CONSOLIDATED FINANCIAL STATEMENTS
OF
G4 MEGA PAKISTAN (PRIVATE) LIMITED

FOR THE YEAR ENDED JUNE 30, 2017

Directors' Report

G4 Mega Pakistan (Private) Limited

Consolidated Financial Statements for the year ended June 30, 2017

The Board of Directors of G4 Mega Pakistan (Private) Limited take pleasure in presenting their Annual Report for the year ended June 30, 2017 together with the Audited Accounts of the Company and Auditors' Report for the year ended June 30, 2017.

Financial Results

Your company has earned a consolidated net profit during the period June 30, 2017 as compared to net loss in corresponding period. The profit is mainly attributed to a subsidiary company.

Future Outlook

The company foresees good opportunities of property business in the country and foster development in construction with modern techniques and to provide state of the art facility to its customer and is looking new ventures for property construction and development for business purposes through its subsidiary company.

Auditors

The present auditors M/s Muniff Ziauddin & Co., Chartered Accountants, Karachi, retire and being eligible, offer themselves for re-appointment under the requirement of the Companies Ordinance 1984. The Board of Directors has recommended their appointment as auditor of the Company for the year ended June 30, 2018.

Appreciation

The directors record their appreciation of the efforts of the Company officer / staff / worker, financial institutions, vendors / suppliers, customers for their co-operations and support for their zeal and commitment enabling your company to achieve the good result.

On behalf of the Board of Directors
G4 Mega Pakistan (Private) Limited

M. Habibullah Khan
Chairman

Karachi 29 SEP 2017

Muniff Ziauddin & Co.
Chartered Accountants
An independent member firm of BKR International

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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **G4 Mega Pakistan (Private) Limited** (the Holding Company) and its subsidiary companies Imperial Developers and Builders (Private) Limited, Karachi Properties Investment Company (Private) Limited and Hotel Metropole (Private) Limited ("the Group") as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of G4 Mega Pakistan (Private) Limited and Imperial Developers and Builders (Private) Limited. The financial statements of other subsidiaries were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiaries, is based solely on the reports of such other auditors.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances and we report that;

1. The related party transactions disclosure relating to the Imperial Developers and Builders (Private) Limited (subsidiary company) has not been presented as required by IAS 24.

2. As disclosed in Note 26 to the consolidated financial statements, during the year, Karachi Properties Investment Company (Private) Limited (subsidiary company) had paid Rs. 19 million to one of its ex-shareholder and written off this amount as bad debt as the same is no more recoverable. In the absence of supporting information available the subsidiary company's auditor have not been able to conclude if this advance was provided to the ex-shareholder for the purpose of subsidiary company's business and whether the cost of writing off represent subsidiary company's business expenditure.

3. As disclosed in Note 6.1 to the consolidated financial statements, the Karachi Properties Investment Company (Private) Limited (subsidiary company) has not carried out fresh valuation to determine the fair market value of the investment property as at June 30, 2017 as required under International Accounting Standard (IAS) 40 – Investment Property. However for the purpose of consolidation, fair market value of this property has been taken as the purchase consideration given by Imperial Developers and Builders (Private) Limited vide agreement dated March 27, 2017 to acquire the shares of Karachi Properties Investment Company (Private) Limited.

In our opinion, except for the effects of the matter described in above paragraphs, the consolidated financial statements present fairly the financial position of G4 Mega Pakistan (Private) Limited and its subsidiary companies as at June 30, 2017 and the results of their operations for the year then ended.

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Other Offices: Lahore & Islamabad

We draw attention to Note 1.3.1 in the consolidated financial statement, which indicates that Karachi Properties Investment Company (Private) Limited (subsidiary company) incurred a net loss Rs. 22,468,796 during the year ended June 30, 2017 and, as of that date, the subsidiary company's current liabilities which includes due to holding company, exceeded its current assets by Rs. 215,678,364. These events that may cast significant doubt on the subsidiary company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The consolidated financial statements of the Holding Company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants whose report dated October 10, 2016 expressed a qualified opinion thereon.

KARACHI: 29 SEP 2017

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(MUHAMMAD MOIN KHAN)

G4 MEGA PAKISTAN (PRIVATE) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,925	21,122
Investment properties	6	4,029,634	-
Capital-work-in-progress	7	-	4,952,186
Intangible assets	8	-	149
Long term deposits		780	-
		4,042,338	4,973,457
CURRENT ASSETS			
Store, spares and loose tools	9	97	57,861
Rent receivable	10	2,337	-
Advances, deposits and other receivables	11	43,075	118,994
Short term Investments	12	17,470,828	467,990
Cash and bank balances	13	725,758	921
		18,242,096	645,766
TOTAL ASSETS		22,284,434	5,619,223
SHARE CAPITAL AND RESERVES			
Share capital	14	280,500	280,500
Consolidated reserves		6,886,557	406,241
Equity attributable to the owners of the parent entity		7,167,057	686,741
NON-CURRENT LIABILITIES			
Loan from associated undertaking		-	3,321,235
Long term finance	15	1,919,278	1,500,000
Retention money		68,812	71,265
Long term deposits	16	660	-
Staff gratuity	17	6,499	-
		1,995,249	4,892,500
CURRENT LIABILITIES			
Trade and other payables	18	360,183	39,982
Loan from associated undertaking	19	4,590,825	-
Current portion of long term finance		69,725	-
Short term borrowings	20	8,072,213	-
Accrued interest	21	2,802	-
Provision for taxation	22	26,380	-
		13,122,128	39,982
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		22,284,434	5,619,223

