FINANCIAL STATEMENTS
OF
MEGA CONGLOMERATE (PRIVATE) LIMITED

FOR THE YEAR ENDED JUNE 30, 2017

Directors' Report
Mega Conglomerate (Private) Limited
Unconsolidated Financial Statements for the ended June 30, 2017

The Board of Directors of Mega Conglomerate (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

During the year ended June 30, 2017 your company has no revenue except for minimal amount of profit on bank deposit.

Your company have invested in the VMFG (Private) Limited and G4 Mega Pakistan (Private) Limited. Both of these companies had a profitable year of business.

Future Outlook

Your company is in the phase of exploring the opportunities for making further investment at new front for business prospects.

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 for their co-operations and support.

On behalf of the Board of
Mega Conglomerate (Private) Limited

M. Habibullah Khan
Chairman

Karachi: 29 SEP 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of **Mega Conglomerate (Private) Limited** as at June 30, 2017 and the related unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

The unconsolidated financial statements of the Company for the year ended June 30, 2016, were audited by another firm of Chartered Accountants, whose report dated October 08, 2016 expressed a qualified opinion thereon.

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

KARACHI: 29 SEP 2017

Mega Conglomerate (Private) Limited
UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
		------------Rupees------------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
130,000,000 (2016: 130,000,000) ordinary shares of Rs. 10 each	6	**1,300,000,000**	1,300,000,000
Issued, subscribed and paid up capital	6	**1,170,161,600**	1,170,161,600
Unappropriated profit		**381,555**	466,398
		1,170,543,155	1,170,627,998
Due to associated undertaking	7	**-**	13,744,000
Current liabilities			
Due to associated undertaking	7	**13,744,000**	68,260,784
Other payables	8	**302,689**	13,200
Contingency and commitments	9		
Total equity and liabilities		**1,184,589,844**	1,252,645,982
ASSETS			
Non-current assets			
Long term investment	10	**1,179,046,100**	1,179,046,100
Current assets			
Advance income tax	11	**30,465**	-
Other receivables	12	**-**	68,260,784
Bank balance - profit bearing		**5,513,279**	5,339,098
Total assets		**1,184,589,844**	1,252,645,982

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

Chief Executive

Director

Mega Conglomerate (Private) Limited
UNCONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
		------------Rupees------------	
Net sales		-	-
Cost of goods sold		-	-
Gross profit		-	-
Administrative expenses	*13*	(389,489)	(113,200)
Operating loss		(389,489)	(113,200)
Other income	*14*	304,646	-
Loss before taxation		(84,843)	(113,200)
Provision for taxation		-	-
Loss after taxation		(84,843)	(113,200)
Other comprehensive income		-	-
Total comprehensive loss for the year		(84,843)	(113,200)
Loss per share - basic and diluted	*15*	(0.001)	(0.001)

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

Chief Executive

Director

Mega Conglomerate (Private) Limited
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016
	-------------Rupees-------------	
Cash flow from operating activities		
Profit / (loss) before taxation	**(84,843)**	(113,200)
Adjustment for non cash charges and other items	-	-
Working capital changes		
(Increase) / decrease in current assets		
Other Receivables	**68,260,784**	(68,260,784)
Increase / (decrease) in current liabilities		
Due to Associated Undertaking	**(68,260,784)**	68,260,784
Other payables	**289,489**	13,200
Net cash generated from operations	**204,646**	(100,000)
Taxes paid	**(30,465)**	-
Net cash generated from / (used in) operating activities	**174,181**	(100,000)
Cash flow from investing activities		
Purchase of shares	-	(49,730,000)
Net cash used in investing activities	-	(49,730,000)
Cash flow from financing activities		
Due to associated undertaking	-	13,744,000
	-	13,744,000
Net cash generated from financing activities	-	13,744,000
Net increase / (decrease) in cash and cash equivalents	**174,181**	(36,086,000)
Cash and cash equivalents at beginning of the year	**5,339,098**	41,425,098
Cash and cash equivalents at end of the year	**5,513,279**	5,339,098

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

Chief Executive

Director

Mega Conglomerate (Private) Limited
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	-------------Rupees-------------		
Balance as on 01 July 2015	1,170,161,600	579,598	1,170,741,198
Total comprehensive loss for the year	-	(113,200)	(113,200)
Balance as on 30 June 2016	**1,170,161,600**	**466,398**	**1,170,627,998**
Balance as on 01 July 2016	1,170,161,600	466,398	1,170,627,998
Total comprehensive loss for the year	-	(84,843)	(84,843)
Balance as on 30 June 2017	**1,170,161,600**	**381,555**	**1,170,543,155**

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

Chief Executive

Director

MEGA CONGLOMERATE (PRIVATE) LIMITED
NOTES TO THE UNCOSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

Mega Conglomerate (Private) Limited was incorporated in Pakistan as a private limited company on 8th June, 2010 under the Companies Ordinance, 1984 with registered office at GF 7-10, KDLB Building West Wharf Road 58, Karachi, Sindh. The principal activity of the Company is wholesaler, retailer and trading business including investing in other companies.

