Media Times Limited

Statement of Financial Position

As at 30 June 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**333,180,026**	415,484,200
Intangibles	*7*	**1,309,746**	1,576,554
Long term deposits		**6,539,043**	6,751,283
Deferred taxation	*8*	**-**	-
		341,028,815	423,812,037
Current assets			
Stores and spare parts		**836,213**	1,676,030
Trade debts	*9*	**99,366,051**	132,019,073
Advances, prepayments and other receivable	*10*	**16,435,316**	4,934,057
Advance income tax		**6,666,068**	12,661,037
Cash and bank balances	*11*	**710,626**	2,686,663
		124,014,274	153,976,860
		465,043,089	577,788,897
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
210,000,000 (2017: 180,000,000) ordinary shares of Rs. 10 each	*12*	**2,100,000,000**	1,800,000,000
Share capital	*12*	**1,788,510,100**	1,788,510,100
Share premium reserve	*13*	**76,223,440**	76,223,440
Accumulated loss		**(2,343,330,661)**	(2,112,215,026)
		(478,597,121)	(247,481,486)
Non-current liabilities			
Long term finance	*14*	**248,587,697**	194,187,697
Deferred liability	*15*	**31,956,709**	33,218,002
		280,544,406	227,405,699
Current liabilities			
Trade and other payables	*16*	**474,866,665**	473,713,616
Accrued mark-up	*17*	**119,313,584**	55,419,959
Short term borrowings	*18*	**48,000,000**	50,295,520
Liabilities against assets subject to finance lease	*19*	**20,915,555**	18,435,589
Current maturity of long term finance - secured		**-**	-
		663,095,804	597,864,684
		465,043,089	577,788,897
Contingencies and commitments	*20*		

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

Media Times Limited

Statement of Profit or Loss

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Revenue - net	*21*	**354,887,897**	385,849,282
Cost of production	*22*	**(315,650,917)**	(337,955,925)
Gross profit		**39,236,980**	47,893,357
Administrative and selling expenses	*23*	**(209,822,482)**	(148,608,275)
Other income	*24*	**37,156,935**	47,536,472
Finance costs	*25*	**(67,623,390)**	(20,542,271)
Other expenses	*26*	**(18,331,229)**	(158,315)
Loss before taxation		**(219,383,186)**	(73,879,032)
Taxation	*27*	**(9,888,393)**	(6,193,541)
Loss after taxation		**(229,271,579)**	(80,072,573)
Loss per share - basic and diluted	*28*	**(1.28)**	(0.45)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Media Times Limited
Statement of Other Comprehensive Income
For the year ended 30 June 2018

	2018	2017
	Rupees	Rupees
Loss after taxation	**(229,271,579)**	(80,072,573)
Other comprehensive income		
Items that will never be reclassified to profit or loss:		
- Actuarial (loss) / gain on defined benefit obligation	**(1,844,056)**	2,096,237
Total comprehensive income for the year	**(231,115,635)**	(77,976,336)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive	**Director**	**Chief Financial Officer**

Media Times Limited
Statement of Cash Flow
For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	*29*	**(47,260,733)**	36,463,490
Retirement benefits paid		**-**	(5,475,706)
Finance cost paid		**(1,069,799)**	(39,653,961)
Income tax paid		**(3,893,424)**	(4,423,131)
Net cash used in operating activities		**(52,223,956)**	(13,089,308)
Cash flows from investing activities			
Fixed capital expenditure		**(8,056,200)**	(3,481,831)
Proceeds from sale of property, plant and equipment		**6,379,639**	4,503,500
Net cash (used in) / generated from investing activities		**(1,676,561)**	1,021,669
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		**(180,000)**	(483,999)
Proceeds of long term finances - net of repayments		**54,400,000**	10,819,990
Repayment of short term borrowings		**(2,295,520)**	(1,012,000)
Net cash generated from financing activities	*34*	**51,924,480**	9,323,991
Net decrease in cash and cash equivalents		**(1,976,037)**	(2,743,648)
Cash and cash equivalents at beginning of the year		**2,686,663**	5,430,311
Cash and cash equivalents at end of the year	*11*	**710,626**	2,686,663

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

Media Times Limited

Statement of Changes in Equity

For the year ended 30 June 2018

	Share capital	Capital reserve Share premium	Revenue reserve Accumulated loss	Total
	------------	------------ Rupees	------------	------------
Balance at 30 June 2016	1,788,510,100	76,223,440	(2,034,238,690)	(169,505,150)
Total comprehensive income for the year				
Loss for the year	-	-	(80,072,573)	(80,072,573)
Other comprehensive income for the year ended 30 June 2017	-	-	2,096,237	2,096,237
Total comprehensive loss	-	-	(77,976,336)	(77,976,336)
Balance at 30 June 2017	**1,788,510,100**	**76,223,440**	**(2,112,215,026)**	**(247,481,486)**
Total comprehensive income for year				
Loss for the year	-	-	(229,271,579)	**(229,271,579)**
Other comprehensive income for the year ended 30 June 2018	-	-	(1,844,056)	**(1,844,056)**
Total comprehensive loss	**-**	**-**	**(231,115,635)**	**(231,115,635)**
Balance at 30 June 2018	**1,788,510,100**	**76,223,440**	**(2,343,330,661)**	**(478,597,121)**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

1 Corporate and general information

1.1 Legal status and nature of business

Media Times Limited ("the Company") was incorporated in Pakistan on 26 June 2001 as a private limited company and was converted into public limited company on 06 March 2007. The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is located at 41-N, Industrial Area, Gulberg II, Lahore. The Company is primarily involved in printing and publishing daily English and Urdu news papers by the name of "Daily Times" and "AajKal" respectively. Printing facilities of the Company are located at the following geographical locations:

- 41-N, Industrial Area, Gulberg II, Lahore.
- Plot # 348, Industrial Area Street I, 9/3, Islamabad.
- D - 198, Site Area, Nazimabad, Karachi.

The Company is also operating satellite channels by the name of "Business Plus" and "Zaiqa" respectively. The facilities for these locations are located at the following geographical locations:

- 41-N, Industrial Area, Gulberg II, Lahore.
- Office # 5-B Lakson Sq Building # 1 Sarwar Shaheed Road, Karachi.

1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- During the year the Company has outsourced marketing rights / airtime of "Business Plus" Channel against monthly fee of Rs. 5 million effective 15 July 2018, vide contact dated 6 April 2018 and "Zaiqa" Channel against monthly fee of Rs. 3.5 million for February 2018 and Rs. 4 million from March 2018 onwards, vide contract dated 23 January 2018.

- During the year, the Company has re-negotiated and then again defaulted from rescheduled terms and conditions of borrowing of Rs 50 million from Faysal Bank Limited which is explained in note 18.1 to these financial statements.

- As explained in note 5.1 due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some additional disclosures have been presented in these financial statements.

- For a detailed discussion about the Company's performance, please refer to the Director's report accompanied in the annual report of the company for the year ended 30 June 2018.

2 Events and conditions related to going concern

The Company has incurred a net loss of Rs. 229.27 million during the year ended 30 June 2018 and, as of date, the Company's current liabilities exceeded its total assets by Rs. 198.05 million. The Company's equity has eroded and the accumulated losses exceed the share capital and share premium by Rs. 478.59 million at 30 June 2018. There is a material uncertainty related to these events which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. As explained in note 1.2 to these financial statements, the Company has outsourced airtime / marketing rights of "Business Plus" and "Zaiqa" channels against fixed monthly fee of Rs. 5 million and Rs. 4 million respectively. In addition, the Company has relaunched its Urdu Newspaper "Daily Aaj Kal" and is planning to launch further products in print and social media sectors that will mainly include weekly magazines and Web TVs covering news, sports and fashion categories. The management of the Company is confident that the above actions and steps shall enable the Company to attract revenue streams that will result in improved liquidity. Further the Company's promoters have offered full support to the Company to meet any working capital needs.