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

Chief Executive

Director

G4 MEGA PAKISTAN (PRIVATE) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Rental income from investment property	24	7,037	-
Income from property		1,988	-
Income from service		3,951	-
GROSS REVENUE		12,976	-
Administrative expenses	25	(14,572)	(4,341)
Property tax		(363)	-
Bad debt written off	26	(19,000)	-
		(33,934)	(4,341)
OPERATING PROFIT / (LOSS)		(20,959)	(4,341)
Other income	27	6,956,894	-
Financial charges	28	(2,145)	(149)
Workers' welfare fund		(40)	-
Unrealised loss on investment		(439,477)	(4,779)
		6,515,232	(4,928)
PROFIT / (LOSS) BEFORE TAXATION		6,494,273	(9,269)
Provision for taxation	29	(13,957)	-
PROFIT AFTER TAXATION		6,480,316	(9,269)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		6,480,316	(9,269)
		-------------Rupees--------------	
Earnings per share - basic and dilutive	30	231.03	(0.33)

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

Chief Executive

Director

G4 MEGA PAKISTAN (PRIVATE) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		6,494,273	(9,269)
Adjustment of non-cash charges and other items			
Depreciation		10,019	-
Impairment on investment property		104	-
Bad debt written off		19,000	-
Provision for staff retirement gratuity		273	-
Provision for doubtful debts		(109)	-
Other income		(6,953,857)	-
Financial charges		2,145	-
Unrealised loss on investment		439,477	4,779
Amortization		149	15
		11,474	4,794
Adjustments for (increase)/decrease in current assets			
Rent Receivable		(2,337)	-
Advances, deposits and other receivables		89,462	47,589
Store & Spare		57,764	-
		-	
		144,889	47,589
Adjustments for increase/ (decrease) in current liabilities			
Trade and other payables		320,201	27,939
		476,564	71,053
Finance charges paid		657	-
Tax paid		13,510	-
Gratuity paid		689	-
Net cash generated from operating activities		461,709	71,053
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(3,570)
Dividend receipt		99,639	-
Proceeds from sale of asset		12,750,000	
Addition to investment properties		2,892	-
Short Term Investment		(17,431,512)	(472,769)
Investment in subsidary		(4,031,843)	-
Capital-work-in-progress		(954,399)	(1,375,149)
Net cash used in investing activities		(9,565,223)	(1,851,488)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from associated undertaking		1,269,591	711,110
Loan from financial institutions		489,000	1,000,000
Retention money		(2,453)	59,026
Net cash generated from financing activities		1,756,138	1,770,137
Net (decrease) in cash and cash equivalents		(7,347,376)	(10,300)
Cash and cash equivalents at the beginning of the year		921	11,221
Cash and cash equivalents at the end of the year	31	(7,346,455)	921

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

Chief Executive

Director

G4 MEGA PAKISTAN (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up capital	Accumulated profits / (loss)	Total
		(Rupees in thousand)	
Balance as at June 30, 2015	280,500	415,510	696,010
Total comprehensive loss for the year ended Jun 30, 2016	-	(9,269)	(9,269)
Balance as at June 30, 2016	280,500	406,241	686,741
Total comprehensive income for the year ended Jun 30, 2017	-	6,480,316	6,480,316
Balance as at June 30, 2017	280,500	6,886,557	7,167,057

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

Chief Executive

Director

G4 MEGA PAKISTAN (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 THE GROUP AND ITS OPERATIONS

The Group consist of G4 Mega Pakistan (Private) Limited (the holding company) and its subsidiary companies, Imperial Developers and Builders (Private) Limited, Karachi Properties Investment Company (Private) Limited and Hotel Metropole (Private) Limited. Brief profiles of the holding company and its subsidiary companies are as follows:

1.1 G4 Mega Pakistan (Private) Limited (G4):

G4 Mega Pakistan (Private) Limited was incorporated in Pakistan as a private limited company on 30th September, 2005 under the Companies Ordinance, 1984 with registered office GF 7-10, KDLB Building West Wharf Road 58, Karachi, Sindh. The principal activity of the Company is construction, handling of containers & transportation business in Pakistan.

The Company is a wholly owned subsidiary of Mega Conglomerate (Private) Limited.

1.2 Imperial Developers and Builders (Private) Limited (IDBL):

The Company was incorporated on January 31, 2006 as a Private Limited Company under the Companies Ordinance, 1984. The Company is engaged in the business of construction including the present Building primarily intended for self-occupancy for the group of the Companies. The registered office of the Company is situated at GF 7-10, KDLB 58, Building West Wharf Road, Karachi.

