

AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) in our opinion, proper books of 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 balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the profit, its comprehensive income, 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(XVIII of 1980).

Date: 03-Oct-2017
Lahore.



Nasir Javaid Maqsood Imran
Nasir Javaid Maqsood Imran
 Chartered Accountants
 Muhammad Maqsood

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 CPA ASSOCIATES INTERNATIONAL

INTEGRATED EQUITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

NON CURRENT ASSETS

Property and equipments
Intangibles
Investment property
Long term investments
Long term deposits and prepayments

Note	2017	2016
	Rupees	Rupees
6	3,087,698	3,316,650
7	10,024,500	10,044,967
8	24,385,500	7,275,000
9	60,346,567	70,700,009
10	1,216,000	716,000
	99,060,265	92,052,626

CURRENT ASSETS

Trade debts
Short term investments
Advances, deposits, prepayments and other receivables
Advance tax
Cash and bank balances

11	78,161,293	33,599,792
12	14,397,097	1,671,075
13	3,603,870	7,516,104
14	8,321,398	6,979,624
15	12,324,349	14,341,073
	116,808,007	64,107,668

TOTAL ASSETS

215,868,272	156,160,294
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SHARE CAPITAL AND RESERVES

Issued, subscribed and paid-up capital
Other reserves
Retained earnings

16	130,000,000	102,216,080
17	7,609,785	17,963,227
	5,207,867	17,603,459

TOTAL EQUITY

142,817,652	137,782,766
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NON CURRENT LIABILITIES

Deferred tax liability

1,033,620	457,604
1,033,620	457,604

CURRENT LIABILITIES

Trade and other payables
Short term borrowings
Provision for taxation

18	65,317,514	13,537,810
19	1,825,383	2,634,446
	4,874,103	1,747,668
	72,017,000	17,919,924

CONTINGENCIES AND COMMITMENTS

20	-	-
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TOTAL EQUITY AND LIABILITIES

215,868,272	156,160,294
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The annexed notes from 1 to 31 form an integral part of these Financial Statements.

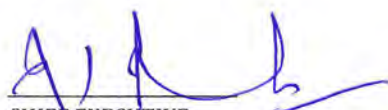

CHIEF EXECUTIVE


DIRECTOR

INTEGRATED EQUITIES LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 RUPEES	2016 RUPEES
Revenue	21	77,284,020	47,546,288
Capital gain		1,821,600	2,802,360
Unrealized loss on remeasurement of investments		3,257,242	(663,180)
Unrealized gain on remeasurement of investments property		3,074,627	-
Dividend income		838,892	785,474
		86,276,381	50,470,942
Operating expenses	22	(62,569,565)	(42,988,990)
Finance cost	23	(516,734)	(284,705)
Operating income		23,190,082	7,197,247
Other income	24	22,388	739,000
Profit before tax		23,212,470	7,936,247
Taxation	25	(7,824,142)	(2,110,743)
Profit after tax		15,388,328	5,825,504

The annexed notes from 1 to 31 form an integral part of these Financial Statements.



 CHIEN EXECUTIVE


 DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 RUPEES	2016 RUPEES
Profit/(Loss) after taxation for the year	15,388,328	5,825,504
Other comprehensive income/ (loss) for the year		
<i>Items that will never be reclassified to profit and loss:</i>		
<i>Items that are or may be reclassified to profit and loss:</i>		
Unrealized gain/(Loss) on investments available for sale	(10,353,442)	3,398,161
Total other comprehensive income/ (loss)	(10,353,442)	3,398,161
Total comprehensive income/ (loss)	5,034,886	9,223,665

The annexed notes from 1 to 31 form an integral part of these Financial Statements.

NOTED

 CHIEF EXECUTIVE


 DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOW FROM OPERATING ACTIVITIES

Profit from Operations

20,838,449

7,936,247

Adjustment for Non-cash items

Depreciation

714,652

793,122

Amortization

20,467

38,400

Impairment

-

5,453,566

Unrealized gain (loss) on remeasurement of short term investment through profit or loss

(3,257,242)

663,180

Gain on Investment

(985,060)

Gain/Loss on disposal of Equipment/investment property

237,500

-

Gain on revaluation of investment property

(3,074,627)

-

Gain on Long term Investment

-

(1,817,295)

15,479,199

12,082,160

Net Profit before Working Capital Changes

Changes in Working Capital

(Increase) / Decrease in Current Assets

Trade Debtors

(44,561,501)

(22,979,031)

Investments - net

(9,468,780)

5,290,417

Advances, Deposits and Other Receivables

2,570,460

(6,436,370)

Increase / (Decrease) in Current Liabilities

Trade Creditors and Accrued Expenses

51,779,704

6,838,672

Short term borrowings

-

-

319,883

(5,204,152)

Cash Used in Operations

(1,747,668)

(1,787,318)