3 Basis of preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except the recognition of certain employee benefits at present value.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

3.4 Use of estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value 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 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.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

Property, plant and equipment

The management of the Company reassesses useful lives and residual value for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in the estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Stores and spare parts

The Company reviews the stores and spare parts for possible impairment on regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of stores and spare parts with a corresponding effect on provision.

Impairment

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Provision against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables at each reporting date to assess amount of bad debts and provision required there against on annual basis.

Provisions and Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

Taxation

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

Staff retirement benefits

The Company operates approved unfunded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

4 Summary of Significant Accounting Polices

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as disclosed in note 4.1.

4.1 Changes in accounting policy

Pursuant to the requirements of IAS 7 "Statement of cash flows" a disclosure of reconciliation of movements of liabilities to cash flows arising from financing activities has been given in note 34 to these financial statements. This change does not have any impact on the figures reported in these financial statements.

4.2 Property, plant and equipment

Owned

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied in the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Depreciation is provided on straight line method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note to these financial statements after taking into account their residual values. Depreciation on additions is charged from the date asset is available for use up to the date when asset is retired.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognised in profit or loss account.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of leased assets. Depreciation on leased assets is charged by applying straight line method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful life in view of certainty of ownership of assets at the end of the lease term.

4.3 Intangibles

Intangibles are stated at cost less accumulated amortization for finite intangibles and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Finite intangibles are amortized using straight-line method over their estimated useful lives. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

4.4 Stores and spare parts

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.5 Trade debts

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

4.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances which are carried in the balance sheet at cost.

4.7 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to contractual provisions of the instrument and de-recognized when the Company looses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities are included in profit and loss account for the year.

4.7.1 Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss. However the Company has no such financial assets at the year end.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. However the Company has no such financial assets at the year end.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of long term deposits, trade debts, other receivables and cash and bank balances.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. However the Company has no such financial assets at the year end.

4.7.2 Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies financial liabilities recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities comprise long term finances, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up and short term borrowings.

4.8 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed though profit and loss; otherwise it is reversed through other comprehensive income.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.9 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

4.11 Retirement and other benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

Post employment benefits - Defined benefit plan

The Company operates unfunded defined benefit gratuity plan for all permanent employees, having a service period of more than one year. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss account.

4.12 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.

4.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.14 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold and services rendered, net of discounts, commission and sales tax. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management with the goods and the amount of revenue can be measured reliably. Revenue from different sources are recognized as follows:

- Revenue from sale of newspaper is recorded at the time of dispatch of newspapers;
- Revenue from advertisement in print media is recognized at the time of publication of advertisement;

- Revenue from advertisement in electronic media is recognized when the related advertisement or commercial appears before the public i.e. on telecast;
- Sale of outdated newspaper (i.e. scrap) is recognized on actual realization basis;
- Outsourcing and other services are recorded as revenue when the related services are provided;
- Rental income is recognized on accrual basis;
- Dividend income is recognized when the Company's right to receive payment is established; and

4.15 Taxation

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the 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 comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.16 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.17 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

4.18 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.19 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from other segments. Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Director of the Company that makes strategic decisions.

5 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto

5.1 Companies Act, 2017 has become applicable on financial statements of the Companies whose financial year / interim period closes on or after 01 January 2018. The new Act specified certain additional disclosures to be included in the financial statements. Accordingly, the Company has presented the required disclosures in these financial statements and represented certain comparatives. However there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the statement of financial position due to these re-presentations.

5.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property', effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of leases.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

6 **Property, plant and equipment**

	Owned assets							Leased assets					Total
	Leasehold improvements	**Plant and machinery**	**Office equipment**	**Computers**	**Furniture and fittings**	**Vehicles**	**Sub total**	**Plant and equipment**	**Office equipment**	**Computers**	**Vehicles**	**Sub total**	
	--------Rupees--------							--------Rupees--------					
Cost													
Balance as at 1 July 2016	65,657,031	1,184,587,364	55,319,998	49,605,953	13,283,783	31,204,943	1,399,659,072	66,667,045	120,178	272,541	4,808,679	71,868,443	1,471,527,515
Additions	-	163,000	824,989	534,642	59,200	1,900,000	3,481,831	-	-	-	-	-	3,481,831
Disposals	-	-	-	-	-	(4,910,500)	(4,910,500)	-	-	-	-	-	(4,910,500)
Balance as at 30 June 2017	65,657,031	1,184,750,364	56,144,987	50,140,595	13,342,983	28,194,443	1,398,230,403	66,667,045	120,178	272,541	4,808,679	71,868,443	1,470,098,846
Balance as at 1 July 2017	**65,657,031**	**1,184,750,364**	**56,144,987**	**50,140,595**	**13,342,983**	**28,194,443**	**1,398,230,403**	**66,667,045**	**120,178**	**272,541**	**4,808,679**	**71,868,443**	**1,470,098,846**
Additions	**-**	**45,500**	**1,139,000**	**181,700**	**-**	**6,690,000**	**8,056,200**	**-**	**-**	**-**	**-**	**-**	**8,056,200**
Disposals	**-**	**-**	**-**	**-**	**-**	**(8,035,337)**	**(8,035,337)**	**-**	**-**	**-**	**(585,000)**	**(585,000)**	**(8,620,337)**
Written off during the year	**(39,806,466)**	**-**	**-**	**-**	**-**	**-**	**(39,806,466)**	**-**	**-**	**-**	**-**	**-**	**(39,806,466)**
Balance as at 30 June 2018	**25,850,565**	**1,184,795,864**	**57,283,987**	**50,322,295**	**13,342,983**	**26,849,106**	**1,358,444,800**	**66,667,045**	**120,178**	**272,541**	**4,223,679**	**71,283,443**	**1,429,728,243**
Depreciation													
Balance as at 1 July 2016	29,330,553	752,654,580	48,195,505	48,884,452	11,422,326	29,808,335	920,295,751	42,363,370	106,209	272,541	4,808,679	47,550,799	967,846,550
Charge for the year	2,953,648	78,518,922	4,367,834	374,747	891,332	252,500	87,358,983	3,142,518	2,095	-	-	3,144,613	90,503,596
On disposals	-	-	-	-	-	(3,735,500)	(3,735,500)	-	-	-	-	-	(3,735,500)
Balance as at 30 June 2017	32,284,201	831,173,502	52,563,339	49,259,199	12,313,658	26,325,335	1,003,919,234	45,505,888	108,304	272,541	4,808,679	50,695,412	1,054,614,646
Balance as at 1 July 2017	**32,284,201**	**831,173,502**	**52,563,339**	**49,259,199**	**12,313,658**	**26,325,335**	**1,003,919,234**	**45,505,888**	**108,304**	**272,541**	**4,808,679**	**50,695,412**	**1,054,614,646**
Charge for the year	**5,522,325**	**56,851,062**	**1,929,206**	**518,835**	**240,362**	**1,490,660**	**66,552,450**	**3,975,612**	**10,083**	**-**	**-**	**3,985,695**	**70,538,145**
On disposals	-	-	-	-	-	**(6,515,337)**	**(6,515,337)**	-	-	-	**(585,000)**	**(585,000)**	**(7,100,337)**
Written off during the year	**(21,504,237)**	**-**	**-**	**-**	**-**	**-**	**(21,504,237)**	**-**	**-**	**-**	**-**	**-**	**(21,504,237)**
Balance as at 30 June 2018	**16,302,289**	**888,024,564**	**54,492,545**	**49,778,034**	**12,554,020**	**21,300,658**	**1,042,452,110**	**49,481,500**	**118,387**	**272,541**	**4,223,679**	**54,096,107**	**1,096,548,217**
Carrying value													
At 30 June 2017	33,372,830	353,576,862	3,581,648	881,396	1,029,325	1,869,108	394,311,169	21,161,157	11,874	-	-	21,173,031	415,484,200
At 30 June 2018	**9,548,276**	**296,771,300**	**2,791,442**	**544,261**	**788,963**	**5,548,448**	**315,992,690**	**17,185,545**	**1,791**	**-**	**-**	**17,187,336**	**333,180,026**
										-			
Depreciation rate (% per annum)	20%	4.02% - 10%	10%	33%	10%	20%		6.67% - 10%	10%	33%	20%		