The Company is a wholly owned subsidiary of G4 Mega Pakistan (Private) Limited, whereas its ultimate parent company is Mega Conglomerate (Private) Limited.

1.3 Karachi Properties Investment Company (Private) Limited (KPI):

The company was incorporated in Pakistan on May 17, 1951 as a Private Limited Company under the Companies Act, 1913 (now Companies Act, 2017). The Company is a wholly owned subsidiary company of Imperial Developers and Builders (Private) Limited (the Holding Company). The registered office of the Company is situated at 115-116, Hotel Metropole Building, Club Road, Karachi. The company owns a property known as Hotel Metropole at Club Road, Karachi. The Company is engaged in purchase, acquisition, development and letting out of properties.

On March 27, 2017, IDBL acquired the entire shareholding of the Company from its previous shareholders and Board of directors of previous owners replaced with the Board of directors representing IDBL.

The Company intends to construct a commercial complex at the leashold land measuring 13,111 square yards which is situated at Plot # 20, 21 and 23/1, CL-5, Club Road, Karachi currently classified as Investment Property as disclosed in note 6 to the consolidated financial statement.

1.3.1 During the year, the Company incurred a net loss of Rs. 22,468,796 (2016: Rs. 9,461,803) and its current liabilities which includes due to holding company, exceeded its current assets by Rs.215,678,364 (2016: Rs. 131,707,280) as of the reporting date. The management plans to construct a commercial complex on the company property as stated above. Further, the sponsors of the Company have been providing financial support and the holding company has also committed to continue its support for the company's operations in the foreseeable future and therefore, the management considers that the going concern assumption is appropriate in the preparation of these financial statements.

1.4 Hotel Metropole (Private) Limited (HM):

The Company was incorporated on May 23, 1951 as a Private Limited Company under the Companies Act, 1913 (now Companies Act, 2017). The Company is a wholly owned subsidiary company of Imperial Developers and Builders (Private) Limited (the Holding Company). The registered office of the Company is situated at 115-116, Hotel Metropole Building, Club Road, Karachi.

On March 27, 2017, IDBL acquired the entire shareholding of the Company from its previous shareholders and Board of directors of previous owners replaced with the Board of directors representing IDBL.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of consolidation

Subsidiary

Subsidiary is an entity controlled by the Group. The financial information of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases. The assets and liabilities and the profit and loss accounts transactions of the subsidiary have been consolidation on a line by line basis.

The accounting policies of a subsidiary company are changed, when necessary, to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

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

Standard or interpretation or Amendment		Effective date (Accounting period beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 9	Financial instruments (Amendments)	January 1, 2018
IFRS 12	Disclosure of interest in other entities (Amendments)	January 1, 2017
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2018

IAS 40	Investment Property (Amendments)	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The group expects that the adoption of the above amendments and interpretations will not affect its financial statements in the period of initial application.

In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2016.

Standard, Interpretation or Amendment		Effective date (annual periods beginning on or after)
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 01, 2016
IAS 16	Property, Plant and Equipment (Amendments bringing bearer plants into the scope of IAS 16)	January 01, 2016
IAS 16	Property, Plant and Equipment (Amendments regarding the clarification of acceptable methods of depreciation and amortisation)	January 01, 2016
IAS 38	Intangible Assets (Amendments)	January 01, 2016

3 USE OF ESTIMATES AND JUDGEMENTS

Not all of these significant policies require the management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies the management of subsidiary considers critical because of their complexity. Judgement of estimation involved in their application and their impact on these consolidated financial statements.

Estimates and judgements by management of the Group are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. These judgements involve assumptions or estimates in respect of future events where the actual results may differ from these estimates.

The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

(a). **Employees retirement benefits**

The cost of defined benefit retirement plans is determined in subsidiary using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

(b). **Useful life, residual value, pattern of flow of economics benefits and impairment**

Estimate with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the Group reviews the value of the assets for possible impairments on an annual basis may change in the estimates in the future might affect the carrying amount of the respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

(c). Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Thus, in the group, provisions are based on reasonable estimates taking into account the applicable tax laws and the decision by appellate authorities on certain issues in the past, wherever applicable.

Deferred tax assets are recognised by the group for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the assets can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d). Provision for obsolescence of inventories

Provisionfor absolescence of inventories, including stores, spares and loose tools and stock in trade is made on the basis of managemnt's estimate of net realizable value and ageing analysis prepared on an item-by-item basis by the group.

(e). Provision for doubtful debts

Trade and other receivables at each reporting date are assessed whether provision should be recorded in profit and loss account for any doubtful receivables. Especially, judgement by management of the group is required in the estimation of the amount and timing of future cash flows while determining the extent of provision required. Such estimates are based on assumption about a number of factors including credit history of counter party. Actaul cash flows may differ resulting in subsequent changes to be provisions.

(f). Trade receivables and impairment

The Group reviews its trade and other receivables at each reporting date to assess whether provision should be recorded in profit and loss account for any doubtful receivables. Especially, judgment by management is required in the estimation of the amount and timing of future cash flows while determining the extent of provision required. Such estimates are based on assumption about a number of factors including credit history of counter party. Actual cash flows may differ resulting in subsequent changes to the provisions.