Tax paid

14,051,414

(6,991,470)

Net Cash Used/Generated from Operating Activities

CASH FLOW FROM INVESTING ACTIVITIES

Security Deposit

(500,000)

1,130,000

Acquisition of PPE

(485,700)

(347,225)

Intangibles

-

(35,000)

Disposal Long term Investment

-

1,987,301

Acquisition of investment property

(17,673,373)

(6,843,000)

Disposal of investment property

3,400,000

-

(15,259,073)

(4,107,924)

Net Cash flow from Investing Activities

CASH FLOW FROM FINANCING ACTIVITIES

Long Term Loan

-

-

Acquisition/(repayment) of long term loan from director

(809,063)

2,634,446

Net Cash Flow from Financing Activities

(809,063)

2,634,446

Net Increase in Cash and Cash Equivalents

(2,016,722)

(8,464,948)

Cash and Cash Equivalents at the beginning of the Year

14,341,073

22,806,021

Cash and Cash Equivalents at the end of the Year

12,324,349

14,341,073

The annexed notes from 1 to 31 form an integral part of these Financial Statements.

CHIEF EXECUTIVE

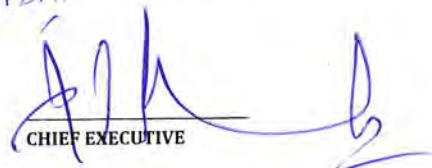
DIRECTOR

INTEGRATED EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

Particulars	Issued, subscribed and paid-up capital	Other reserves	Retained earnings	Total
	RUPEES			
Balance as at July 1, 2015	102,216,080	14,565,066	11,777,955	128,559,101
Other Comprehensive Income for the period		3,398,161		3,398,161
Profit for the period			5,825,504	5,825,504
Balance as at June 30, 2016	102,216,080	17,963,227	17,603,459	137,782,766
Other Comprehensive Income for the period	-	(10,353,442)		(10,353,442)
Profit for the period			15,388,328	15,388,328
2,778,392 ordinary shares of Rs 10/-each issued as bonus shares	27,783,920	-	(27,783,920)	-
Balance as at June 30, 2017	130,000,000	7,609,785	5,207,867	142,817,652

The annexed notes from 1 to 31 form an integral part of these Financial Statements.

12/06/17


CHIEF EXECUTIVE


DIRECTOR

INTEGRATED EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

Integrated Equities Limited ("the Company") was incorporated in Pakistan on July 01, 2008 as a private limited company, under the Companies Ordinance, 1984. Status of the Company was changed from private limited to public limited on December 30, 2016. The Principal Activities of the company include shares brokerage and Investment in shares, stocks, fixed income securities, bonds, etc. and also provides consultancy services.

The Registered office of the company is located at 202 Y First Floor Commercial Area Defense Housing Authority Lahore.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved Accounting Standards as applicable in Pakistan and the requirements of the Companies Ordinance 1984. Approved Accounting Standards comprise of such International financial reporting standards as applicable in Pakistan. Whenever the requirements of the Companies Ordinance 1984 or directives of the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the standards, the requirements of the Companies Ordinance 1984 or the requirements of the said directives take precedence.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for some intangible assets, Investments and Investment property and certain financial assets that are stated at fair value and recognition of deferred liabilities at present value.

3.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, requires management to make judgments, estimates and assumptions that affect the application of policies, reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions and judgments are based on historic experience and various other factors that are believed to be reasonable under the circumstances the result of which form the basis of making the judgments about carrying values of the 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only the period, or in the period of revision and future periods if the revision effects both current and future periods. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Useful life and residual values of property, plant and equipment
- b) Impairment
- c) Classification and valuation of investment
- d) Provision for taxation

3.2 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2016

During the year IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements' became effective. These standards became applicable from 1 July 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Company.

15/11/17

INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS OR AMENDMENTS TO EXISTING STANDARDS

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

4.1 The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IFRS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

Annual improvements to IFRSs 2012-2014 Cycle

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

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

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standards or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 - Classification and Measurement of Share Based Payment Transactions (Amendment)	January 1, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Yet not finalized
IAS 7- Statement of Cash Flows: Disclosure Initiative (Amendment)	January 1, 2017

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRS 4- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 1, 2018
IFRIC 22 -Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 -Uncertainty over Income tax treatment	January 1, 2019
The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application	
Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.	

Standard	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019
IFRS 17 - Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

5

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 years presented, unless otherwise stated.

5.1 Property plant and equipment:

These are stated at cost less accumulated depreciation and impairments, if any. Depreciation is charged on reducing balance basis at the rates specified in Note 5 to the financial statements, which are considered appropriate to write off the cost of assets over their useful economic lives.

Full month depreciation is charged on the assets in the month of addition while no depreciation is charged in the month of disposal. Assets subject to finance lease are depreciated on the same basis as owned assets.