6.1 Leasehold improvements and plant and machinery are located at the facilities as mentioned in 1.1 to these financial statements.

	Note	2018 Rupees	2017 Rupees
6.2 The depreciation charge for the year has been allocated as follows:			
Cost of production	*22*	**60,826,674**	81,661,440
Administrative and selling expenses	*23*	**9,711,471**	8,842,156
		70,538,145	90,503,596

6.3 Cost of assets as at 30 June 2018 include fully depreciated assets amounting to Rs. 447.10 million (2017: Rs. 182.28 million).

6.4 Disposal of property, plant and equipment

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Relationship with the Company	Particulars of buyers
	2018							
	Rupees							
Vehicles								
Honda Civic	**1,187,767**	**1,187,767**	**-**	**950,000**	**950,000**	Negotiation	Employee	Yusuf Rafiq
Suzuki Bolan	**415,934**	**415,934**	**-**	**560,000**	**560,000**	Negotiation	Outsider	Umar Tanoli
Suzuki Cultus	**585,000**	**585,000**	**-**	**360,000**	**360,000**	Negotiation	Outsider	Umar Tanoli
Suzuki Liana	**794,000**	**794,000**	**-**	**250,000**	**250,000**	Negotiation	Employee	Muhammad Khurram Shahbaz
Honda City	**795,746**	**795,746**	**-**	**500,000**	**500,000**	Negotiation	Employee	Syed Tausif
Honda City	**1,900,000**	**380,000**	**1,520,000**	**1,900,000**	**380,000**	Negotiation	Employee	Ali Kazim Waheed
Suzuki-Mehran	**360,000**	**360,000**	**-**	**250,000**	**250,000**	Negotiation	Outsider	Umer Zaman
Suzuki Cultus	**614,790**	**614,790**	**-**	**334,254**	**334,254**	Negotiation	Employee	Yousaf Ansari
Suzuki Cultus	**603,500**	**603,500**	**-**	**320,385**	**320,385**	Negotiation	Employee	Mahwish Jafar
Honda Civic	**991,500**	**991,500**	**-**	**730,000**	**730,000**	Negotiation	Outsider	Khadim Hussain
Suzuki Mehran	**372,100**	**372,100**	**-**	**225,000**	**225,000**	Negotiation	Employee	Syed Najaf
	8,620,337	**7,100,337**	**1,520,000**	**6,379,639**	**4,859,639**			
2017	4,910,500	3,735,500	1,175,000	4,503,500	3,328,500			

7 Intangible assets

	2018							
	Cost as at 01 July 2017	**Additions/ (deletions)**	**Cost as at 30 June 2018**	**Rate**	**Accumulated amortization as at 01 July 2017**	**Amortization charge for the year**	**Accumulated Amortization as at 30 June 2018**	**Book value as at 30 June 2018**
	---------- R u p e e s ----------			%	**---------- R u p e e s ----------**			
Computer software	**422,000**	**-**	**422,000**	**20% - 50%**	**422,000**	**-**	**422,000**	**-**
Licenses	**4,000,000**	**-**	**4,000,000**	**6.67%**	**2,423,446**	**266,808**	**2,690,254**	**1,309,746**
	4,422,000	**-**	**4,422,000**		**2,845,446**	**266,808**	**3,112,254**	**1,309,746**

	2017							
	Cost as at 01 July 2016	Additions/ (deletions)	Cost as at 30 June 2017	Rate	Accumulated amortization as at 01 July 2016	Amortization charge for the year	Accumulated Amortization as at 30 June 2017	Book value as at 30 June 2017
	---------- R u p e e s ----------			%	---------- R u p e e s ----------			
Computer software	422,000	-	422,000	20% - 50%	422,000	-	422,000	-
Licenses	4,000,000	-	4,000,000	6.67%	2,156,638	266,808	2,423,446	1,576,554
	4,422,000	-	4,422,000		2,578,638	266,808	2,845,446	1,576,554

7.1 The amortization charge for the year has been allocated to cost of production.

8 Deferred taxation

Deferred tax (liability) / asset comprises temporary differences relating to:

	2018 Rupees	2017 Rupees
Accelerated tax depreciation allowances	**(11,810,406)**	(67,592,278)
Unused tax losses and others	**11,810,406**	67,592,278
	-	-

The Company has unused tax losses (including both business and depreciation losses) amounting to Rs. 1,339 million against which deferred tax asset has not been recorded due to uncertain future taxable profits. Under the Income Tax Ordinance 2001, the Company can carry forward business losses up to 6 years.

9 Trade debts

	Note	2018 Rupees	2017 Rupees
Considered good			
Unsecured:			
Related parties	*9.1*	**637,124**	783,424
Others		**98,728,927**	131,235,649
		99,366,051	132,019,073
Considered doubtful		**165,494,871**	136,406,165
		264,860,922	268,425,238
Provision for doubtful debts	*9.2*	**(165,494,871)**	(136,406,165)
		99,366,051	132,019,073

9.1 The balances due from related parties are as follows:

	2018	2017
First Capital Securities Corporation Limited	**341,100**	168,600
First Capital Equities Limited	**295,524**	614,324
Pace Super Mall	**500**	500
	637,124	783,424

9.2 Provision for doubtful debts

	Note	2018	2017
Balance at 01 July		**136,406,165**	135,987,397
Charged during the year	*23*	**29,088,706**	418,768
Balance at 30 June		**165,494,871**	136,406,165

10 Advances, prepayments and other receivable

	Note	2018	2017
Advances to suppliers - unsecured, considered good		**10,000**	1,354,250
Advances to staff - unsecured, considered good	*10.1*	**2,765,137**	2,880,942
Prepayments		**564,902**	571,055
Other receivables- unsecured, considered good		**13,095,277**	127,810
		16,435,316	4,934,057

10.1 This includes advance amounting to Rs. 0.084 million (2017: Rs. 0.325 million) given to executive employees of the Company.

