginning	47,142,235	6,636,714
Cash and cash equivalent at end	60,643,790	47,142,235

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Director


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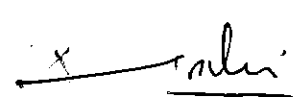
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AS AT JUNE 30, 2018

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Chief Executive

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Director

KOSMOPOLITAN SECURITIES (PVT.) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 The Company and its operation

The company was incorporated under the Companies Ordinance, 1984 on May 24, 2007 as a Private Limited Company. The principal activity of the company is to carry on the business of shares brokerage underwriting investment of portfolio management. However no business activity has been carried out during the year. Its registered office is situated at MR-7/52-53, 574/1, Adamjee Dawood Road, Jodia Bazar, Karachi. In the preceding year, SECP has issued the brokerage license to the Company.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Due to decrease in market value of Pakistan Stock Exchange Limited shares during the year, the Company's investment has been decreased by Rs.12,055,391.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

3.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of: International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed."

3.3 Functional and presentation currency

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

3.4 Critical Accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumption that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on the historical experience and various factors that are believe to be reasonable under the circumstances. The result of which the basis of making judgment about the carrying amount of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which 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.

Judgments made by management that have significant effect on the financial statements and estimates with significant probability of material adjustment in future are disclosed hereunder:

- (a) Impairment of financial assets (note 3.4); and
- (b) Classification of Investments.
- (c) Income Taxation.

3.5 Basis of preparation

These financial statements have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

3.6 Functional and presentation currency

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest rupee.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Intangible assets

a) Membership Card Rights & Privileges

Membership cards is stated at cost of acquisition less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of recoverable amount and where the carrying value exceed estimated recoverable amount, it is written down to its estimated recoverable amount.

4.2 Investments

These represent Investments in stock exchange stated at cost and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares.

4.3 Impairment of assets

All Company's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognised in the profit and loss account .

4.4 Trade and other payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for good and services.

4.5 Provisions

A provision is recognized in the financial statements when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. W

4.6 Income Taxation

Liability for current income tax is accounted for in accordance with income tax law. The income tax on profit and loss account represents current provision after adjustment, if any, to the provision for tax made in previous years, including those arising from assessments and amendments in assessments during the year, for such years.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents consist of cash in hand and balances with banks.

4.8 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

4.9 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

30-Jun-18	30-Jun-17
Rupees	Rupees

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018	2017			
760,000	760,000	Ordinary Shares of Rs. 100 each issued for consideration paid in cash	76,000,000	76,000,000

Name of share holders	% of Holding	No of shares	
Mr.Muhammad Altaf Bilwani	55.13%	419,000	419,000
Mr. Saqib Haroon Bilwani	44.74%	340,000	340,000
Mr. Mustufa Bilwani	0.13%	1,000	1,000
	100%	760,000	760,000

6 CONTINGENCIES AND COMMITMENTS

There are no contingencies & commitment at the balance sheet date. U

30-Jun-18 Rupees	30-Jun-17 Rupees
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7 INTANGIBLE ASSETS

Membership Card Rights & Privileges

Pakistan Stock Exchange Limited TREC

15,000,000

15,000,000

Less: Impairment loss

(14,800,000)

(14,800,000)

6.1 & 7.1

200,000

200,000

7.1 In the preceding year, Pakistan Stock Exchange Limited has been demutualized and in terms whereof its members have been allowed in exchange of membership, "Trading Right Entitlement Certificate (TREC)" along with shareholding in Pakistan Stock Exchange Ltd. The Company has recorded the value of membership in the KSE at Rs.70 Million as Intangibles vide Pakistan Stock Exchange letter no: KSE/SECP-2013/1 who have indicated notional value whereof at Rs. 15 Million. The Company have however allocated the carrying value/cost to the TREC at Rs.15 Million and taken the balance to the value of Pakistan Stock Exchange Limited shares. Fair value of the TREC has been re-evaluated and impairment loss being difference of expected price of TREC and recorded value has been provided for.

8 LONG TERM INVESTMENTS

Available for Sale

400,738 (2017: 1,602,953) Shares of Rs. 10 each of

Pakistan Stock Exchange Limited - Cost

7.1 & 8.1

4,007,380

16,029,530

Re-measurement gain carried forward

6,283,572

25,134,303

Re-measurement (loss) through OCI for the year

(2,376,376)

-

3,907,196

25,134,303

Investment Classified as current

-

(30,872,875)

7,914,576

10,290,958

8.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) Face value of shares allotted by Pakistan Stock Exchange Limited in lieu of membership of the PSX works out at Rs.40.07 Million, while the recorded value of the membership card as Intangible asset was Rs. 70 Million, however the company have recorded the remaining balance of Rs.55 million in shares and classified as available for sale and will follow the re-measurement method upon initiation of active market for these shares. In accordance with the demutualization policy 60% of allotted shares 2,404,430 have been kept in blocked account with the Central Depository Company of Pakistan Limited while 1,602,953 shares are certified to companies CDC account.

During the previous year, the Company has received sale proceed of Rs. 40.39 million against disposal of 1,602,953 shares representing 90% of sale proceed as initially agreed with Chinese Consortium through sale purchase agreement. the Company had also received sale proceed of Rs. 21 million against disposal of 801,477 shares representing 20% holding to general public as PSX notified vide letter dated June 23, 2017

Further as per section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years format he last date for the public subscription. The investment to the extent of 25% of ordinary shares of PSX has been classified as long term investment while the remaining investment in such shares has been classified as short term investment.