An item of property plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Residual value and useful life is reviewed at the end of each financial year.

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

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5.2 Intangibles

Trading Right Entitlement Certificate (TREC)

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets have an indefinite useful life so no amortization has been charged.

Computer software

These are stated at cost less accumulated impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amount, and where carrying amount exceeds estimated recoverable amount, these are written down to their estimated recoverable amount. These assets are amortized at 20% p.a.

5.3 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the profit and loss account. Individually significant financial assets are tested for impairment on individual basis. An impairment loss in respect of available-for-sale financial assets is calculated by the reference to its current fair value. Any cumulative loss in respect of an available-for-sale financial assets recognized previously in equity is transferred to profit and loss.

Impairment losses are reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

5.4 Investments

Held for trading

These include investments classified as held for trading or upon initial recognition are designated by the Company at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in profit and loss account. Fair value of investments is their quoted bid price at the balance sheet date.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains and losses which are charged to other comprehensive income, until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income. Fair value of quoted investments is their bid price at the balance sheet

Unquoted investments, where active market does not exist, are carried at their closest estimate of fair value and tested for impairment at each year end. Impairment loss, if any, is charged to income currently.

The Company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. If any such evidence exists for available for sale investments, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through profit and loss account.

NSM

5.5 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

5.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

Significant financial assets include long term deposits and prepayments other receivables, short term investments, trade debts and cash and bank balances.

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, other long term loans and trade and other payables.

5.7 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.8 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognized at cost, being the fair value of the consideration given, subsequent to initial recognition these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an

Any gain or loss arising from a change in fair value is recognized in the profit and loss account. Rental income from investment property is accounted for as described in IAS 40.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the profit and loss account.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

5.9 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 future for goods or services received.

5.10 Provisions

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 of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

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5.11 Revenue recognition

- Brokerage income, consultancy and money market services are recognized as and when such services are provided
- Dividend income is recognized at the time of book closure of the company declaring the dividend.
- Return on securities other than shares is recognized as and when it is due on time proportion basis.
- Mark-up/interest income is recognized on accrual basis.
- Capital gains or losses on sale of investments are recognized in the year in which they arise.

5.12 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

5.13 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency.

5.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks and other short term highly liquid investments (if any) that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

5.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible, except in extremely rare circumstances where, subject to approval of Board of Directors, it is in the interest of the Company to do so.

MSM
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5.16 Fair value

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

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

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).

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

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2017

6 PROPERTY AND EQUIPMENTS

	Computers & Accessories	Furniture & Fixtures	Office Equipments	Vehicle	Total
	RUPEES				
Net Carrying Value Basis					
At June 30,2017					
Opening carrying amount (CA)	469,123	475,462	482,315	1,889,750	3,316,650
Additions (at cost)	337,200	90,500	58,000	-	485,700
Disposals (at CA)					
Cost	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
Depreciation charge	(199,783)	(82,888)	(54,031)	(377,950)	(714,652)
Closing carrying amount (CA)	606,540	483,074	486,284	1,511,800	3,087,698
Gross Carrying Value Basis					
At June 30,2017					
Cost	1,779,798	1,199,985	789,853	7,438,510	11,208,146
Accumulated depreciation	(1,173,258)	(716,911)	(303,570)	(5,926,710)	(8,120,449)
Carrying amount	606,540	483,074	486,283	1,511,800	3,087,698
Net Carrying Value Basis					
At June 30,2016					
Opening carrying amount (CA)	468,825	496,325	435,209	2,362,188	3,762,547
Additions (at cost)	191,916	55,674	99,635	-	347,225
Disposals (at CA)					
Cost	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
Depreciation charge	(191,618)	(76,537)	(52,529)	(472,438)	(793,122)
Closing carrying amount (CA)	469,123	475,462	482,315	1,889,750	3,316,650
Gross Carrying Value Basis					
At June 30,2016					
Cost	1,442,598	1,109,485	731,854	7,438,510	10,722,447
Accumulated depreciation	(973,475)	(634,023)	(249,539)	(5,548,760)	(7,405,797)
Carrying amount	469,123	475,462	482,315	1,889,750	3,316,650
Depreciation Rate % per annum	30	15	10	20	

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7 INTANGIBLES

	Notes	2017 Rupees	2016 Rupees
Computer Software	7.1	24,500	44,967
Trading Right Entitlement Certificates	7.2	10,000,000	10,000,000
		10,024,500	10,044,967

7.1 COMPUTER SOFTWARE

	Notes	2017 Rupees	2016 Rupees
Gross carrying value basis			
Opening carrying amount		44,967	48,367
Additions (at cost)		-	35,000
Amortization charge		(20,467)	(38,400)
Closing net book value		24,500	44,967
Gross carrying value basis			
Cost		209,500	209,500
Accumulated Amortization		(185,000)	(164,533)
Net book value		24,500	44,967

7.2 TRADING RIGHT ENTITLEMENT CERTIFICATES (TREC)

	Notes	2017 Rupees	2016 Rupees
Cost	7.2.1	10,000,000	15,453,566
Impairment		-	(5,453,566)
		10,000,000	10,000,000

7.2.1 This represents two Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited). As on June 30, 2015, the TREC was recorded at 15,453,566/-. During the year, Pakistan Stock Exchange Limited (PSX) issued the value of TREC for calculation of Base Minimum Capital (BMC) at Rs. 5,000,000/- (2016: Rs.5,000,000). The value of TREC had been impaired by Rs. 5,453,566/- in 2016. One of these TREC has been pledged against Base Minimum Capital (BMC).

