

**IQBAL USMAN KODVAVI SECURITIES  
(PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**



**BAKER TILLY**  
**MEHMOOD IDREES**  
**QAMAR**  
CHARTERED ACCOUNTANTS

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**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED** as at **June 30, 2016** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (*here-in-after referred to as the financial statements*) for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business;  
and

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- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the profit and loss accounts, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standard as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016, and of the profit for the year then ended; and
- d) in our opinion no Zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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*Baker Tilly Mehmood Idrees Qamar*  
Engagement Partner: Muhammad Aqeel Ashraf Tabani

Karachi.

Date: 16 OCT 2016

IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2016

EQUITY AND LIABILITIES	Note	2016 Rupees	2015 Rupees
<b>SHARE CAPITAL AND RESERVE</b>			
Authorized Share Capital 4,000,000 Ordinary shares of Rs. 10/- each		<u>40,000,000</u>	<u>40,000,000</u>
Issued, Subscribed and Paid up Share Capital 4,000,000 (2015: 4,000,000) Ordinary shares of Rs. 10/- each	3	40,000,000	40,000,000
Unappropriated profit		17,932,088	15,069,691
		57,932,088	55,069,691
<b>Non - Current Liabilities</b>			
Loan from director		10,000,000	-
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	4	78,976,760	80,120,945
Bank overdraft	11.1	-	12,464,448
		<u>146,908,848</u>	<u>147,655,084</u>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, plant and equipment	5	7,679,070	7,133,473
Intangible	6	5,400,000	5,400,000
Long term investment	7	14,600,000	14,600,000
Long term deposits	8	1,331,294	1,000,000
		29,010,364	28,133,473
<b>Current Assets</b>			
Trade debts	9	12,522,602	28,498,283
Advances and deposits	10	10,544,705	10,860,245
Cash and bank balances	11	94,831,177	80,163,083
		117,898,484	119,521,611
		<u>146,908,848</u>	<u>147,655,084</u>

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

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Chief Executive Officer

  
Director

**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
Commission income		29,131,254	16,293,938
Operating expenses	12	(27,829,097)	(16,740,375)
<b>Operating profit / (loss)</b>		<b>1,302,157</b>	<b>(446,437)</b>
Financial and other charges	13	(212,322)	(311,746)
Other income	14	2,786,536	4,819,929
<b>Profit before taxation</b>		<b>3,876,371</b>	<b>4,061,746</b>
Taxation	15	(1,013,974)	(1,641,456)
<b>Profit after taxation</b>		<b>2,862,397</b>	<b>2,420,290</b>
Earnings per share	16	0.72	0.61

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

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Chief Executive Officer



Director



IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up share capital	Unappropriated profit	Total
	----- Rupees -----		
Balance as at July 01, 2014	40,000,000	12,649,401	52,649,401
Profit for the year ended June 30, 2015	-	2,420,290	2,420,290
Balance as at June 30, 2015	<u>40,000,000</u>	<u>15,069,691</u>	<u>55,069,691</u>
Profit for the year ended June 30, 2016	-	2,862,397	2,862,397
Balance as at June 30, 2016	<u><u>40,000,000</u></u>	<u><u>17,932,088</u></u>	<u><u>57,932,088</u></u>

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

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Chief Executive Officer



Director

**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
Note	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,876,371	4,061,746
<b>Adjustments for non cash items and other charges :</b>		
Depreciation	942,270	763,557
(Gain) on sale of property, plant and equipment	(67,540)	-
<b>Operating profit before working capital changes</b>	<b>4,751,101</b>	<b>4,825,303</b>
<b>Decrease in current assets:</b>		
Trade debts	15,975,681	26,435,063
Advances and deposits	2,335,353	5,802
	18,311,034	26,440,865
<b>(Decrease) / increase in current liabilities:</b>		
Creditors, accrued and other liabilities	(1,144,185)	55,587,312
Taxes paid	(3,033,786)	(3,965,934)
<b>Net cash inflow from operating activities</b>	<b>18,884,163</b>	<b>82,887,546</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(2,395,327)	(246,155)
Proceeds from sale of property, plant and equipment	975,000	-
Long term deposits	(331,294)	850,000
<b>Net cash (used in) / inflow from investing activities</b>	<b>(1,751,621)</b>	<b>603,845</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from director	10,000,000	-
<b>Net cash inflow from financing activities</b>	<b>10,000,000</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>27,132,542</b>	<b>83,491,391</b>
Cash and cash equivalents at beginning of the year	67,698,635	(15,792,756)
<b>Cash and cash equivalents at end of the year</b>	<b>17 94,831,177</b>	<b>67,698,635</b>

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

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 Chief Executive Officer

  
 Director

**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1. NATURE OF BUSINESS AND OPERATIONS**

- 1.1 The Company was incorporated in Pakistan as a Private Company Limited vide incorporation no. 0042586, dated February 21, 2001 under the Companies Ordinance, 1984. The registered office of the Company is situated at Room No. 521-522, 5th Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The company is a Trading Right Entitlement (TRE) Certificate Holder of the Karachi Stock Exchange Limited. The principal activities of the company is to carry on the business of stock, brokerage, underwriting and investment etc.
- 1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Accounting Convention**

These financial statements have been prepared under the '**historical cost convention**'.