	Note	**2018 Rupees**	2017 Rupees
11 Cash and bank balances			
Cash in hand		**67,222**	75,087
Cash at bank			
Local currency			
- Current accounts		**214,629**	26,958
Markup based deposits with conventional banks			
- Deposit and saving accounts	*11.1*	**388,758**	2,550,834
		603,387	2,577,792
Foreign currency - current account		**40,017**	33,784
		710,626	2,686,663

11.1 These carry return at the rate of 3.50% to 4.50% (2017: 2.49% to 3.75%) per annum.

12 Share capital

12.1 Authorized share capital

	2018 (Number of shares)	2017 (Number of shares)	**2018 Rupees**	2017 Rupees
Ordinary shares of Rs. 10 each	**210,000,000**	180,000,000	**2,100,000,000**	1,800,000,000

12.2 Issued, subscribed and paid up capital

	2018 (Number of shares)	2017 (Number of shares)	**2018 Rupees**	2017 Rupees
Ordinary shares of Rs. 10 each fully paid in cash	**135,871,350**	135,871,350	**1,358,713,500**	1,358,713,500
Ordinary shares of Rs. 10 each issued other than cash, in accordance with the scheme of merger with TML	**42,979,660**	42,979,660	**429,796,600**	429,796,600
	178,851,010	178,851,010	**1,788,510,100**	1,788,510,100

12.3 Ordinary shares of the Company held by associated companies as at year end are as follows:

	2018		2017	
	Percentage of holding	**Number of shares**	Percentage of holding	Number of shares
First Capital Securities Corporation Limited	**25.31%**	**45,264,770**	25.31%	45,264,770
First Capital Equities Limited	**7.77%**	**13,893,000**	7.77%	13,893,000

12.4 Directors hold 4,200 (2017: 4,200) ordinary shares comprising 0.002% of total paid up share capital of the Company.

12.5 The shareholders in an extra ordinary meeting held on 15 March 2017 approved the increase in authorized share capital of the Company. Accordingly, during the year, the authorized share capital of the Company has increased to Rs. 2,100,000,000.

13 Share premium reserve

The share premium reserve can be utilized by the Company only for the purposes specified in section 81(3) of the Companies Act, 2017.

14	**Long term finance**	*Note*	**2018 Rupees**	2017 Rupees
	Long term finance - unsecured	*14.1*	**248,587,697**	194,187,697

14.1 This represents unsecured loan obtained from WTL Services (Private) Limited. This loan is repayable in January 2022. This carries mark-up at the rate of three months KIBOR plus 3% per annum (30 June 2017: three months KIBOR plus 3% per annum), payable on demand. During the year WTL Services (Private) Limited has provided Rs. 54 million to the Company to meet its cash flow needs.

15 Deferred liability

15.1 Gratuity

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 June 2018 using projected unit credit method. Details of obligation for defined benefit plan is as follows;

The amount recognised in the balance sheet is as follows:	*Note*	**2018 Rupees**	2017 Rupees
Present value of defined benefit obligation	*15.2*	**31,956,709**	33,218,002

15.2 Movement in the present value of defined benefit obligation:

Balance at beginning of the year		**33,218,002**	28,712,974
Current service cost	*15.3*	**4,797,713**	4,745,671
Interest cost	*15.3*	**2,587,478**	2,552,794
Benefits due but not paid		**(10,490,540)**	(697,200)
Actuarial loss / (gain) for the year		**1,844,056**	(2,096,237)
Balance at end of the year		**31,956,709**	33,218,002

15.3 The amounts recognized in the profit and loss account against defined benefit schemes are as follows:

	2018 Rupees	2017 Rupees
Current service cost	**4,797,713**	4,745,671
Interest cost	**2,587,478**	2,552,794
Net charge to profit and loss	**7,385,191**	7,298,465

15.4 Estimated expense to be charged to profit and loss next year

Current service cost	**4,413,727**	4,797,713
Interest cost	**3,003,397**	2,951,136
Net charge to profit and loss	**7,417,124**	7,748,849

15.5 The principal actuarial assumptions at the reporting date were as follows:	**2018**	2017
Discount rate	**9.25%**	9.00%
Discount rate used for year end obligation	**10.00%**	9.25%
Expected per annum growth rate in salaries	**8.00%**	7.25%
Expected mortality rate	**SLIC (2001-2005) Setback 1 year**	SLIC (2001-2005) Setback 1 year

As at 30 June 2018, the weighted average duration of the defined benefit obligation was 10 years (2017: 10 years).

15.6 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2018 would have been as follows:

	Present value of defined benefit obligation due to	
Assumptions	**Increase in assumptions Rupees**	**Decrease in assumptions Rupees**
Discount rate (100 bps change)	**28,928,202**	**35,537,607**
Salary increase (100 bps change)	**35,640,414**	**28,790,259**

16 Trade and other payables

	Note	**2018 Rupees**	2017 Rupees
Creditors	*16.1*	**125,596,973**	123,525,812
Accrued liabilities		**180,360,026**	211,497,733
Security deposits	*16.2*	**8,122,500**	122,500
Advances from customers	*16.3*	**9,403,852**	13,982,672
Sales tax payable - net		**17,244,755**	14,368,415
Gratuity due but not paid		**60,566,746**	50,076,206
Withholding tax payable		**73,571,813**	60,140,278
		474,866,665	473,713,616

16.1 Creditors include Rs. 5.15 million (2017: Rs. 6.5 million) unsecured payable to World Press (Private) Limited a related party.

16.2 The Company has not kept these deposits in separate bank account which is a non-compliance of section 217 of the Companies Act, 2017.

16.3 Advances from customers include unsecured advance, amounting to Rs. 0.870 million (2017: Rs. 0.870 million) received from First Capital Investment Limited, a related party.

17 Accrued mark-up

	Note	**2018 Rupees**	2017 Rupees
Mark-up based borrowings:			
Long term finance - unsecured	*14.1*	**54,047,206**	34,925,588
Running finance	*17.1*	**64,416,834**	19,215,663
Finance lease	*17.2*	**849,544**	849,544
Islamic mode of financing:			
Modarba finance	*17.3*	**-**	429,164
		119,313,584	55,419,959

17.1 This represens overdue markup and other charges on running finance facility from Faysal Bank Limited (refer note 18.1 for details).

17.2 This represents overdue markup on finance lease facility from Orix Leasing Pakistan Limited (refer note 19 for details).

17.3 This represented overdue markup on modarba finance facility from First National Bank Modarba which has fully been repaid during the year.

18	**Short term borrowings**	*Note*	**2018 Rupees**	2017 Rupees
	Secured			
	Mark-up based borrowings from conventional banks:			
	Running finance	*18.1*	**48,000,000**	50,000,000
	Islamic mode of financing:			
	Modarba finance	*18.2*	**-**	295,520
			48,000,000	50,295,520

18.1 The Company obtained running finance facility, of Rs. 50 million, from Faysal Bank Limited under mark-up arrangements for working capital requirement. The said facility was expired on 28 January 2012 and the Company had not paid the principal and markup on due date. Accordingly Faysal Bank Limited filed a suit against the Company for recovery of Rs. 69.30 million at Lahore High Court which was fully recorded in annual audited financial statements for the year ended 30 June 2017. During the year 2015, the case was decided against the Company as the Lahore High Court through its order dated 20 November 2015 directed that an amount of Rs. 54.16 million along with the cost of fund as contemplated by section 3 of the Financial Institutions (Recovery of Finances) Ordinance 2001 is to be paid by the Company through sale of the hypothecated goods and assets of the Company, the attachment and auction of the other assets of the Company and any other mode which the court deems appropriate. The Company being aggrieved filed the regular first appeal dated 09 March 2016 in Honorable Lahore High Court.