7.2.2 The Company has no internally generated intangible assets.

B INVESTMENT PROPERTY

	Notes	2017 Rupees	2016 Rupees
Balance as on July 01, 2016		7,275,000	7,275,000
Acquisition during the year	8.1	17,673,373	-
		24,948,373	7,275,000
Disposal during the year		(3,637,500)	-
		21,310,873	7,275,000
Increase in fair value	8.2	3,074,627	-
Balance as at June 30, 2017		24,385,500	7,275,000

8.1 Investment Property comprises offices / plots situated at Lahore. During the year additions were Rs. 17,673,373/-.

8.2 The fair value of subject investment property is based on valuation that was carried out by M/s. Fairwater Property Valuers & Surveyors (Pvt.) Limited, independent valuer (approved valuator on the panel of Pakistan Banking Association) as on June 30, 2017. The valuer determined the fair value of Rs. 24,385,500/- (2016: Nil), the effect of which has been incorporated in the financial statements. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined in Note 5.16.

8.3 Recurring fair value measurements

Fair value measurements at 30 June 2017
significant other observable inputs (Level 2)
Rupees

Investment properties 24,385,500

Fair value measurements at 30 June 2016
significant other observable inputs (Level 2)
Rupees

Investment properties 7,275,000

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2017.

8.4 Valuation techniques used to derive level 2 fair values:

Level 2 fair value of investment properties has been derived using the sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property. The most significant input into this valuation approach is price per square foot.

9 LONG TERM INVESTMENTS

9.1 Investments in related parties

9.1.1 Available for sale investments

Media Info Systems (Pvt) Limited

450,000 (June 2016: 450,000) Ordinary Shares of Rs. 10 each

Notes	2017 Rupees	2016 Rupees
9.1.2	2,785,500	2,489,474
	2,785,500	2,489,474

9.2 Other investments

9.2.1 Available for sale investments

Pace Barka Properties Limited

2,721,238 (June 2016: 2,721,238) Ordinary shares of Rs. 10 each

LSE Financial Services Limited (formerly Lahore Stock Exchange Limited-LSEL)

843,975 (June 2016: 843,975) Ordinary shares

9.2.2	42,124,764	43,600,224
9.2.3	15,436,303	24,610,311
	57,561,067	68,210,535
	60,346,567	70,700,009

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Movement of Investment in related parties

	Notes	2017	2016
		Rupees	Rupees
9.1.2 Media Info Systems (Pvt.) Limited			
Opening balance on July 01,		2,489,474	173,463
450,000 (June 2016: 450,000) Ordinary Shares of Rs. 10 each			
Equity Held 10.1637% (2016 : 10.1637%)			
Gain/(Loss) on remeasurement of investment available for sale charged to OCI		296,026	2,316,011
Closing balance on June 30,		2,785,500	2,489,474

Movement of other Investments

9.2.2 Pace Barka Properties Limited			
Opening balance on July 01,		43,600,224	42,518,075
2,721,238 (June 2016: 2,721,238) Ordinary shares of Rs. 10 each			
Equity Held 0.89% (2016 : 0.89%)			
Gain/(Loss) on remeasurement of investment available for sale charged to OCI		(1,475,460)	1,082,149
Closing balance on June 30,		42,124,764	43,600,224

9.2.3 LSE Financial Services Limited (formerly Lahore Stock Exchange Limited-LSEL)			
Opening balance on July 01,		24,610,311	24,610,311
843,975 (June 2016: 843,975) Ordinary shares of Rs. 10 each			
Equity Held 0.66% (2016 : 0.66%)			
Gain/(Loss) on remeasurement of investment available for sale charged to OCI		(9,174,098)	-
Closing balance on June 30,	9.2.4	15,436,303	24,610,311

9.2.4 This represents unquoted shares of Stock Exchanges received by the Company in pursuance of Stock Exchanges(Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company are 843,975 shares of Lahore Stock Exchange Limited(LSEL). These include 60% shares of LSEL held in separate CDC blocked Account to restrict the sale of these shares by the members whereas stock exchanges will dispose of these shares under the Demutualization Act, however the proceeds of these shares and right to dividend/bonus is vested with the Company whereas the voting rights attached to these shares are suspended.