Other areas where estimates and judgements are involved have been disclosed in respective notes to the consolidated financial statements.

(g). Impairment of financial assets

The Group assesses whether there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or group of debtors is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(h). Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at recoverable amount for specialized assets.

(i). Stock in trade

Provision for obsolescence of inventories including stores, spares and loose tools and stock in trade is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Revenue

Service charges are recognised in the accounting period in which services are rendered.

Dividend income is recognized when the dividend is actually received.

Interest income is recognized on accrual basis in the profit and loss account using the effective interest method.

Rental and other income are recorded when significant risk and rewards are transferred. Rental income and other income are recorded on accrual basis.

4.2 Borrowing costs

Borrowing costs are profit or other costs incurred by the group in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying assets is capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

4.3 Foreign currency transactions and translations

Monetary assets and liabilities in foreign currencies are translated into Pakistani rupees at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into Pakistani rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to income when incurred.

Non-monetary items that are measured in term of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.4 Taxation

Current
The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credit and rebate, if any. Income for the purpose of computing current taxation is determined under the provision of tax laws.

Deferred

Deferred tax is provided for, using the balance sheet liability method, providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rate that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. The group takes into account the current income tax law and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income / equity.

4.5 Property and equipment

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to profit and loss account and capital-work-in-progress applying the straight line method. Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of deletion.

Maintenance and normal repairs are charged-off as and when these are incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets are included in profit & loss account.

4.6 Capital work-in-progress

Offices available in the project for self occupancy for future use and are classified as capital-work-in-progress. It comprises offices in the process of construction. Cost of capital work-in-progress comprises of cost of land, cost of direct material and appropriate overheads.

4.7 Investment property

Investment property are stated at cost less accumulated depreciation and impairment, if any, except leasehold land, which is stated at cost less impairment losses, if any.

Depreciation is charged to profit and loss account using the diminishing balance method at rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off.

Gains and losses on disposal of investment property, if any, are included in profit and loss account currently.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the difference between carrying value and recoverable amount is charged as impairment in profit and loss account. Furthermore, where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. Reversal of impairment loss is recognized as income.

4.8 Intangible assets

Costs that are directly associated with identifiable software products controlled by the group and have probable economic benefit beyond one year are recognized as an intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. These are amortized using the straight line method reflecting the pattern in which the economic benefits of the assets are consumed by the group.

Amortization is charged from the month of addition to the month preceding the month of retirement / disposal.

The amortization period for software is three years.

4.90 Financial instruments

4.9.1 Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Held to maturity
Held to maturity are financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market, where management has the intention and ability to hold till maturity are carried at amortised cost.

d) Available for sale financial assets
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available for sale financial assets in such case are classified as short term investments in the balance sheet.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised as "Other comprehensive income" are included in the profit and loss account as gains and losses on disposal of short term investments. Interest on available for sale securities calculated using effective interest method is recognised in the profit and loss account. Dividends on available for sale equity instruments are recognised in the profit and loss account when the group's right to receive payments is established.

All financial assets are recognised at the time when the group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the profit and loss for the year. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'Other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in the profit / loss for the year.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the group measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

4.9.2 Financial Liabilities

All financial liabilities are recognised at the time when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.9.3 Off-Setting Of Financial Assets And Financial Liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.10 Investments

These include investments held-for-trading and those that are designated at fair value through profit or loss at inception. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. They are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

4.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

4.12 Trade debts and other receivables

Trade debts and other receivables are stated at cost less impairment losses, if any which equals to the fair value of the consideration to be received in future.

4.13 Provisions, Contingent assets & Contingent liabilities

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

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

4.14 Stores & Spares

Stores & Spares are stated at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated up to the balance sheet date. The group reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet date at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balance with banks on current and deposit accounts.

4.16 Earnings per share

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

5 PROPERTY, PLANT AND EQUIPMENT

Description	2017								
	Cost				Depreciation				
	As at July 1, 2016	Addition / Acquired through Business Combination	As at June 30, 2017	Rate	As at July 1, 2016	Adjustment /Acquired through Business Combination	For the year	As at June 30, 2017	Written down value as at June 30, 2017
	-----Rupees in thousand-----								
Owned assets									
Motor cycle	82	-	82	15%	82	-	-	82	-
Vehicles	7,693	-	7,693	15%	2,386	-	1,154	3,540	4,153
Furniture	-	454	454	10%	-	412	1	413	41
Electrical equipment	-	672	672	10%	-	345	6	351	321
Office equipment	78	567	645	10%	71	160	12	243	402
Generator	4,266	49	4,315	10-15%	3,296	49	640	3,985	330
Concrete pump	6,751	-	6,751	15%	5,697	-	1,013	6,710	41
Tower crane	35,074	-	35,074	15%	27,237	-	5,261	32,498	2,576
Concrete boom	3,191	-	3,191	15%	2,515	-	479	2,994	197
Hoist lift	9,381	-	9,381	15%	4,110	-	1,407	5,517	3,864
TOTAL	66,516	1,742	68,258		45,394	965	9,973	56,332	11,925