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The estimates / judgments and associated assumptions used in the preparation are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates / judgments / assumptions will, by definition, seldom equal the related actual results. The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

**2.2 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Medium-Sized Entities (IFRS for SMEs) issued by IASB as adopted in Pakistan by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.3 Property, Plant and Equipment**

**Owned**

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account as and when incurred.

Depreciation is charged to income applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month the asset is in use.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

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**Leased**

The company accounts for assets acquired under finance lease by recording the assets and related liability. Assets are recorded at lower of present value of minimum lease payments under the lease agreements and fair value of assets. The aggregate amount of obligation relating to these assets are accounted for at net present value of liabilities. Assets acquired under the finance lease are depreciated over the useful life of the respective asset in the manner and at the rates applicable to the Company's owned assets. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liabilities.

Depreciation is charged at the same rates as charged on Company's owned assets.

**2.4 Taxation****Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

**2.5 Trade and other Debts**

Trade and other debts are carried at original invoice amount. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

**2.6 Trade and Other Payables**

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

**2.7 Provisions**

Provisions are recognised 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**2.8 Cash and Cash Equivalents**

Cash and cash equivalents comprises cash balances and bank deposits. Cash and cash equivalents are carried in the balance sheet at cost.

**2.9 Revenue Recognition**

Sales and purchases of securities are recognized on the date of contract. Capital gain or loss on sale of marketable securities is taken to income in the period in which it arises.

Brokerage and other income is accrued as and when due.

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## 2.10 Investments

### *Investment at fair value through profit or loss*

Investment classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investment are measured at fair value with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investment is determined on the basis of prevailing market prices.

### *Available for sale*

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

## 2.11 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognized at the time when the company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to profit and loss account, currently.

## 2.12 Foreign Currencies

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of the transaction. Assets and liabilities in foreign currencies as at the balance sheet date are translated into Pak rupees at the rate of exchange prevailing on that date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchange gains or losses are included in income currently.

## 2.13 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any assets or group assets. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the profit and loss account.

3. SHARE CAPITAL		2016	2015
		Rupees	Rupees
Authorized Share Capital			
Number of Shares			
2016	2015		
<u>4,000,000</u>	<u>4,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>
Ordinary shares of Rs.10/- each			
Issued, Subscribed and Paid-up Share Capital			
Number of Shares			
2016	2015		
4,000,000	4,000,000	40,000,000	40,000,000
Ordinary shares of Rs.10/- each fully paid in cash			
<u>4,000,000</u>	<u>4,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>

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4. CREDITORS, ACCRUED AND OTHER LIABILITIES	2016 Rupees	2015 Rupees
Creditors	78,294,073	79,485,135
Accrued expenses	224,920	203,480
Mark-up payables	27,593	7,969
CDC payables	76,074	78,767
Sales tax payables	230,518	255,571
CVT payables	223	-
Workers' welfare fund	79,110	90,023
Other payables	44,249	-
	<u>78,976,760</u>	<u>80,120,945</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Written Down Value			Charged for the year	Written down value June 30, 2016	Rate of depreciation %
	As at July 01, 2015	Additions/ (Deletions)	Total			
	----- Rupees -----					
<b>Owned</b>						
Office KSE	5,186,050	-	5,186,050	259,303	4,926,748	5%
Office equipment	205,725	110,000	315,725	44,609	271,116	15%
Furniture and fixtures	39,417	-	39,417	5,913	33,504	15%
Computer	128,180	232,750	360,930	54,382	306,548	30%
Generator	15,126	-	15,126	2,269	12,857	15%
Motorcycle	6,458	-	6,458	1,292	5,166	20%
Motor vehicles	1,552,517	2,052,577 (907,460)	2,697,634	574,503	2,123,131	20%
<b>2016</b>	<u>7,133,473</u>	<u>2,395,327</u> <u>(907,460)</u>	<u>8,621,340</u>	<u>942,270</u>	<u>7,679,070</u>	