During the period, a memorandum of understanding was signed between Karachi Stock Exchange (KSE), the Lahore stock exchange (LSE) and the Islamabad stock exchange (ISE) for integration of all three stock exchanges in Pakistan Stock Exchange as envisaged in the stock exchanges (Corporatization, Demutualization) Act 2012 (XV of 2012) vide SECP's order 01/2016 dated January 11, 2016. As a consequence of the integration scheme, the business model of ISE and LSE have been changed and they have obtained the license to operate as NBFC as per NBFC rules and KSE would carry the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited. Changes in estimated fair value will be recognized in other comprehensive income.

9.2.5 These investments (unquoted) are carried at their closest estimate of fair value and tested for impairment at each year end, as active market does not exist. For valuation of these investments Net Asset Value method has been adopted.

Net Asset value per share in the equity capital of the company is the amount each share is worth on the basis of carrying value per balance sheet, prepared in accordance with IFRS. Such standards provide that:-

Net Asset value per share is computed by dividing shareholders' equity which includes Paid Up Capital & Reserves/Surplus with the number of shares issued.

9.2.6 During the year there is no transfers into or out of Level 3 of the fair value hierarchy.

9.2.7 All 843,975 shares of LSE Financial Services Limited has been pledged against Base Minimum Capital (BMC).

9.2.8 Sensitivity analysis

For the fair values of equity securities - available-for-sale, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	2017				
	Carrying Value	"Hypothetical value change"	Estimated fair value after hypothetical change in values	Hypothetical increase/(decrease) in shareholders' equity	"Hypothetical increase/(decrease) in profit/(loss) before tax"
Unobservable inputs					
Long term investments	60,346,567	+10% -10%	66,381,224 54,311,910	6,034,657 (6,034,657)	- -

	2016				
	Carrying Value	"Hypothetical value change"	Estimated fair value after hypothetical change in values	Hypothetical increase/(decrease) in shareholders' equity	"Hypothetical increase/(decrease) in profit/(loss) before tax"
Long term Investments	70,700,009	+10% -10%	77,770,010 63,630,008	7,070,001 (7,070,001)	- -

10 LONG TERM DEPOSITS AND PREPAYMENTS

10.1 Long term deposits

	Notes	2017	2016
		Rupees	Rupees
Pakistan Stock Exchange Limited		200,000	200,000
Central Depository Company of Pakistan Limited		100,000	100,000
National Clearing Company of Pakistan Limited		700,000	200,000
Others		216,000	216,000
		1,216,000	716,000

11 TRADE DEBTS

Trade debts against purchase of shares:

Considered good - unsecured

Related parties

Others

11.1	5,978	-
	270,128	435,563
	276,106	435,563

Trade debts other than purchase of shares:

Considered good - unsecured

Related parties

Others

11.1	217,041	500,000
	77,668,146	32,664,229
	77,885,187	33,164,229
	78,161,293	33,599,792

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INTEGRATED EQUITIES LIMITED
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11.1 Related parties

Purchase of shares		
Possidon Synergies (Pvt.) Limited	5,978	
Other than purchase of shares:		
Possidon Synergies (Pvt.) Limited	217,041	500,000
	<u>223,019</u>	<u>500,000</u>

- 11.2 This includes an amount of PKR 49,825,011/- including of Sales Tax as receivables from Lahore Knowledge Park Company for providing transaction advisory services to Lahore Knowledge Park Company, HED, Government of Punjab along with other Consortium Members.
- 11.3 Age analysis of trade debts from related parties is provided in Note 27.1.2.

12 SHORT TERM INVESTMENTS

Investments held for trading

- Quoted equity securities

12.1	<u>14,397,097</u>	<u>1,671,075</u>
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12.2 Quoted equity securities

Quoted Securities

First Capital Equities Limited
Maple Leaf Cement Factory Limited
Pakistan International Bank Terminal Limited
Pak Elektron Limited
The Bank Of Punjab-Right
Power Cement-Right
Muslim Commercial Bank
Trent Corporation

June 30, 2017		
No. of Shares	Carrying	Fair Value
Rupees		
183	1,647	1,647
100,000	11,052,000	11,032,000
200,000	10,610	8,000
25,000	812,500	312,500
5,000	1,104,436	1,052,150
35,000	2,194,670	1,990,800
	<u>15,175,763</u>	<u>14,397,097</u>

June 30, 2016		
No. of Shares	Carrying amount	Fair Value
Rupees		
22,960	638,208	637,140
6,000	635,514	633,060
12,500	416,895	400,875
	<u>1,690,697</u>	<u>1,671,075</u>