However, during the year the Company re-negotiated with Faysal Bank Limited and the loan was rescheduled into a long term loan. As per restructuring terms and conditions, the outstanding principal of Rs. 50 million and related markup of Rs. 8 million were repayable in 24 unequal quarterly installments started from 31 December 2017 and the remaining overdue markup of Rs. 11 million already recorded by the Company was waived off by Faysal Bank Limited. The principal amount of outstanding loan of Rs. 50 million carried mark up at three month KIBOR or cost of fund of Faysal Bank Limited, whichever is lower, which was payable quarterly in arrears and the overdue markup of Rs. 8 million was interest free.

As per the settlement agreement with Faysal Bank Limited, the Company was required to pay installments of principal of Rs. 50 million and accrued markup of Rs. 8 million as per the repayment schedule and provide fresh security in the form of registered exclusive mortgage over 9 shops located at Pace Pakistan, 96-B/I, Gulberg II, Lahore. However subsequent to the restructuring, the Company could not pay installments relating to principal and accrued markup on due dates and even within the grace period of 90 days as allowed by Faysal Bank Limited and remained unable to provide fresh security as described earlier. As per the settlement agreement, this non-compliance was considered as event of default and as a consequence of default the Company is bound to make immediate payment of the entire outstanding amount with up to date markup along with additional amount of Rs. 53 million, against which the Company has already recorded Rs. 11 million as liability towards accrued markup. Accordingly the entire amount of principal and accrued markup has been classified as current liability along with the additional amount of Rs. 42 million recorded on event of default.

This rescheduled loan is secured by way of exclusive charge over all present and future, current assets of Rs. 80 million and future fixed assets of Rs. 50 million, respectively.

18.2 This represented overdue principal of modarba finance facility from First National Bank Modarba which has been fully repaid during the year.

19 Liabilities against assets subject to finance lease

The Company defaulted in repayment of lease liability after rescheduling of the facility from Orix Leasing Pakistan Limited. As per revised terms, the facility was payable by 30 June 2013. Interest was charged at the rate of 18.75% (2017: 18.75%) per annum. The detail of outstanding balance is as follows:

	2018	2017
	Rupees	Rupees
Principal overdue	**6,438,000**	6,438,000
Additional lease rental on over due payments	**14,477,555**	11,997,589
	20,915,555	18,435,589

Under the terms of the agreements, the Company has an option to acquire the assets at end of the respective lease term and the Company intends to exercise the option. In case of default in payment of instalments the Company is also liable to pay additional lease rental on overdue payments at the rate of 0.1% per day. The Company has not paid the principal and markup on due date and has accounted for additional lease rentals at the rate of 0.1% per day on overdue payments as per the terms of the agreement.

20 Contingencies and commitments

20.1 Contingencies

20.1.1 In the year 2010, the Assistant Commissioner of Inland Revenue Lahore passed an order against the Company for alleged short payment of Rs. 6.87 million under section 11(2) & 36(1) of Sales Tax Act, 1990 and imposed a penalty equivalent to the amount of original alleged short payment. The Company being aggrieved by the order of Assistant Commissioner filed an appeal before Commissioner Inland Revenue Appeals-III Lahore. The Commissioner Appeals set aside the appeal of the Company with directions to the assessing officer. Subsequently the Company filed an appeal in Income Tax Appellate Tribunal Lahore. The learned Appellate Tribunal also set aside the appeal for denovo proceeding. No fresh proceedings have yet started by Taxation officer. The management believes that there will be no adverse financial impact on the Company.

20.1.2 The previous land lord filed a suit against the Company for the recovery of unpaid rent amounting to Rs. 7 million and damages of Rs. 10 million in Sindh High Court which is pending adjudication. The management after consultation with its legal counsel is confident that the case will be decided in favour of the Company. However being prudent the Company has recorded a liability to the extent of unpaid rent.

20.1.3 Two petitions are pending in the Sindh High Court filed by Axact (Private) Limited against the Company and Sheharyar Taseer wherein they have claimed recovery for damages of Rs. 14.5 million and Criminal Revision Application U/s 439 section 561-A Criminal Procedure Code, 1898. The management is confident that the case will be decided in favour of the Company, accordingly no provision is recorded in these financial statements.

20.1.4 A petition is pending before Sindh High Court filed by JS Bank Limited against the Company wherein JS Bank Limited have claimed recovery of damages of Rs. 5 billion under the Defamation Ordinance, 2002. The case is pending adjudication and the management is confident that the case will be decided in favour of the Company, accordingly no provision is recorded in these financial statements.

20.2 Commitments

There was no commitments as at 30 June 2018 (2017: Nil).

		Note	2018 Rupees	2017 Rupees
21	**Revenue - net**			
	Advertisement		**300,270,588**	372,740,571
	Newspaper		**39,995,503**	43,236,011
	Outsourcing fee and other services		**88,834,176**	63,658,632
			429,100,267	479,635,214
	Less:			
	Sales tax		**15,032,031**	17,925,168
	Commission and discounts		**59,180,339**	75,860,764
			74,212,370	93,785,932
			354,887,897	385,849,282
22	**Cost of production**			
	Salaries, wages and other benefits	*22.1*	**114,094,194**	108,912,929
	Paper consumed		**44,070,192**	35,557,984
	Stores and spare parts consumed		**27,552,019**	26,581,364
	Printing charges		**9,395,835**	10,011,318
	Programming and content cost		**13,927,864**	16,528,154
	Transmission and up-linking cost		**26,086,119**	31,601,813
	Insurance		**305,838**	465,094
	News agencies' charges		**503,333**	1,961,000
	Repairs and maintenance		**1,132,917**	1,258,371
	Utilities		**12,890,825**	18,995,089
	Freight and carriage		**1,624,589**	1,360,497
	Depreciation	*6.2*	**60,826,674**	81,661,440
	Amortization of intangibles	*7.1*	**266,808**	266,808
	Others		**2,973,710**	2,794,064
			315,650,917	337,955,925

22.1 These include Rs. 3.37 million (2017: Rs. 4.06 million) in respect of gratuity expense for the year.

23	Administrative and selling expenses	*Note*	**2018 Rupees**	2017 Rupees
	Salaries, wages and other benefits	*23.1*	**72,947,736**	69,112,441
	Rent, rates and taxes		**14,113,456**	11,917,496
	Communications		**5,581,890**	6,774,600
	Vehicle running and maintenance		**8,141,392**	8,103,108
	Marketing, promotion and distribution		**28,631,698**	8,198,172
	Legal and professional		**2,822,939**	910,967
	Insurance		**489,006**	759,847
	Utilities		**5,253,381**	3,621,470
	Printing and stationary		**2,385,179**	1,472,767
	Entertainment		**6,865,727**	7,627,075
	Travel and conveyance		**6,287,538**	2,696,052
	Repairs and maintenance		**3,822,167**	6,991,036
	Provision for doubtful debts	*9.2*	**29,088,706**	418,768
	Fee and subscriptions		**1,018,348**	2,471,119
	Postage and courier		**508,127**	424,274
	Newspapers and periodicals		**466,190**	413,234
	Auditors' remuneration	*23.2*	**1,525,000**	1,465,000
	Depreciation	*6.2*	**9,711,471**	8,842,156
	Others		**10,162,531**	6,388,693
			209,822,482	148,608,275

23.1 Salaries, wages and other benefits include Rs. 4.01 million (2017: Rs. 3.23 million) in respect of gratuity expense for the year.