Description	2016								
	Cost				Depreciation				Written
	As at July 1, 2015	Additions	As at June 30, 2016	Rate %	As at July 1, 2015	Adjustments	For the year	As at June 30, 2016	down value as at June
	-----Rupees in thousand-----								
Owned assets									
Vehicles - Admin	82	-	82	15%	70	-	12	82	-
Vehicles - CWIP	4,428	3,265	7,693	15%	1,436	-	950	2,386	5,307
Generator	4,266	-	4,266	15%	2,656	-	640	3,296	970
Concrete Pump	6,751	-	6,751	15%	4,684	-	1,013	5,697	1,054
Tower Crane	35,074	-	35,074	15%	21,976	-	5,261	27,237	7,837
Concrete Boom	3,191	-	3,191	15%	2,036	-	479	2,515	676
Hoist Lift	9,076	305	9,381	15%	2,722	-	1,388	4,110	5,271
Office equipment	78	-	78	10%	68	-	3	71	7
TOTAL	62,946	3,570	66,516		35,648	-	9,746	45,394	21,122

5.1 Allocation of Depreciation

	2017	2016
	(Rupees in thousand)	
Capital work-in-progress	9,953	9,731
Administrative expenses	19	12
	9,973	9,743

6 Investment property

	Cost at July 01, 2016	Addition /Acquired through Business Combination	Cost at June 30, 2017	Accumulated depreciation at July 01, 2016	Adjustment/ Acquired through Business Combination	Depreciation / (impairment) for the year	Accumulated depreciation at June 30, 2017	Carrying value at June 30, 2017	Dep. rate
	(Rupees)								%
Leasehold land	-	4,028,381	4,028,381	-	-	-	-	4,028,381	-
Building on leasehold land	-	7,974	7,974	-	6,779	46 (104)	6,722	1,253	10
	-	4,036,355	4,036,355	-	6,779	(58)	6,722	4,029,634	

6.1 Leasehold land and the building on leasehold land together represents a property on which Hotel Metropole is situated. The last valuation of the property was carried out in 2014 by an independent valuer at Rs. 2,016,650,000. However, for the purpose of consolidation, fair market value of this property has been taken as the purchase consideration given by Imperial Developers and Builders (Private) Limited vide agreement dated March 27, 2017 to acquire the shares of Karachi Properties Investment Company (Private) Limited.

During 2011, the Government of Sindh through Cultural and Heritage Department (the Department) served a public notice which included the name of the Karachi Properties Investment Company (Private) Limited (KPI) restricting the demolition work on account of destruction of Protected Heritage under Sindh Cultural Heritage (Preservation) Act, 1994. Accordingly, the Company could not continue with the process of demolishing the structure in order to construct a plaza on the lease hold land.

During the year of 2016, Cultural, Tourism and Antiquities Department of Government of Sindh (CTAD) approved the redevelopment proposal submitted by the KPI subject to strict adherence to the undertakings given by the KPI including three major conditions which are i) construction of new project in accordance with applicable building regulations; ii) accessibility of general public to onsite museum, proposed to be established by the KPI, that will be located on the ground floor; iii) creating parking area for at least 1400 cars. On October 14, 2016, the Advisory Committee of CTAD also granted permission in principle to submit the development plan to Technical Committee of Sindh Cultural Heritage that will be submitted by the Company in due course.

On July 27, 2017, the judgement of Sindh High Court passed in favor of the KPI and the court has set aside the notice of CTAD and granted status-quo in respect of the property, further the court also highlighted that the notice of CTAD was in clear conflict with the Heritage Act, 1994.

		Note	2017	2016
			----------Rupees in thousand----------	
7	CAPITAL-WORK-IN-PROGRESS			
	Opening balance		4,952,186	3,567,233
	Additions/(deletions) during the period		954,399	1,384,953
	Total Cost of Asset		5,906,585	4,952,186
	Non current asset held for sale	7.1	(5,906,585)	-
			-	4,952,186

7.1 During the year, the subsidiary company - IDBL has sold the present building, therefore IDBL has transferred the total cost of capital work in progress in the non current asset held for sale.

		Note	2017	2016
8	INTANGIBLE ASSETS			
	Accounting software:		----------Rupees in thousand----------	
	Opening Balance		222	222
	Cost at year end.			
	Addition during the year		-	-
	Accumulated Amortization at end.		73	
	Less: Amortization during the year		149	73
	Closing Balance		-	149
9	STORE & SPARE			
	Formwork		-	56,034
	Plywood material		-	1,827
	Electrical Tools		97	-
			97	57,861
10	RENT RECEIVABLE			
	Unsecured - Considered good		2,337	-
	Unsecured - Considered doubtful		314	-
			2,651	-
	Provision for doubtful debts	10.1	(314)	-
			2,337	-
10.1	Movement of provision for doubtful debts is as follows:			
	Opening balance		752	-
	Provision (reversed) during the year		(438)	-
	Closing balance		314	-
11	ADVANCES, DEPOSITS & OTHER RECEIVABLES			
	Advance to supplier - unsecured		2,581	9,388
	Advance to supplier - secured		-	86,782
	Advance for purchase of fixed assets		-	14,012
	Margin on guarantee - unsecured		6,679	6,679
	Other receivable - Other		15,512	9
	Advance income tax		15,668	2,124
	Loan to employees		2,498	-
	Prepaid insurance		138	-
			43,075	118,994
12	SHORT TERM INVESTMENT			
	Listed equity shares - At Fair Value Through Profit or Loss	12.1	926,636	467,990
	Investment in Mutual Funds	12.2	4,421,692	-
	Investment in Term Deposit Receipts - Held-for-Maturity	12.3	12,122,500	-
			17,470,828	467,990