2 BASIS OF PREPARATION

2.1 Unconsolidated financial statements

These are the unconsolidated financial statements (therein after referred as the financial statements) of the Company in which investment in subsidiary is accounted for on the basis of direct or indirect equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Company are prepared separately.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) for companies the financial year of which close on or before June 30, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the prevailing repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

2.4 These are the Company's first set of financial statements prepared in accordance with the IFRSs. Previously, these financial statements were prepared in accordance with Accounting and Financial Reporting Standards for Small and Medium-sized entities (AFRS for SMEs) issued by Institute of Chartered Accountants of Pakistan (ICAP).

The effect of transition to IFRSs on total equity, profit and cash flows are not presented as the transition has no significant (and material) effect on the amounts reported in respect of comparative prior year.

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

3.1 Standards, interpretations & amendments to the 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:

3.2 Standard or Interpretation

		Effective date (annual periods 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 company 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.

3.3 Standard or Interpretation

		Effective date (annual periods beginning on or after)
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments bringing bearer plants into the scope of IAS 16)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments regarding the clarification of acceptable methods of depreciation and amortisation)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

4 USE OF ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Companies accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

5.2 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

5.3 Taxation

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and taxes paid under the Final Tax Regime. The charge for current tax includes adjustments to charge for prior years, if any.

5.4 Financial instrumements

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 assets and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortized cost or cost, as the case may be.

5.5 Financial assets

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

a) Held-to-maturity

These are investments with fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs.

b) Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise "Trade debts", "Advances, deposits and other receivables" and "Cash and bank balances" in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method.

c) At fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognized directly in profit and loss account. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognized directly in the profit and loss account. The Company has not classified any financial asset as held for trading. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

d) Available-for-sale

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

At initial recognition, available-for-sale investments are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until (i) the investment is derecognized, at which time the cumulative gain or loss is recognized in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognized in the profit and loss account and removed from the available-for-sale reserve.

5.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Revenue from sale of goods is measured net of sales tax, returns, trade discounts and volume rebates, and is recognized when significant risks and rewards of ownership are transferred to the buyer, that is, when deliveries are made and recovery of the consideration is probable.

Revenue for local services is based on pre-announced rate schedule and is recognized when the services are rendered.

Interest on bank deposits is accrued on a time proportion basis taking into account the effective yield on deposits.

Dividend is recognized on receipt basis.

5.7 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates approximating those prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevalent at the balance sheet date. Foreign exchange gains and losses on translation are included in profit and loss account.

5.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

5.9 Off-setting of financial assets and financial liabilities

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

5.10 Provisions, contingent assets & contingent liabilities

Provisions are recognized when the Company 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 the 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.

5.11 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortized cost are recognized in profit and loss account.

		June 30, 2017	June 30, 2016
		-------------Rupees-------------	

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2017			
No of shares		**Authorized capital**		
130,000,000	**130,000,000**	Ordinary shares of Rs 10/- each	**1,300,000,000**	1,300,000,000
		Issued, subscribed & paid up capital		
117,016,160	**117,016,160**	Ordinary shares of Rs 10/- each	**1,170,161,600**	1,170,161,600

7 DUE TO ASSOCIATED UNDERTAKING

		2017	2016
Loan from associate			
VMFG (Private) Limited	7.1	-	68,260,784
Inshipping (Private) Limited	7.2	**13,744,000**	13,744,000
		13,744,000	82,004,784
Less : current maturity		**(13,744,000)**	(68,260,784)
		-	13,744,000

7.1 The Company had obtained interest free loan from associated company for a short time period.

7.2 It is the interest free receipt which has been provided by the associated undertaking and the amount will be paid on demand

8 OTHER PAYABLES

	2017	2016
Auditors fee	**65,600**	10,600
Statutory filing fees	**2,600**	2,600
Payable to associate - Megatrans Pakistan (Private) Limited	**54,489**	-
Payable to associate - Inshipping (Private) Limited	**180,000**	-
	302,689	13,200

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitmentsas at June 30, 2017 (30 June, 2016: Nil)

10 LONG TERM INVESTMENT

		2017	2016
Long term investment - available for sale			
VMFG (Private) Limited	10.1	**898,546,100**	898,546,100
Break up value as per latest financial statement is Rs. 10.71 (2016: Rs. 10.7)			
G4 Mega Pakistan (Private) Limited	10.2	**280,500,000**	280,500,000
Break up value as per latest financial statement is Rs. 10.01 (2016: Rs. 10.02)			
		1,179,046,100	1,179,046,100

10.1 Held 89,881,734 ordinary shares of Rs.10/- each (100%) as on June 30, 2017 (June 30, 2016: 89,881,734, 100%)

10.2 Held 28,050,000 ordinary shares of Rs.10/- each (100%) as on June 30, 2017 (June 30, 2016: 28,050,000, 100%)

11 ADVANCE INCOME TAX

	2017	2016
Withholding tax deducted	**30,465**	-
	30,465	-

		June 30, 2017	June 30, 2016
		------------Rupees------------	

12 OTHER RECEIVABLES

Receivables from Directors		-	68,260,784
		-	68,260,784

During the year, the Company has received advance provided to directors.

13 ADMINISTRATIVE EXPENSES

Salary expense		**180,000**	-
Professional tax		**100,000**	100,000
Vehicle running expense		**49,489**	-
Communication charges		**5,000**	-
Audit remuneration	13.1	**55,000**	10,600
Statutory filing fees		-	2,600
		389,489	113,200

13.1 Audit remuneration

Audit fee	**50,000**	10,600
Out of pocket	**5,000**	-
	55,000	10,600

14 OTHER INCOME

Profit from PLS account	**304,646**	-

15 LOSS PER SHARE - basic and diluted

Loss for the year	**(84,843)**	(113,200)
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the year	**117,016,160**	117,016,160
Loss per share - basic	**(0.001)**	(0.001)

There is no dilutive effect on basic earning per share

16 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

17 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	June 30, 2017	June 30, 2016
		------------Rupees------------	
Balance as at 30 June, 2017			
Associated undertakings			
VMFG (Private) Limited	Due to associate company	**-**	68,260,784
Inshipping (Private) Limited	Due to associate company	**13,744,000**	13,744,000
Megatrans Pakistan (Private) Limited	Payable	**54,489**	-
Inshipping (Private) Limited	Payable	**180,000**	-
Key Management Personnel			
Receivables from Directors	Loan to director	-	68,260,784
Transaction during the year			
VMFG (Private) Limited	Repayment of loan	**68,260,784**	-
Receivables from Directors	Received during the year	**68,260,784**	-
Megatrans Pakistan (Private) Limited	Expense paid by associate	**54,489**	-
Inshipping (Private) Limited	Expense paid by associate	**180,000**	-

	2017	2016
	------------Rupees------------	

18 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

	2017	2016
Long term investment	**1,179,046,100**	1,179,046,100
Other receivables	-	68,260,784
Bank balances	**5,513,279**	5,339,098
	1,184,559,379	1,252,645,982

FINANCIAL LIABLITIES

	2017	2016
Due to associated undertaking	**13,744,000**	68,260,784
Other payables	**302,689**	13,200
	14,046,689	68,273,984

19 CAPITAL RISK MANAGEMENT

The company is fully equity financed and there are no financial debts pertaining to the the company as at June 30, 2017.

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has exposure to the following risks from its use of financial instruments:
- Credit Risk
- Liquidity Risk
- Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. . The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2017 which are summarized below:

20.1 Credit Risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2017	2016
	------------Rupees------------	
Other receivables	-	68,260,784
Long term investment	**1,179,046,100**	1,179,046,100
Bank balances	**5,513,279**	5,339,098
	1,184,559,379	1,252,645,982

20.1.1 The credit quality of Company's bank balances can be assessed with reference to external credit ratings as

Bank	Rating agency	Short- term Rating	2017	2016
			------------Rupees------------	
Meezan Bank Limited	JCR - VIS	A1+	5,513,279	**5,339,098**

20.2 Liquidity Risk

Liquidity risk is the risk that company will not be able to meet its financial obligation as they due. Management closely monitor the company's liquidity and cash flow position. Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and availability of funding to an adequate amount of committed credit facilities. The company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The company is not materially exposed to liquidity risk as all the obligations / commitments of the company are being fulfilled on timely basis.

Financial liabilities in accordance with their contractual maturities are presented below:

	Non-interest / mark-up bearing		
	Maturity within one year	Maturity after one year	Total
	June 30, 2017		
	------------------------(Rupees)--------------------------		
Financial liabilities			
Due to associated undertaking	13,744,000	-	**13,744,000**
Other payables	302,689	-	**302,689**
	14,046,689	-	**14,046,689**
	June 30, 2016		
	------------------------(Rupees)--------------------------		
Financial liabilities			
Due to associated undertaking	82,004,784	-	**82,004,784**
Other payables	13,200	-	**13,200**
	82,017,984	-	**82,017,984**

20.3 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rate, interest rate and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company has short term as well as long term rupee based loans at variable rates. Rates on short term finances are disclosed in relevant notes.

20.4 Yield / mark - up rate exposure

Yield / mark - up rate risk is the risk that the value of financial instrument due to change in market yield / mark - up rates. Sensitivity to yield / mark - up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The company manages these mismatches through risk managements strategies where significant changes in gap position can be adjusted. The company is not exposed to any yield / mark - up rate as there are no financial liabilities in respect of the following:

	2017	2016
	-------------Rupees-------------	
	Carrying amount	Carrying amount
Financial assets		
Bank balance	**5,513,279**	5,339,098
Financial liabilities	-	-

20.5 Exposure to currency risk

Currency risk is the risk that the financial instrument will fluctuate due to changes in foreign exchange rates. In appropriate cases, the management takes out forward contract to mitigate the risk.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

	2017	2016
	------------Rupees------------	

22 NUMBER OF EMPLOYEES

	2017	2016
As at year end	1	1
Average Employees	1	1

23 DATE OF AUTHORISATION

These s were authorized for issue by the Board of Directors in their meeting held on 29 SEP 2017.

24 GENERAL

Figures have been rounded off to the nearest rupees.

Chief Executive

Director