23.2	Auditors' remuneration	*Note*	**2018 Rupees**	2017 Rupees
	Statutory audit fee		**990,000**	950,000
	Half yearly review fee		**350,000**	300,000
	Other assurances and certifications		**-**	75,000
	Out of pocket expenses		**185,000**	140,000
			1,525,000	1,465,000

24 Other income

	Note	2018 Rupees	2017 Rupees
Income from financial assets			
- Markup from deposits with conventional banks			
Interest income on bank deposits		**15,715**	14,985
Income from non-financial assets			
Gain on disposal of property, plant and equipment	*6.4*	**4,859,639**	3,328,500
Liabilities no longer payable written back		**20,025,769**	33,360,333
Scrap sales		**6,741,352**	7,000,815
Rental income from property on sub-lease - net		**5,507,574**	3,753,500
Miscellaneous income		**6,886**	78,339
		37,156,935	47,536,472

25 Finance costs

	Note	2018 Rupees	2017 Rupees
Long term finances	*14.1*	**19,121,605**	17,275,540
Short term borrowing	*18.1*	**45,201,172**	-
Additional lease rental on overdue lease liability		**2,659,966**	2,659,954
Bank charges and commission		**640,647**	606,777
		67,623,390	20,542,271

26 Other expenses

		2018 Rupees	2017 Rupees
Other written off		**29,000**	151,912
Fixed assets written off		**18,302,229**	-
Exchange loss		**-**	6,403
		18,331,229	158,315

27 Taxation

	2018 Rupees	2017 Rupees
Current tax	**6,711,425**	6,193,541
Prior year tax	**3,176,968**	-
	9,888,393	6,193,541

27.1 Relationship between tax expense and accounting loss

	2018 Rupees	2017 Rupees
Loss before taxation	**(219,383,186)**	(73,879,032)
Tax calculated at the rate of 30% / 31%	**(65,814,956)**	(22,902,500)
Tax effect of:		
- minimum tax	**690,820**	6,193,541
- effect of final tax regime	**62,560,573**	-
- prior year tax	**3,176,968**	-
- deferred tax asset not recognized	**9,274,988**	22,902,500
	9,888,393	6,193,541

27.2 As per management's assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

Tax Years	Tax provision as per financial statements	Tax as per assessment / return
2015	**-**	3,256,190
2016	**4,318,968**	4,318,968
2017	**6,193,541**	6,114,319

28 Loss per share - *basic and diluted*

		2018	2017
Loss after taxation	*Rupees*	**(229,271,579)**	(80,072,573)
Weighted average number of ordinary shares	*Number*	**178,851,010**	178,851,010
Loss per share - basic and diluted	*Rupees*	**(1.28)**	(0.45)

28.1 There is no dilutive effect on the basic earnings per share of the Company.

29 Cash used in operations

	Note	**2018 Rupees**	2017 Rupees
Loss before taxation		**(219,383,186)**	(73,879,032)
Adjustments for:			
Depreciation	*6.2*	**70,538,145**	90,503,596
Amortization of intangibles	*7*	**266,808**	266,808
Provision for doubtful debts	*9.2*	**29,088,706**	418,768
Assets written off	*26*	**18,331,229**	151,912
Liabilities no longer payable written back	*24*	**(20,025,769)**	(33,360,333)
Gain on disposal of property, plant and equipment	*24*	**(4,859,639)**	(3,328,500)
Provision for retirement benefits	*15.3*	**7,385,191**	7,298,465
Finance cost	*25*	**67,623,390**	20,542,271
Operating (loss) / profit before working capital changes		**(51,035,125)**	8,613,955
Changes in :			
Stores and spare parts		**839,817**	(205,991)
Trade debts		**3,564,316**	(12,044,083)
Advances, prepayments and other receivables		**(11,530,259)**	23,669,300
Long term deposit		**212,240**	(315,000)
Trade and other payables		**10,688,278**	16,745,309
		3,774,392	27,849,535
Cash (used in) / generated from operations		**(47,260,733)**	36,463,490

30 Transactions with related parties

Related parties comprises of associated companies, directors, key management personnel and other companies where directors have significant influence. Balances and transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name of parties	**Percentage of holding**	**Nature of relationship**	**Nature of transactions**	***Note***	**2018**		2017	
					Transactions during the year	**Closing balance**	Transactions during the year	Closing balance
					----Rupees----			
First Capital Securities Corporation Limited	27.67%	Common directorship	Sale of services		**52,000**	**-**	97,500	-
			Receivable against advertisement		**-**	**341,100**	-	168,600
Pace Pakistan Limited	0%	Common directorship	Sale of services		**5,272,445**	**-**	16,766,387	-
			Rent expense		**12,861,528**	**-**	11,692,296	-
			Markup paid by related party on behalf of company		**-**	**-**	39,047,185	-
Pace Barka Properties Limited	0%	Common directorship	Building rent		**5,580,438**	**-**	5,073,114	-
			Sale of services		**4,184,299**	**-**	3,506,114	-
First Capital Investments Limited	0%	Common directorship	Sale of services		**-**	**-**	-	
			Advance against advertisement		**-**	**870,180**	-	870,180
World Press (Private) Limited	0%	Common directorship	Sale of services		**1,646,730**	**-**	-	-
			Payable against purchase of services		**-**	**5,159,614**	-	6,556,344
First Capital Equities Limited	7.77%	Common directorship	Sale of services		**31,200**	**-**	126,100	-
			Receivable against advertisement		**-**	**295,524**	-	614,324
Pace Super Mall	0%	Common directorship	Receivable against advertisement		**-**	**500**	-	500
Shehryar Ali Taseer	0.0003%	Key management personnel (Chief Executive director)	Repayment of borrowing		**-**	**-**	500,000	-
			Remuneration	*30.1*	**16,532,020**	**-**	13,000,000	-
			Remuneration payable			**19,964,726**		18,520,096
Shehrbano Taseer	0.0003%	Key management personnel (Executive director)	Remuneration	*30.1*	**6,500,000**	**-**	**6,500,000**	-
			Remuneration payable			**18,634,951**		14,156,960
Reema Taseer	0.0003%	Non Executive Director	Repayment of borrowing		**-**	**-**	512,000	-
Raja Sohail Qurban	0%	Key Management Personnel	Purchase of vehicle		**-**	**-**	1,900,000	1,900,000
			Remuneration	*30.1*	**4,669,715**	**-**	2,901,500	-
Key Management Personnel	0%	Key Management Personnel	Remuneration	*30.1*	**22,449,544**	**-**	16,079,744	-
			Remuneration payable		**2,172,100**	**-**	7,833,375	-

30.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Financial Officer, Chief Executive Officer, Directors and Head of Departments to be its key management personnel.

31 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits to the chief executive officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors: Executive Director		Directors: Non Executive Director		Executives	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rupees							
Managerial remuneration	**8,000,400**	8,000,400	**4,000,200**	4,000,200	-	-	**18,170,305**	14,792,143
Housing allowance	**3,200,400**	3,200,400	**1,600,200**	1,600,200	-	-	**6,114,252**	3,864,216
Utilities	**799,200**	799,200	**399,600**	399,600	-	-	**1,526,844**	964,967
Bonus	**3,532,020**	-	-	-	-	-	**3,532,020**	-
Provision for gratuity	**1,000,000**	1,000,000	**500,000**	500,000	-	-	**1,910,465**	1,207,417
Reimbursable expenses	**-**	-	**-**	-	-	-	**803,031**	1,124,300
	16,532,020	13,000,000	**6,500,000**	6,500,000	-	-	**32,056,917**	21,953,043
Number of persons	**1**	1	**1**	1	-	-	**8**	8

31.1 The Company has also provided executives with company maintained cars. No fees were paid to any director for attending board and audit committee meetings. No remuneration is being paid to any non-executive directors.

32 Segment reporting

32.1 Reportable segments

The Company has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	**Operation**
Print media	It comprises of "Daily Times" and "AajKal" being the Daily English and Urdu newspapers respectively printed from Lahore, Karachi and Islamabad.
Electronic media	It comprises of "Business Plus" business news channel with cable penetration over metro cities and "Zaiqa" 24 hours dedicated food and culture channel of Pakistan.

The management reviews internal management reports of each division.

32.2 Information about reportable segments

Information related to each reportable segment is set out below. Segment operating profit or loss as included in internal management reports reviewed by the Company's top management is used to measure performance because management believes that such information is the most relevant in evaluating the result of the respective segments relative to other entities that operate in the same industries.

	Print media	**Electronic media**	**Total**
		Rupees	
For the year ended 30 June 2018			
Turnover - net	**239,964,154**	**114,923,743**	**354,887,897**
Cost of production	**(227,579,998)**	**(88,070,919)**	**(315,650,917)**
Gross loss	**12,384,156**	**26,852,824**	**39,236,980**
Administrative expenses	**(133,172,756)**	**(76,649,726)**	**(209,822,482)**
Other Expenses	**-**	**(18,331,229)**	**(18,331,229)**
	(120,788,600)	**(68,128,131)**	**(188,916,731)**
Finance cost			**(67,623,390)**
Other income			**37,156,935**
Loss before taxation			**(219,383,186)**
Taxation			**(9,888,393)**
Loss after taxation			**(229,271,579)**

	Print media	Electronic media	Total
	----------------	Rupees	----------------
For the year ended 30 June 2017			
Turnover - net	237,458,325	148,390,957	385,849,282
Cost of production	(213,997,240)	(123,958,685)	(337,955,925)
Gross loss	23,461,085	24,432,272	47,893,357
Administrative expenses	(99,913,360)	(48,694,915)	(148,608,275)
Other expenses	(47,295)	(111,020)	(158,315)
	(76,499,570)	(24,373,663)	(100,873,233)
Finance cost			(20,542,271)
Other income			47,536,472
Loss before taxation			(73,879,032)
Taxation			(6,193,541)
Loss after taxation			(80,072,573)

32.2.1 The revenue reported above represents revenue generated from external customers. All the segment operating activities, revenue, customers and segment assets are located in Pakistan.

32.2.2 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 21 to these financial statements.

32.2.3 Revenue from major customers

Revenue from major customers of Print media segment amounts to Rs. 84.61 million out of total print media segment revenue.

Revenue from major customers of Electronic media segment represents an aggregate amount of Rs. 61.23 million out of total Electronic media segment revenue.

32.3 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 4 to these financial statements.

32.4 All non-current assets of the Company at 30 June 2018 are located and operating in Pakistan.

32.5 Segment assets and liabilities

Reportable segment's assets and liabilities are reconciled to total assets and liabilities as follows:

	Print media	Electronic media	Total
	---------------- Rupees ----------------		
As at 30 June 2018			
Segment assets for reportable segments	**367,313,297**	**91,063,724**	**458,377,021**
Unallocated corporate assets			**6,666,068**
Total assets as per balance sheet			**465,043,089**
Segment liabilities	**289,406,102**	**124,893,817**	**414,299,919**
Unallocated segment liabilities			**529,340,291**
Total liabilities as per balance sheet			**943,640,210**
As at 30 June 2017			
Segment assets for reportable segments	403,941,684	161,186,176	565,127,860
Unallocated corporate assets			12,661,037
Total assets as per balance sheet			577,788,897
Segment liabilities	289,791,241	133,846,169	423,637,410
Unallocated corporate liabilities			401,632,973
Total liabilities as per balance sheet			825,270,383

32.6 For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than advance income tax; and
- all liabilities are allocated to reportable segments other than deferred liability, gratuity due but not paid, lease liability, borrowings and related mark-up payable thereon are not allocated to reporting segments as these are managed by the Company.

32.7 Other segment information

	Print media	Electronic media	Total
	---------------- Rupees ----------------		
For the year ended 30 June 2018			
Capital expenditure	**7,466,500**	**589,700**	**8,056,200**
Depreciation, amortization	**34,732,711**	**36,072,242**	**70,804,953**
Non-cash items other than depreciation, amortization and finance cost	**6,686,037**	**15,848,490**	**22,534,527**
For the year ended 30 June 2017			
Capital expenditure	2,270,642	1,211,189	3,481,831
Depreciation and amortization	33,881,355	56,889,041	90,770,396
Non-cash items other than depreciation amortization and finance cost	12,147,811	(40,967,499)	(28,819,688)

33 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

33.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The audit committee is responsible for developing and monitoring the Company's risk management policies. The committee regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the audit committee to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

33.2 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To manage credit risk the financial viability of all counterparties is regularly monitored and assessed. Outstanding customer receivables are regularly monitored.

33.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

		2018	2017
	Note	**Rupees**	Rupees
Long term deposits		**6,539,043**	6,751,283
Trade debts	*9*	**99,366,051**	132,019,073
Other receivables	*10*	**13,095,277**	127,810
Bank balances	*11*	**643,404**	2,611,576
		119,643,775	141,509,742

33.2.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

33.2.2 a) Long term deposits

Long term deposits represent mainly deposit with Pak Sat International (Private) Limited. The management believes that no impairment allowance is necessary in respect of these long term deposits.

33.2.2 b) Trade debts

The trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade receivables at the balance sheet date is:

	2018 Rupees	2017 Rupees
Neither past due nor impaired (1-90 days)	**66,246,123**	83,492,553
Past due (91 - 120 days)	**11,191,741**	21,412,948
Past due (120 - 360 days)	**33,064,158**	27,113,572
Past due more than 360 days	**154,358,900**	136,406,165
	198,614,799	184,932,685
Provision for doubtful debts	**(165,494,871)**	(136,406,165)
	99,366,051	132,019,073

The recommended approach for provision is to assess the trade receivables on an individual basis and apply dynamic approach to the remainder of receivables. The procedure introduces a company-standard for dynamic provisioning to provide impairment loss for the outstanding receivable. The Company does not create provision against debtors which are secured against liquid assets as the management believes that no impairment loss is required in such cases.

Ageing of trade receivables from related parties is as follows:

	2018				
	0 - 90 days	**91 - 120 days**	**121 -365 days**	**More than 365 days**	**Total**
	------Rupees------				
First Capital Securities Corporation Limited	**108,000**	**-**	**64,500**	**168,600**	**341,100**
First Capital Equities Limited	**-**	**-**	**31,200**	**264,324**	**295,524**
Pace Super Mall	**-**	**-**	**-**	**500**	**500**
	108,000	**-**	**95,700**	**433,424**	**637,124**

33.2.2 c) Other receivables

This mainly represents building rent receivable from World Call Limited. Based on the past experience, management of the Company is confident that these balances are recoverable.

33.2.2 d) Bank balances

The Company's exposure to credit risk against balances with various commercial banks is as follows:

Cash at bank	**2018 Rupees**	2017 Rupees
Local currency		
- Current accounts	**214,629**	26,958
Markup based deposits with conventional banks		
- Deposit and saving accounts	**388,758**	2,550,834
	603,387	2,577,792
Foreign currency - current account	**40,017**	33,784
	643,404	2,611,576

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows::

Banks	**Rating** Short term	Long term	**Rating agency**	**2018 Rupees**	2017 Rupees
Faysal Bank Limited	A 1 +	AA	PACRA	**56,205**	37,763
Habib Metropolitan Bank Ltd.	A 1 +	AA+	PACRA	**983**	21,709
Bank Alfalah Limited	A 1 +	AA+	PACRA	**132,834**	1,556,012
Allied Bank Limited	A AA	AA+	PACRA	**453,382**	996,092
				643,404	2,611,576

Due to the Company’s long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

33.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is materially exposed to liquidity risk, as due to insufficient liquidity, the Company was unable to repay the loans and lease obligations to its lenders. As explained in note 2, the Company's ability to continue as going concern is substantially dependent on its ability to successfully manage the liquidity risk.