12.1 Listed Equity Shares - At Fair Value Through Profit Or Loss

	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	Shares/Certificates		(Rupees in thousand)	
Automobile Assembler	7,750	-	6,725	-
Cable and electrical goods	156,000	-	17,210	-
Cement	2,195,500	-	301,276	-
Chemicals	3,742,800	4,942,500	206,752	315,712
Commercial Banks	58,000	-	9,162	-
Enggeering	25,000	-	3,197	-
Fertilizers	268,000	-	35,284	-
Food and personal care products	45,000	-	5,467	-
Oil and gas exploration	165,800	265,600	23,326	35,699
Oil and gas marketing	863,000	-	114,384	-
Paper & board	63,150	30,150	43,926	19,182
Pharmaceuticals	64,200	1,550	33,524	1,169
Power Generation	17,269,000	11,259,000	120,538	92,229
Refinery	12,000	-	4,591	-
Transport	55,000	-	1,274	-
	24,990,200	16,509,300	926,636	467,990

12.2 Investment in Mutual Funds

Fund name	As at 1st June 2016	Units purchased during the year	Average cost as at 30th June 2017	Average price / unit	Net assets value / unit	Net assets value as at 30th June 2017	Unrealised (Gain) / loss
	(No. of units)					(Rupess in thousand)	
Meezan islamic fund	-	19,075,369	1,627,200,000	85.30	75.41	1,457,587,159	169,612,841
Meezan energy	-	3,623,345	200,000,000	55.19	50.23	182,025,729	17,974,271
Meezan index	-	9,725,886	997,500,000	102.56	79.56	773,791,649	223,708,351
HBL-IPPF-strategic allocation plan	-	20,056,600	2,005,550,000	100.00	100.14	2,008,287,592	(2,737,592)
Total		52,481,202.32	4,830,250,000.00			4,421,692,130.00	408,557,870

12.3 The subsidiary company - IDBL has invested in TDR of Rs. 12.1225 billion (2016: Nil) with Habib Bank Limited which carry markup @ 5.90% per annum.

		Note	2017	2016
			----------Rupees in thousand---------	
13	CASH AND BANK BALANCES			
	Cash in hand		420	369
	Cash at banks			
	- in current accounts		421	35
	- in saving accounts	13.1	724,917	517
			725,338	552
			725,758	921

13.1 These saving accounts carries an average rate of 5% per annum (2016: 5% per annum)

14 SHARE CAPITAL

2017	2016		2017	2016
No. of shares			----------Rupees in thousand---------	
		Authorized		
30,000,000	30,000,000	Ordinary Shares of Rs.10/- each	300,000	300,000
		Issued, subscribed and paid-up		
28,050,000	28,050,000	Ordinary Shares of Rs.10/- each	280,500	280,500

15 Long term finance

		2017	2016
		----------Rupees in thousand---------	
Meezan bank limited	15.1 & 15.2	1,989,000	1,000,000
Dubai Islamic bank limited	15.3	-	500,000
		1,989,000	1,500,000
less: current maturity of long term loan		(69,722)	-
		1,919,278	1,500,000

15.1 The subsidiary company - IDBL obtained Rs. 1.489 billion of Diminishing Musharka Finance from Meezan Bank Limited. The finance carries mark up rate of 3 months KIBOR + 0.50%. The finance is secured by pledged of Al-Meezan Investments mutual funds, shares of public listed companies and cash collateral.

15.2 The subsidiar company - IDBL obtained Rs. 500 million of Diminishing Musharka Finance from Meezan Bank Limitec. The finance carries mark up rate of 3 months KIBOR + 0.75%. The finance is secured by One pari passu hypothecation charge over stores and spares of Rs. 66 million as well as properties and personal guarantees of directors.

15.3 During the financial year, the subsidiary company - IDBL has settled its dues / loan with Dubai Islamic Bank.

16 LONG TERM DEPOSITS

Security deposits from tenants	16.1	660	-

16.1 These represent interest free security deposits received from the tenants of the subsidiary company - KPI, repayable on the cancellation or expiry of rental agreements entered into with the tenants.