Total Investment

Gain/(loss) on re-measurement

Total investment as at June 30, 2017

<u>15,175,763</u>	<u>14,397,097</u>
	<u>(778,666)</u>
	<u>14,397,097</u>

<u>1,690,697</u>	<u>1,671,075</u>
	<u>(29,622)</u>
	<u>1,671,075</u>

- 12.2 Shares having carrying amount of Rs. 15,175,763/- (2016: Rs. 1,609,697/-) and market value of Rs. 14,397,097/- (2016: Rs. 1,671,075/-) out of 100,000 shares of Pak Elektron Ltd, 10,000 shares are pledged against Base Minimum Capital having fair value of PKR 1,100,000/- and 50,000 shares are pledged against future market as per Stock Exchange Requirements having fair value of PKR 5,500,000/-.
- 12.3 During the year capital gain of Rs. 1,821,600/- has received on sale of shares having carrying Value 16,210,697/-.
- 12.4 Level 1 inputs i.e. Quoted prices (unadjusted) in active markets for these shares are used for recurring measurement of fair value.

13 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

13.1 Advances - unsecured - considered good

- To employees
- To others

13.1	<u>191,000</u>	<u>219,942</u>
	<u>450,000</u>	
	<u>541,000</u>	<u>219,942</u>

13.2 Short term prepayments

Other prepayments

	<u>93,500</u>	<u>155,364</u>
	<u>93,500</u>	<u>155,364</u>

13.3 Short term deposits

Exposure with National Clearing Company of Pakistan Limited
Margin deposit with bank
Base minimum capital
Inter Office Balance

	<u>1,000,000</u>	<u>6,300,000</u>
	<u>960,000</u>	
	<u>128,236</u>	<u>1,08,236</u>
	<u>2,088,236</u>	<u>6,428,236</u>

13.4 Other receivables

13.4	<u>881,134</u>	<u>717,562</u>
	<u>3,603,870</u>	<u>7,516,198</u>

13.5 Advances given to executives / staff are in accordance with the Company policy. Such advances are unsecured, interest free and are adjusted against salary / expense claims.

13.6 Other receivables - considered good

Other receivables - considered doubtful

Less: Provision for doubtful other receivables

13.6	<u>881,134</u>	<u>717,562</u>
	<u>85,700</u>	<u>85,700</u>
	<u>(85,700)</u>	<u>(85,700)</u>
	<u>881,134</u>	<u>717,562</u>

13.7 Other receivables include loan given to Media Info (Pvt.) Limited amounting Rs 300,000 (2016:300,000) which is a related party.

14 ADVANCE TAX

Advance tax

Income tax refundable

	<u>8,321,398</u>	<u>6,009,692</u>
	<u>8,321,398</u>	<u>6,979,624</u>

15 CASH AND BANK BALANCES

Cash in hand

Cash at bank

Deposit accounts
Current accounts

	<u>3,362</u>	<u>1,530</u>
	<u>3,767</u>	<u>3,068</u>
	<u>12,217,220</u>	<u>14,336,675</u>
	<u>12,320,987</u>	<u>14,339,543</u>
	<u>12,324,349</u>	<u>14,341,073</u>

15.1 Bank balances include customers' bank balances held in designated bank accounts amounting to PKR 3,811,626/- (2016: 1,141,649/-)

15.2 These carry profit at rates ranging from 3% to 4% per annum (2016: 3% to 5% per annum).

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16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Notes	2017 Rupees	2016 Rupees
Authorized Share Capital			
16,000,000 (2016: 16,000,000) ordinary shares Of Rs. 10/- each		160,000,000	160,000,000
Paid up Share Capital			
13,000,000 (2016: 10,221,608) ordinary shares Of Rs. 10/- each		130,000,000	102,216,088

17 OTHER RESERVES

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired. The details are as under:-

	Media Info Systems (Pvt.) Limited	Pace Barka Properties Limited	LSE Financial Services Limited	Total
Balance as on July 01, 2016	(3,088,495)	16,387,844	4,663,879	17,963,227
Fair value increase/(decrease) during the year charge to DC	296,026	(1,475,460)	(9,174,008)	(10,353,442)
Balance as on June 30, 2017	(2,792,469)	14,912,384	(4,510,129)	7,609,785

18 TRADE AND OTHER PAYABLES

	Notes	2017 Rupees	2016 Rupees
Payable against sale of shares - unsecured		19,863,442	1,141,649
Other Payables	18.1	32,669,740	3,752,191
		52,473,182	10,892,840
Accrued liabilities:			
Punjab sales tax payable		1,181,679	555,388
Others	18.2	2,168,064	1,015,904
		9,494,500	1,873,678
		65,317,514	13,837,810

18.1 The above includes an amount of PKR 30,628,426/- payables to Consortium Members for services provided along with the Company to Lahore Knowledge Park Company, HED, Government of Punjab, which is only payable upon receipt of payment from Lahore Knowledge Park Company, HED, Government of Punjab

18.2 This includes an amount of PKR 6,872,415/- on account of sales tax payable which will be deducted at source by Lahore Knowledge Park Company, HED, Government of Punjab upon making payment to the company.