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	30-Jun-18 Rupees	30-Jun-17 Rupees
9 LONG TERM DEPOSITS		
Deposit with Pakistan Stock Exchange Ltd - Base margin	201,000	201,000
Deposit with NCCPL	208,000	200,000
Deposit with CDC Pakistan Ltd	100,000	100,000
Base Minimum Capital Requirement PSX	-	11,000,000
	509,000	11,501,000
10 LOAN AND ADVANCES		
Advance for purchase of assets	4,488,268	-
11 SHORT TERM INVESTMENT		
<u>At Fair value through profit or loss:</u>		
300,000 (2017: Nil) Shares of Rs.10 Each of Pakistan Stock Exchange Limited - Cost	8,475,000	-
Re-measurement (loss)	(2,550,000)	-
	5,925,000	-
<u>At Available for Sale:</u>		
1,202,215 (2017: 1,202,215) Shares of Rs.10 Each of Pakistan Stock Exchange Limited - Opening	30,872,881	30,872,875
Re-measurement loss through other comprehensive income	(7,129,015)	-
	23,743,866	30,872,875
	29,668,866	30,872,875
12 CASH & BANK BALANCES		
- Cash-In-Hand	490,958	528,828
- Cash-At-Bank in Current Account - House account	60,152,832	46,613,407
	60,643,790	47,142,235

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13 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets and Liabilities of the company, interest and non interest bearing along with their maturities are as follows:

2018						
Markup / Interest Bearing			Non Markup / Interest Bearing			Total
Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total	
FINANCIAL ASSETS						
Investments			29,668,866	7,914,576	37,583,442	37,583,442
Receivables from PSX			-	-	-	-
Long Term deposits	-	-	-	509,000	509,000	509,000
Bank Balances	-	-	60,152,832	-	60,152,832	60,152,832
	-	-	89,821,698	8,423,576	98,245,274	98,245,274
FINANCIAL LIABILITIES						
Accrued expenses	-	-	78,159	-	78,159	78,159
	-	-	78,159	-	78,159	78,159

2017						
Markup / Interest Bearing			Non Markup / Interest Bearing			Total
Maturity Upto One Year	Maturity after One Year	Sub Total	Maturity Upto One Year	Maturity after One Year	Sub Total	
FINANCIAL ASSETS						
Investments	-	-	30,872,875	10,290,958	41,163,833	41,163,833
Receivables from PSX			15,492,177	-	15,492,177	15,492,177
Long Term deposits	-	-	-	11,501,000	11,501,000	11,501,000
Bank Balances	-	-	46,613,407	-	46,613,407	46,613,407
	-	-	92,978,459	21,791,958	114,770,417	114,770,417
FINANCIAL LIABILITIES						
Accrued expenses	-	-	73,747	-	73,747	73,747
	-	-	73,747	-	73,747	73,747

The effective interest/markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements. While commission chargeable on off balance sheet items is chargeable as advised by the banks.

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14 FINANCIAL INSTRUMENTS

14.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a certain financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

The Company's overall risk management programs focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) under policies approved by the board. The Board provides formal principles for overall risk management, as well as significant policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The information about the company's exposure to each of the above risk, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital, is as follows;

a) Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk interalia by limiting advances and credit to individual customers based on their credit worthiness, obtaining advance against exposure, obtaining collaterals where considered necessary and making appropriate provision for doubtful receivables.

Exposure to credit Risk

Company's credit risk is mainly attributable to Trade debts, balances with banks and financial institutions, and committed transactions. The maximum exposure of the company to credit risk is as follows:

	2018	2017
	Rupees	
Long Term deposits	509,000	11,501,000
Receivable from PSX	-	15,492,177
Long Term Investments	37,583,442	41,163,833
Bank Balances	60,152,832	46,613,407
	<u>98,245,274</u>	<u>114,770,417</u>

Trade Deposits and Receivables

These are given to PSX/NCCPL which are prime regulator and enjoys sound creditability.

Bank balances

The company maintains balances with banks that have good and stable credit rating. Given these credit ratings, management does not expect that any counter party will fail to meet their obligations.

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b) Liquidity risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. Contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements, are shown in the Note 12.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management forecasts liquidity risks on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

c) Market Risk

Market risk is the risk that the fair value or future cash flows 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 risks: Foreign Exchange / Currency risk, interest rate risk and other price risk.

Foreign Currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange. The Company is not exposed to any foreign currency risk.

Interest / Markup rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest / mark-up rates. The exposure to interest rate risk is mainly arises in respect of variable markup / interest bearing long term and short borrowings from banks. The Company is not exposed to any markup/interest rate risk.

d) Other price risk

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

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At reporting date if the share price of investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2018	2017
	Rupees	
Effect on Other comprehensive income and investment	3,165,844	4,116,383
Effect on profit or loss account and investment	592,500	-
	<u>3,758,344</u>	<u>4,116,383</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

14.2 Fair value of Financial Assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value except investment in shares of PSX which is carried at cost.

15 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. In order to maintain or adjust capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt. Consistent with others in industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of shareholders.

16 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

Currently no remuneration is being provided by the Company to its Chief Executive, any Director and Company Secretary and key management personnel.

17 NO OF EMPLOYESS

As on balance sheet date

2018	2017
<u>Nil</u>	<u>Nil</u>

The Company has not formulated employees retirement benefit policy as no employee has been hired.

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18 DISCLOSURES UNDER SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATIONS, 2016

18.1 Investments

Value of shares held in CDC

37,583,442

41,163,833

Value of shares under pledge

-

-


18.2 Turnover, Trade debts and Customer assets

The Company has not yet commenced its operation, hence turnover, receivable from customers and customers assets are nil.

19 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue by the Board of Directors on October 05, 2018.

20 GENERAL

20.1 Figures have been rounded off to the nearest rupee. 

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Chief Executive



Director