17 STAFF GRATUITY

- Unfunded staff retirement gratuity

17.1 The details of employee retirement benefit obligations of the subsidiary company - KPI based on actuarial valuations carried out by independent actuary as at June 30, 2017 under the Projected Unit Credit Method are as follows:

17.2 Balance sheet - net recognised liability

Present value of defined benefit obligation	6,499	-

17.2.1 Movement in present value of defined benefit obligations

Present value of defined benefit obligations at beginning of the year	6,914	-
Expense for the year	273	-
Benefits paid during the year	(689)	-
Remeasurement: actuarial gain	-	-
Present value of defined benefit obligations at end of the year	6,499	-

17.2.2 Expense recognised in profit and loss account

Current service cost	146	-
Net interest cost	127	-
Expense for the year	273	-

17.2.3 Remeasurement losses recognised in profit or loss account

Actuarial gain on defined benefit obligation	-	-
	-	-

17.3 The principal assumptions used in the actuarial valuations carried out as of June 30, 2017, using the 'Projected Unit Credit' method, are as follows:

	2017	2016
Discount rate	7.25%	-
Salary increase rate (short term)	12.00%	-
Salary increase rate	7.25%	-
Withdrawal rate	Moderate	-
Expected mortality rate	Adjusted SLIC 2001 - 05	-

		Note	2017	2016
			----------Rupees in thousand---------	
18	TRADE AND OTHER PAYABLES			
	Trade creditors		44,771	29,878
	Payable to Ex-Shareholders of Subsidiary - KPI		81,614	-
	Accrued expenses		1,879	424
	Advance received from Customers		126,910	-
	Payable to Financial Institutions		103,586	6,215
	Payable to associate - Inshipping (Private) Limited		180	
	Other liabilities		1,243	3,465
			360,183	39,982
19	LOAN FROM ASSOCIATED UNDERTAKINGS	19.1	4,590,825	3,321,235

19.1 It is the interest free loan which has been provided by the associated undertakings for the purpose of meeting the working capital requirements & project related costs of the subsidiary company - IDBL. The repayment of this loan will be payable on demand.

20	SHORT TERM BORROWING - RUNNING FINANCE FACILITY		8,072,213	-

20.1 The subsidiary company - IDBL had obtained Rs. 8,072,213,165 (2016 Nil) of running finance facility from Habib Bank Limited. The finance carries mark up rate of 3 months KIBOR - 0.10%. This facitlity is secured against liquid assets i.e. deposit and / or units of money market / capital protected mutual funds in favour of HBL with NIL margin.

21	ACCRUED CHARGES AND OTHER LIABILITIES			
	Accrued liabilities		1,450	-
	Workers' Welfare Fund	21.1	759	-
	Sales tax payable		401	-
	Advance rent		192	-
			2,802	-
21.1	Workers' Welfare Fund			
	Balance at the beginning of the year		599	-
	Allocation for the year		160	-
			759	-

22 PROVISION FOR TAXATION

The income tax assessments of subsidiary company - KPI have been assessed including tax year 2013, however, KPI has filed various appeals with the appellate authorities in respect of assessment years 1991 – 1992 to 2001 – 2002 which are pending.

These appeals relate mainly to:

(a) the reopening of the original assessment by the Inspecting Additional Commissioner (IAS) in respect of assessment year 1991-92 to 1993–94 and 1996–1997 to 2000–2001 on the grounds that the income of the Company is subject to determination on the basis of Annual Letting Value of the property, resulting in additional tax liability of Rs.19,771,007. The Company filed appeals with the Income Tax Appellate Tribunal (ITAT) and the honourable High Court of Sindh, which were decided against the Company. The subsidiary company has, thereafter, filed an appeal with the Honourable Supreme Court of Pakistan which is currently pending adjudication.

(b) disallowance of various expenses in respect of assessment year 1994–95, 1995–96 and 2001–2002 resulting in additional tax liability of Rs.11,911,912. The subsidiary company has filed appeals with the Commissioner of Income Tax therewith

Although the subsidiary company is contesting the above mentioned issues at various levels, the management of the Company has made full provision there against. From the total demand of Rs. 31,682,919, the Company has paid Rs. 17,029,636 to Income Tax Authorities.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

Cases in respect of certain shops / offices are pending in Courts of law. Based on the advice of its legal counsel, the management of subsidiary company - KPI is confident that the ultimate outcome of these cases will be in its favour and KPI is not exposed to any liability.

23.2 Commitments

Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs. 6.497 million to holding company (2016: Rs. 6.497 million) in favour of Karachi Building Control Authority as at the balance sheet date.

		2017	2016
		-----------Rupees in thousand---------	
24 RENTAL INCOME FROM INVESTMENT PROPERTIES			
Rent from tenants		7,037	-
25 ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	9,062	3,565
Repairs and maintenance		328	-
Water		369	-
Legal and professional		3,328	147
Insurance		123	-
Utilities		135	103
Travelling and entertainment		355	229
Vehicle running and maintenance expenses		84	31
(Reversal) of provision for doubtful debts	10.1	(109)	-
Auditors' remuneration		405	200
Depreciation on property, plant and equipment	5.1	19	15
Depreciation and on investment properties	6	46	-
Impairment on investment properties	6	104	-
Printing and stationery		73	6
Professional tax		3	-
Donations	25.2	137	-
Other		110	45
		14,572	4,341

25.1 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE OF THE HOLDING COMPANY

Particulars	Chief Executive 2017	Chief Executive 2016	Director 2017	Director 2016
	Rupees			
Remuneration	-	-	-	-
House rent	-	-	-	-
Insurance	-	-	-	-
Meeting fee	-	-	-	-
	-	-	-	-
Number of persons	1	1	1	1

25.2 The donations is paid to related party is mentioned in note 34 of these financial statements.

26 BAD DEBT WRITTEN OFF

This represents a loan provided by subsidiary company - KPI to one of its ex-shareholder Mrs. Natasha Brutsch D. on January 31, 2017. This loan has been written-off during the year as bad debt as same is no more recoverable.

	Note	2017	2016
		----------Rupees in thousand----------	
27 OTHER INCOME			
Parking income		1,054	-
Lawn income		1,050	-
Electricity charges recoverd - net of expenses		769	-
Other income		165	-
Capital Gain	27.1	6,843,414	-
Income from Dividend		99,639	-
Gain on Sale of Marketable Securities		10,804	-
		6,956,894	-

27.1 Capital gain on sale of property has been claimed exempt from income tax

	2017	2016
28 FINANCIAL CHARGES		
Interest on:		
Long term loan - Trade Wind Trading Co. LLC	262	-
Short term loan - Bay View Academy (Private) Limited	1	-
Short term loan - Running finance	1,032	-
Amount due to Mr. D.C. Minwala	571	-
Amount due to Marketing and General Trading Limited	173	-
Bank charges	105	149
	2,145	149
29 TAXATION		
Current tax	(13,990)	-
Prior year	33	
Deferred tax	-	-
	(13,957)	-

30 EARNING PER SHARE - BASIC AND DILUTED

		2017	2016
Profit / (loss) after taxation for the year	*Rupees (in thousands)*	6,480,316	(9,269)
Weighted average number of ordinary shares	*Number of shares (in thousands)*	28,050	28,050
Earning / (loss) per share - basic and diluted	*Rupees per share*	231.03	(0.33)

31 CASH AND CASH EQUIVALENTS

	2017	2016
Short term running finance	(8,072,213)	-
Cash and bank balances	725,758	921
	(7,346,455)	921

32 Financial instruments by category

Financial Assets		
Rent receivable	2,337	-
Advances, deposits and other receivables	43,075	118,994
Short Term Investment	17,470,828	467,990
Cash and bank balances	725,758	921
	18,241,999	587,905
Financial liabilities		
Loan from associated undertakings	4,590,825	3,321,235
Loan from financial institutions	1,989,003	1,500,000
Short term borrowings	8,072,213	-
	14,652,041	4,821,235

33 Financial instruments and related disclosure

The Group is overall responsible for the establishment and oversight of risk management framework. The directors are also responsible for developing and monitoring the risk manangement policies.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, 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 Group's activities.

The group's activities expose it to variety of financial risks: market risk, price risk, credit risk, liquidity risk.

33.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

33.2 Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The group manages its exposure to such risks by maintaining a diversified portfolio of investments.

33.3 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalent, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets of Rs. 18 billion (2016: 0.59 billion), the financial assets are subject to credit risk amounted to Rs. 18 billion

The maximum exposure to credit risk as at June 30, 2017, along with comparatives is tabulated below:

	30-Jun-17	30-Jun-16
	(Rupees in thousand)	
Financial Assets		
Advances, deposits and other receivables	43,075	118,994
Short Term Investment	17,470,828	467,990
Cash and bank balances	725,758	921
	18,239,661	587,905

Due to group's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the group.

33.4 Liquidity Risk

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2017, all financial assets and financial liabilities are carried at amortised cost except for investment in mutual funds and shares which are carried at their fair values.

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. significant increases / decreases in activity)

- changes in inputs used in valuation techniques (eg inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.
The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within level 1 that are observable

Level 2 fair values for debt securities are determined using a discounted cash flow technique, which uses expected cash flows and a market-related discount rate (PKRV rates for the purpose).

The following table analysis within the fair value hierarchy of the group's financial assets (by class) measured at fair value at June 30, 2017:

	2017			
Financial assets	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial instrument: fair value through profit and loss	5,348,328	-	-	17,470,828

	2016			
Financial assets	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial instrument: fair value through profit and loss	467,990	-	-	467,990

34 TRANSACTIONS WITH RELATED PARTIES

The related parties of the group comprise holding company, directors and key management personnel. Transactions and amounts due from and to related parties other than those which have been disclosed in the relevant notes to the financial statements are as follows:

Name of related party and relationship with the group	Nature of transactions	2017	2016
		(Rupees in thousands)	
- The F.J.H Minwalla Trust (A shareholder)	Donations	548	2,878
- A.R.O (Private) Limited (An associate)	Rental income	675	541
- Inshipping (Private) Limited	Expense paid by associate	180	-

35 NUMBER OF EMPLOYEES

	2017	2016
Number of employees including contractual employees at 30 June	37	47
Average number of employees inculuding contractual employees at 30 June	38	46

36 DATE OF AUTHORIZATION

These financial statements were authorised for issue on 29 SEP 2017 by the Board of Directors of the Holding Company.

37 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive

Director