19 SHORT TERM BORROWINGS

	Notes	2017 Rupees	2016 Rupees
Loan from related parties-unsecured			
Loan from director		1,825,383	2,634,446
		1,825,383	2,634,446

19.1 The loan was obtained to finance the consulting wing of the business and it does not bear any mark-up.

20 CONTINGENCIES AND COMMITMENTS

	Notes	2017 Rupees	2016 Rupees
Following commitments are outstanding as at the reporting date:			
Financial guarantees given by commercial banks on behalf of the Company		13,600,000	16,200,000

21 REVENUE

	Notes	2017 Rupees	2016 Rupees
Brokerage and operating revenue			
Income from Institutional Customers		7,020,702	1,361,069
Income from Retail Customers		7,020,702	1,361,069
Advisory and consultancy fee	21.1	70,263,318	56,185,219
		77,284,020	47,546,238

21.1 This includes an amount of PKR 42,952,594/- excluding of Sales Tax fee providing transaction advisory services to Lahore Knowledge Park Company, HED, Government of Punjab along with other Consortium Members.

22 OPERATING EXPENSES

	Notes	2017 Rupees	2016 Rupees
Salaries, wages & benefits		23,947,697	20,961,929
Rent, rates and taxes		1,425,700	1,271,330
Fee and subscription		978,605	841,844
Utilities		512,382	283,797
Travelling and conveyance		283,165	356,119
Internet and mobile charges		442,205	420,254
Insurance		160,123	328,451
Entertainment		614,850	173,197
Printing and Stationery		205,538	133,441
Courier charges		86,147	61,352
Newspaper & periodicals		13,061	34,193
Auditors' remuneration	22.1	206,906	148,000
Depreciation and amortization		735,119	891,522
Repair and maintenance office		375,246	262,200
Running and maintenance vehicles		881,513	1,544,204
CDC charges		190,847	61,200
Bad debts		85,800	29,092
NOCPL/BSE charges		619,101	367,073
Cost of services		30,620,427	9,083,018
Impairment of Trading right entitlement (certificates)			5,453,566
Other office expenses		162,057	135,611
		62,569,565	47,988,990

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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22.3 Auditor's remuneration

Statutory audit	85,000	85,000
Certifications and returns	129,099	60,000
Out of pocket expenses		1,000
	<u>205,099</u>	<u>146,000</u>

23 FINANCE COST

Bank charges	<u>516,734</u>	<u>284,705</u>
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24 OTHER INCOME

24.1 Income from financial assets		
Profit on Bank Balances	1,274	119,787
24.2 Income from assets other than financial assets		
Gain/Loss on sale of investment property	(237,509)	-
Other income	<u>258,614</u>	<u>619,218</u>
	<u>22,388</u>	<u>739,000</u>

25 TAXATION

25.1 Detail of tax charged to income statement		
Deferred	576,018	(77,821)
Prior period	2,374,021	949,896
Current	<u>4,875,103</u>	<u>1,767,868</u>
	<u>7,824,142</u>	<u>2,110,743</u>
25.2 Reconciliation between tax expense and accounting profit multiplied by applicable tax rate		
Accounting profit	23,212,470	7,936,247
Tax rate	31%	32%
Tax on accounting profit	7,195,866	2,539,599
Tax effect of expenses that are not deductible for tax purposes		
Accounting depreciation	227,887	211,799
Bad debts	<u>29,450</u>	<u>9,289</u>
	<u>257,337</u>	<u>221,088</u>
Tax effect of expenses that are deductible for tax purposes		
Tax depreciation	169,530	158,915
Donations		1,920
Capital Gains	564,686	896,755
Dividend Income	266,087	151,312
Gain on remittance of investment property	953,134	-
Gain on remittance of investment	<u>1,892,741</u>	<u>-</u>
	<u>2,957,202</u>	<u>1,308,962</u>
Items under FIR		
Capital Gains	273,240	167,759
Dividend Income	<u>104,882</u>	<u>98,188</u>
	<u>378,122</u>	<u>265,947</u>
Prior period adjustments	2,374,021	949,896
Effect of deferred tax	576,018	(77,821)
Tax expense charged to accounts	<u>7,824,142</u>	<u>2,110,743</u>

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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26 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, subsidiary companies, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Significant balances and transactions with related parties are as follows:

Nature of Transactions	Relationship	2017	2016
		Rupees	Rupees
		Transaction during the year	Transaction during the year
<i>Sale of goods, services provided and reimbursement of expenses</i>			
Poseidon Synergies (Pvt.) Limited	Associate	270,304	314,139
Media Info Systems (Pvt.) Limited	Associate	-	-