	Written Down Value			Charged for the year	Written down value June 30, 2015	Rate of depreciation %
	As at July 01, 2014	Additions/ (Deletions)	Total			
	----- Rupees -----					
<b>Owned</b>						
Office KSE	5,459,000	-	5,459,000	272,950	5,186,050	5%
Office equipment	53,394	188,635	242,029	36,304	205,725	15%
Furniture and fixtures	46,373	-	46,373	6,956	39,417	15%
Computer	125,595	57,520	183,115	54,935	128,180	30%
Generator	17,795	-	17,795	2,669	15,126	15%
Motorcycle	8,072	-	8,072	1,614	6,458	20%
Motor vehicles	1,940,646	-	1,940,646	388,129	1,552,517	20%
<b>2015</b>	<u>7,650,875</u>	<u>246,155</u>	<u>7,897,030</u>	<u>763,557</u>	<u>7,133,473</u>	

6. INTANGIBLE	Note	2016 Rupees	2015 Rupees
Trading rights entitlement certificates	7.1	5,400,000	5,400,000
		<u>5,400,000</u>	<u>5,400,000</u>

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	Note	2016 Rupees	2015 Rupees
<b>7. LONG TERM INVESTMENT</b>	<b>7.1</b>	<b><u>14,600,000</u></b>	<b><u>14,600,000</u></b>

**7.1** These represent Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutaulization and Integration) Act, 2012 (The Act). The Company has also received shares of KSE after completion of the demutualisation process. The TREC have been recorded at 5.7 million.

Pursuant to demutualization of the Karachi Stock Exchange Limited (KSE), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the company received shares and TREC from the KSE against the membership card which was carried at Rs. 20 million in the books of the Company.

The above arrangement has resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the Company by the KSE. Out of total shares issued by the KSE, the company has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the Company's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

The Institute of Chartered Accountants of Pakistan in its technical guide May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost /carrying value of the membership card between the two distinct assets on a reasonable basis.

The abovementioned face value (Rs.40million) of the shares issued by the KSE to its members including the Company has been determined on the basis of the, fair valuation of the underlying assets and liabilities of the KSE in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutaulization and Integration) Act, 2012. In other words, shares worth Rs. 40 million received by the Company represent its share in the- fair value of the net assets of the KSE. Under the current circumstances, where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the KSE has introduced a minimum capital regime for the brokers, and for this purpose has valued TREC at Rs.15 million as per the decision of the Board of Directors of the KSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 15 million has been considered as the closest estimate of the fair value of the TREC.

Therefore, based on the above estimates of fair values of KSE shares (Rs. 40 million) and TREC (Rs 15 million), the Company has allocated its carrying value of the membership card in the ratio of 0.73 to share and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 14.60 million and TREC at Rs. 5.40 million.

	2016 Rupees	2015 Rupees
<b>8. LONG TERM DEPOSITS</b>		
CDC deposit	100,000	100,000
NCCPL deposit	200,000	200,000
KSE forward deposit	500,000	500,000
KSE deposit	200,000	100,000
B to B deposit	100,000	100,000
BMC capital	231,294	-
	<b><u>1,331,294</u></b>	<b><u>1,000,000</u></b>
<b>9. TRADE DEBTS</b>		
Debtors secured - considered good	12,522,602	28,498,283
	<b><u>12,522,602</u></b>	<b><u>28,498,283</u></b>

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	Note	2016 Rupees	2015 Rupees
<b>10. ADVANCES AND DEPOSITS</b>			
Advance tax		8,162,800	6,142,987
National clearing		381,905	-
Deposit into KSE against exposure		2,000,000	2,217,258
Other receivables		-	2,500,000
		<b>10,544,705</b>	<b>10,860,245</b>
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		244,973	540,909
<b>Cash at banks:</b>			
- Current accounts		94,570,358	79,606,697
- Saving accounts		15,846	15,477
		<b>94,831,177</b>	<b>80,163,083</b>
<b>11.1 Bank Overdraft</b>		<b>-</b>	<b>12,464,448</b>
<b>12. OPERATING EXPENSES</b>			
Salaries, wages and benefits	12.1	19,956,456	10,066,800
Rent, rates and taxes		60,000	60,000
Repair and maintenance		235,965	422,825
Fee and subscription		190,135	68,405
Legal and professional charges		383,440	187,310
Travelling and conveyance		590,060	340,370
Utility charges		443,417	473,256
Depreciation	5	942,270	763,557
Entertainment		481,063	351,240
Postage and telegrams		57,755	54,924
Printing and stationery		218,697	205,570
SECP Transaction fee		188,296	221,106
Service charges		120,800	111,050
Software expenses		102,600	93,375
Security charges		186,258	233,623
Fuel expenses		-	475,930
Auditors' remuneration	12.2	130,000	130,000
Internet expenses		18,900	20,400
Advertisement		7,460	11,750
KSE national commodity fee		-	71,000
Zakat and donation		792,500	400,000
Transfer charges		-	75,000
Clearing housing services		1,647,765	1,858,053
Bad debts		238,990	-
Vehicle running and maintenance		774,970	-
Miscellaneous expenses		61,300	44,831
		<b>27,829,097</b>	<b>16,740,375</b>

12.1 Salaries, wages and benefits includes amount of Rs. 2,400,000 (2015: Rs. 2,400,000) paid to three directors.

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12.2 Auditors' Remuneration	2016 Rupees	2015 Rupees
Audit fee	125,000	125,000
Out of pocket	5,000	5,000
	<u>130,000</u>	<u>130,000</u>

**13. FINANCIAL AND OTHER CHARGES**

Bank charges	47,915	43,818
Mark-up on bank overdraft	85,297	153,527
Workers' welfare fund	79,110	114,401
	<u>212,322</u>	<u>311,746</u>

**14. OTHER INCOME**

Commission on shares application	294,429	562,322
Interest income	104,024	1,808,453
Dividend income	1,282,363	1,202,215
Gain on sale of fixed assets	67,540	-
Gain on sale of listed companies shares	-	937,778
Gain on sale of National Commodity card	-	150,000
Excess of CDC charges recovered	-	159,161
Others	1,038,180	-
	<u>2,786,536</u>	<u>4,819,929</u>

**15. TAXATION**

Current	1,077,889	1,620,538
Prior	(63,915)	42,438
Deferred tax	-	(21,520)
	<u>1,013,974</u>	<u>1,641,456</u>

15.1 During the current year, Federal Government has reduced income tax rate of non-banking companies from 33% to 32%. This amendment was introduced through Finance Act, 2015.

**16. EARNINGS PER SHARE**

	2016 Rupees	2015 Rupees
Profit after taxation	2,862,397	2,420,290
Number of ordinary shares	4,000,000	4,000,000
<b>Earnings per share</b>	<u>0.72</u>	<u>0.61</u>

**17. CASH AND CASH EQUIVILENT**

Cash and bank balances	94,831,177	80,163,083
Bank overdraft	-	(12,464,448)
	<u>94,831,177</u>	<u>67,698,635</u>

*btw*

18. FINANCIAL ASSETS AND LIABILITIES

	Markup bearing			Non-Markup bearing			2016 Total	2015 Total
	Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total		
----- Rupees -----								
<b>Financial Assets</b>								
Trade debts	-	-	-	12,522,602	-	12,522,602	12,522,602	28,498,283
Long term deposits	-	-	-	-	1,331,294	1,331,294	1,331,294	1,000,000
Long term investment	-	-	-	-	14,600,000	14,600,000	14,600,000	14,600,000
Cash and bank balances	15,846	-	15,846	94,815,331	-	94,815,331	94,831,177	80,163,083
	<b>15,846</b>	<b>-</b>	<b>15,846</b>	<b>107,337,933</b>	<b>15,931,294</b>	<b>123,269,227</b>	<b>123,285,073</b>	<b>124,261,366</b>
<b>Financial Liabilities</b>								
Creditors, accrued and other liabilities	-	-	-	78,976,760	-	78,976,760	78,976,760	80,120,945
Bank overdraft	-	-	-	-	-	-	-	12,464,448
	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,976,760</b>	<b>-</b>	<b>78,976,760</b>	<b>78,976,760</b>	<b>92,585,393</b>

19. FINANCIAL RISK MANAGEMENT

19.1 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company follows an effective cash management and planning policy to ensure availability of funds.

19.2 Currency Risk

Currency risk is the risk that the value of financial instrument will fluctuate due to change in foreign exchange rates. The company undertakes currency risk mostly to support its trade services and maintain overall foreign exchange risk position within reasonable limits of its capital as advised by the State Bank of Pakistan.

19.3 Interest Rate Risk

The company is not exposed to credit risk as its Financial Assets and Liabilities are non - interest basis.

19.4 Credit Risk

Credit risk represents the loss that would be recognized at the reporting date if the counter parties failed completely to perform as contracted. To manage exposure to credit risk, the company applies limit to its customers.

20. FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the amount at which an asset could be recognized or liability settled between knowledgeable willing parties in an arm's length basis. The carrying values of all financial assets and liabilities reflected to the financial statements approximate their fair values.

21. DATE OF AUTHORIZATION

These Financial statements were authorized on 16 OCT 2016 by the Board of Directors of the Company.

*btm*

22. CORRESPONDING FIGURES

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

23. GENERAL

Figures have been rounded off to the nearest rupee.

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Chief Executive Officer

  
Director