The following are the contractual maturities of financial liabilities as on 30 June 2018:

		Carrying amount	**Contracted cash flow**	**Up to one year or less**	**One to two years**	**More than two years**
		- - - - - - - - - - - - Rupees - - - - - - - - - - - -				
Financial liabilities						
Long term finance	*14*	**248,587,697**	**333,853,277**	**24,361,594**	**24,361,594**	**285,130,089**
Trade and other payables	*16*	**374,646,245**	**374,646,245**	**374,646,245**	**-**	**-**
Accrued mark-up	*17*	**119,313,584**	**119,313,584**	**119,313,584**	**-**	**-**
Short term borrowing	*18*	**48,000,000**	**48,000,000**	**48,000,000**	**-**	**-**
Liabilities against assets subject to finance lease	*19*	**20,915,555**	**20,915,555**	**20,915,555**	**-**	**-**
		811,463,081	**896,728,661**	**587,236,978**	**24,361,594**	**285,130,089**

The following are the contractual maturities of financial liabilities as on 30 June 2017:

		Carrying amount	Contracted cash flow	Up to one year or less	One to two years	More than two years
Financial liabilities	*Note*	- - - - - - - - - - - - Rupees - - - - - - - - - - - -				
Long term finance	*14*	194,187,697	274,057,097	17,748,756	17,748,756	238,559,585
Trade and other payables	*16*	385,222,251	385,222,251	385,222,251	-	-
Accrued mark-up	*17*	55,419,959	55,419,959	55,419,959	-	-
Short term borrowings	*18*	50,295,520	50,295,520	50,295,520	-	-
Liabilities against assets subject			-	-	-	-
to finance lease	*19*	18,435,589	18,435,589	18,435,589	-	-
		703,561,016	783,430,416	527,122,075	17,748,756	238,559,585

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

33.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

33.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currency. The Company is exposed to foreign currency's assets and liabilities risk at year end.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the balance sheet date.

	2018	2017
Asset	**Rupees**	Rupees
Cash at bank	**40,017**	33,784
Net balance sheet exposure	**40,017**	33,784

The following significant exchange rates have been applied:

	Average rate		**Reporting date rate**	
	2018	2017	**2018**	**2017**
GBP to PKR	**147.54**	137.63	**159.93**	135.14
USD to PKR	**113.25**	104.85	**121.50**	105.00

Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2018	2017
	Rupees	Rupees
Effect on profit and loss		
GBP	**(4,002)**	(3,378)

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the profit.

33.4.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2018		2017	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	------ Rupees ------		------ Rupees ------	
Variable rate instruments				
Balance with bank - deposit account	**388,758**	**-**	2,550,834	-
Long term finance	**-**	**248,587,697**	-	194,187,697
Short term borrowing	**-**	**48,000,000**		
	388,758	**296,587,697**	2,550,834	194,187,697

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss before tax	
	100 bps Increase	**100 bps Decrease**
	--------- Rupees ---------	
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	**(2,961,989)**	**2,961,989**
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(1,916,369)	1,916,369

33.4.3 Other 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. The Company is not exposed to

33.5 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is

A financial instrument is regarded as quoted in an active market 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.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

33.5.1 Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

		2018					
		Carrying amount			Fair value		
		Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	*Note*	------------------------------ Rupees ------------------------------					
30 June 2018							
Financial assets not measured at fair value							
Long term deposits		**6,539,043**	**-**	**6,539,043**	**-**	**-**	**-**
Trade debts	*33.5.2*	**99,366,051**	**-**	**99,366,051**	**-**	**-**	**-**
Other receivables	*33.5.2*	**13,095,277**	**-**	**13,095,277**	**-**	**-**	**-**
Cash and bank balances	*33.5.2*	**710,626**	**-**	**710,626**	**-**	**-**	**-**
		119,710,997	**-**	**119,710,997**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Long term finances	*33.5.2*	**-**	**248,587,697**	**248,587,697**	**-**	**-**	**-**
Liabilities against assets subject to finance lease	*33.5.2*		**20,915,555**	**20,915,555**	**-**	**-**	**-**
Trade and other payables	*33.5.2*	**-**	**374,646,245**	**374,646,245**	**-**	**-**	**-**
Accrued mark-up	*33.5.2*	**-**	**119,313,584**	**119,313,584**	**-**	**-**	**-**
Short term borrowing	*33.5.2*	**-**	**48,000,000**	**48,000,000**			
		-	**811,463,081**	**811,463,081**	**-**	**-**	**-**

On-Balance sheet financial instruments	Note	2017					
		Carrying amount			Fair value		
		Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
		- Rupees -					
30 June 2017							
Financial assets not measured at fair value							
Long term deposits		6,751,283	-	6,751,283	-	-	-
Trade debts	*33.5.2*	132,019,073	-	132,019,073	-	-	-
Other receivables	*33.5.2*	127,810		127,810			
Cash and bank balances	*33.5.2*	2,686,663	-	2,686,663	-	-	-
		141,584,829	-	141,584,829	-	-	-
Financial liabilities not measured at fair value							
Long term finances	*33.5.2*	-	194,187,697	194,187,697	-	-	-
Liabilities against assets subject to finance lease	*33.5.2*		18,435,589	18,435,589	-	-	-
Trade and other payables	*33.5.2*	-	385,222,251	385,222,251	-	-	-
Short term borrowing	*33.5.2*	-	50,295,520	50,295,520	-	-	-
Accrued mark-up	*33.5.2*	-	55,419,959	55,419,959	-	-	-
		-	703,561,016	703,561,016	-	-	-

33.5.2 Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

34 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	30 June 2018			
	Liabilities			
Ea	Long term finances	Short term borrowings	Liabilities against assets subject to finance lease	Total
	---------------------- Rupees ----------------------			
Balance as at 01 July 2017	194,187,697	50,295,520	18,435,589	262,918,806
Changes from financing activities				
Receipts of long term finances - net of repayments	54,400,000	-	-	54,400,000
Repayment of short term borrowings	-	(2,295,520)	-	(2,295,520)
Repayment of finance lease liabilities	-	-	(180,000)	(180,000)
Total changes from financing cash flows	**54,400,000**	**(2,295,520)**	**(180,000)**	**51,924,480**
Other changes				
Additional lease rental on overdue lease liability	-	-	2,659,966	2,659,966
Total liability related other changes	**-**	**-**	**2,659,966**	**2,659,966**
Closing as at 30 June 2018	**248,587,697**	**48,000,000**	**20,915,555**	**317,503,252**

35 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

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

36 Number of employees

The total average number of employees during the year and as at June 30, 2018 and 2017 respectively are as follows:

	2018	2017
	No. of employees	
Average number of employees during the year	**381**	428
Number of employees as at June 30	**263**	436

37 Date of authorization for issue

These financial statements were authorized for issue on ________________________ by the Board of Directors of the Company in their meeting held on ______________________.

Chief Executive **Director** **Chief Financial Officer**