	2017		
	Chief Executive	Directors	Executives
Total number	1	3	7
	(RUPEES)	(RUPEES)	(RUPEES)
Managerial remuneration	3,000,000	5,700,000	6,967,920
House rent	-	-	-
Commission	-	-	-
Medical expenses reimbursed	-	-	-
Provision for gratuity	-	-	-
Utilities	-	-	-
	3,000,000	5,700,000	6,967,920

	2016		
	Chief Executive	Directors	Executives
Total number	1	2	7
	(RUPEES)	(RUPEES)	(RUPEES)
Managerial remuneration	3,000,000	3,000,000	9,667,920
House rent	-	-	-
Commission	-	-	-
Medical expenses reimbursed	-	-	-
Provision for gratuity	-	-	-
Utilities	-	-	-
	3,000,000	3,000,000	9,667,920

- 26.1 In addition, Chief Executive, Directors and some Executives have been provided with Company maintained cars.
- 26.2 No meeting fees were paid to any of the directors for attending the Board/ Audit Committee meetings (2016: Nil).
- 26.3 Total No. of employees of are 20 as on June 30, 2017 (2016: 18) and average employees during the year were 19 (2016: 19)

27 FINANCIAL INSTRUMENTS

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various source of finance to minimize the risk.

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.

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INTEGRATED EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

27.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis.
- Deposit of margins before execution of orders for all retail clientele.
- Obtaining adequate securities for all receivables.

27.1.1 Exposure to credit risk

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

	2017 Rupees	2016 Rupees
Trade debts - unsecured	78,161,293	33,599,792
Investments	14,397,097	1,671,075
Advances, deposits and other receivables	3,603,870	7,516,104
Cash and bank balance	12,324,349	14,341,073
	108,486,609	57,128,044

The credit quality of financial assets can be assessed by reference to external credit rating or the historical information about counter party defaults.

27.1.2 The age of trade debts at the reporting date was:

	2017 Rupees	2016 Rupees
Neither past due nor impaired 1 - 30 days	18,851,686	8,336,132
Past due 30 - 60 days	915,365	13,177,418
Past due 60 - 90 days	348,417	4,416
Past due 90 - 365 days	49,969,216	6,153,392
More than 1 year	8,076,609	5,928,434
	78,161,293	33,599,792

27.1.3 This include client balance of 63,100/- with in 5 days. The collateral available against clients balances more than five days is Rs. 141,941/-.

27.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

27.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

27.3.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. Foreign currency risk arises mainly where payable/receivable exist due to transactions with foreign clients. The company does not have any financial assets or liabilities in foreign currency at the reporting date.

27.3.2 Interest rate risk

Interest rate risk is the risk of decline in earnings due to adverse movement of the interest rate curve. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

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27.3.3 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs.14,397,097/- (2016: 1,671,075/-) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted investments (if any) which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

27.3.4 Sensitivity analysis

During the year, PSX 100 index has increased by 23.24% but subsequent to the year end and till the authorization of these financial statements an increase of 8% in PSX 100 index has been recorded. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.

2017					
Investments	Fair value	Estimated fair value after hypothetical change in prices"	Estimated fair value after hypothetical change in prices"	Hypothetical increase/(decrease) in shareholders' equity"	"Hypothetical increase/(decrease) in profit/(loss) before tax"
Rupees					
Short term investments	14,397,097	+10%	15,836,807	1,439,710	1,439,710
		-10%	(12,957,387)	(1,439,710)	(1,439,710)
2016					
Investments	Fair value	Estimated fair value after hypothetical change in prices"	Estimated fair value after hypothetical change in prices"	Hypothetical increase/(decrease) in shareholders' equity"	"Hypothetical increase/(decrease) in profit/(loss) before tax"
Rupees					
Short term investments	1,671,075	+10%	1,838,183	167,108	167,108
		-10%	(1,503,968)	(167,107)	(167,107)

27.3.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is measured in accordance with Note 5.16.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

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27.3.6 Recurring fair value measurements

2017				
Level 1	Estimated fair value after hypothetical change in prices"	Level 2	Level 3	Total
Rupees				

Long term investments classified as "Available for Sale"	-	-	60,346,567	60,346,567
Short term investments classified as "Held for Trading"	14,397,097	-	-	14,397,097

2016				
Level 1	Estimated fair value after hypothetical change in prices"	Level 2	Level 3	Total
Rupees				

Long term investments classified as "Available for Sale"	-	-	70,700,009	70,700,009
Short term investments classified as "Held for Trading"	1,671,075	-	-	1,671,075

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

28 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

During the year the Company has no significant gearing.

Neither there were any change in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

29 CORRESPONDING FIGURES

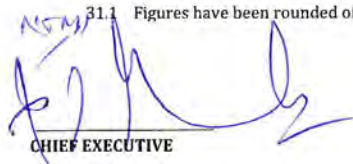
Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation

30 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 03, 2017.

31 GENERAL

31.1 Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR