

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2017**



**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, 2017** 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, 2017, 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).

*[Handwritten signature]*

*[Handwritten signature: Mehmood A. Razzak]*

Engagement Partner: Mehmood A. Razzak

Karachi.

Date: 15 SEP 2017

**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2017**

EQUITY AND LIABILITIES	Note	2017 Rupees	2016 Rupees
<b>SHARE CAPITAL AND RESERVE</b>			
<b>Authorized Share Capital</b>			
4,000,000 Ordinary shares of Rs. 10/- each		<u>40,000,000</u>	<u>40,000,000</u>
<b>Issued, Subscribed and Paid-up Share Capital</b>			
4,000,000 (2016: 4,000,000) Ordinary shares of Rs. 10/- each	3	40,000,000	40,000,000
Unappropriated profit		81,421,406	17,932,088
		121,421,406	57,932,088
<b>Non - Current Liabilities</b>			
Loan from director		20,000,000	10,000,000
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	4	113,898,460	78,976,760
		<u>255,319,866</u>	<u>146,908,848</u>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, plant and equipment	5	13,596,839	7,679,070
Intangible	6	5,000,000	5,400,000
Long term investment	7	5,834,612	14,600,000
Long term deposits	8	2,878,589	1,331,294
		27,310,040	29,010,364
<b>Current Assets</b>			
Trade debts	9	7,607,556	12,522,602
Advances and deposits	10	24,661,455	10,544,705
Short term investments	11	28,595,568	-
Cash and bank balances	12	167,145,247	94,831,177
		228,009,826	117,898,484
		<u>255,319,866</u>	<u>146,908,848</u>

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



  
**Chief Executive Officer**

  
**Director**

**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
Commission income		43,266,113	29,131,254
Operating expenses	13	(33,763,976)	(27,829,097)
<b>Operating profit</b>		<b>9,502,137</b>	<b>1,302,157</b>
Financial and other charges	14	(210,308)	(212,322)
Other income	15	57,651,871	2,786,536
<b>Profit before taxation</b>		<b>66,943,700</b>	<b>3,876,371</b>
Taxation	16	(3,454,382)	(1,013,974)
<b>Profit after taxation</b>		<b>63,489,318</b>	<b>2,862,397</b>
Earnings per share	17	15.87	0.72

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




Chief Executive Officer



Director



**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Issued, Subscribed and Paid-up Share Capital	Unappropriated Profit	Total
	----- Rupees -----		
Balance as at July 01, 2015	40,000,000	15,069,691	55,069,691
Profit for the year ended June 30, 2016	-	2,862,397	2,862,397
<b>Balance as at June 30, 2016</b>	<b>40,000,000</b>	<b>17,932,088</b>	<b>57,932,088</b>
Profit for the year ended June 30, 2017	-	63,489,318	63,489,318
<b>Balance as at June 30, 2017</b>	<b>40,000,000</b>	<b>81,421,406</b>	<b>121,421,406</b>

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



  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	66,943,700	3,876,371
<b>Adjustments for non-cash items and other charges :</b>		
Depreciation	1,897,804	942,270
Impairment loss	400,000	-
(Gain) on sale of property, plant and equipment	(121,022)	(67,540)
<b>Operating profit before working capital changes</b>	<b>69,120,482</b>	<b>4,751,101</b>
<b>(Increase) / decrease in current assets:</b>		
Trade debts	4,915,046	15,975,681
Advances and deposits	(10,269,160)	2,335,353
Investment	(28,595,568)	-
	(33,949,682)	18,311,034
<b>(Decrease) / increase in current liabilities:</b>		
Creditors, accrued and other liabilities	34,921,700	(1,144,185)
Taxes paid	(7,301,972)	(3,033,786)
<b>Net cash inflow from operating activities</b>	<b>62,790,529</b>	<b>18,884,163</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(8,044,551)	(2,395,327)
Proceeds from sale of property, plant and equipment	350,000	975,000
Long term investment	8,765,389	-
Long term deposits	(1,547,295)	(331,294)
<b>Net cash inflow from / (used in) investing activities</b>	<b>(476,458)</b>	<b>(1,751,621)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from director	10,000,000	10,000,000
<b>Net cash inflow from financing activities</b>	<b>10,000,000</b>	<b>10,000,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>72,314,070</b>	<b>27,132,542</b>
Cash and cash equivalents at beginning of the year	94,831,177	67,698,635
<b>Cash and cash equivalents at end of the year</b>	<b>12 167,145,247</b>	<b>94,831,177</b>

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




Chief Executive Officer



Director

**IQBAL USMAN KODVAVI SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1. NATURE OF BUSINESS AND OPERATIONS**

**1.1** Iqbal Usman Kodvavi Securities (Private) Limited (the Company) was incorporated in Pakistan as a private limited company 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 Pakistan 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 / judgements / assumptions will, by definition, seldom equal the related actual results. The estimates / judgements 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.





## 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.

## 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. Exchanges 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	2017 Rupees	2016 Rupees
<b>Authorized Share Capital</b>		
<b>Number of Shares</b>		
<u>2017</u>		<u>2016</u>
<u>4,000,000</u>		<u>4,000,000</u>
Ordinary shares of Rs.10/- each	<u>40,000,000</u>	<u>40,000,000</u>
<b>Issued, Subscribed and Paid-up Share Capital</b>		
<b>Number of Shares</b>		
<u>2017</u>		<u>2016</u>
4,000,000		4,000,000
Ordinary shares of Rs.10/- each fully paid in cash	40,000,000	40,000,000
<u>4,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>
<b>4. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Creditors	113,538,660	78,294,073
Accrued expenses	181,369	224,920
Mark-up payables	-	27,593
CDC payables	81,149	76,074
Tax payables	12,247	230,518
CVT payables	4,011	223
Workers' welfare fund	79,110	79,110
Other payables	1,914	44,249
	<u>113,898,460</u>	<u>78,976,760</u>



5. PROPERTY, PLANT AND EQUIPMENT

	Written Down Value				Written down value June 30, 2017	Rate of depreciation %
	As at July 01, 2016	Additions/ (Deletions)	Total	Charged for the year		
----- Rupees -----						
<b>Owned</b>						
Office KSE	4,926,748	-	4,926,748	246,337	4,680,411	5%
Office equipment	271,116	156,140	427,256	63,902	363,354	15%
Furniture and fixtures	33,504	39,500	73,004	7,494	65,510	15%
Computer	306,548	291,461	598,009	157,544	440,465	30%
Generator	12,857	-	12,857	1,929	10,928	15%
Motorcycle	5,166	-	5,166	1,033	4,133	20%
Motor vehicles	2,123,131	7,557,450 (228,978)	9,451,603	1,419,565	8,032,038	20%
<b>2017</b>	<b>7,679,070</b>	<b>8,044,551</b> <b>(228,978)</b>	<b>15,494,643</b>	<b>1,897,804</b>	<b>13,596,839</b>	

	Written Down Value				Written down value June 30, 2016	Rate of depreciation %
	As at July 01, 2015	Additions/ (Deletions)	Total	Charged for the year		
----- 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>	<b>7,133,473</b>	<b>2,395,327</b> <b>(907,460)</b>	<b>8,621,340</b>	<b>942,270</b>	<b>7,679,070</b>	

6. INTANGIBLE

	Note	2017 Rupees	2016 Rupees
Trading rights entitlement certificates	7.1	5,400,000	5,400,000
Imparment loss	6.1	(400,000)	-
		<u>5,000,000</u>	<u>5,400,000</u>

6.1 Pakistan Stock Exchange Limited has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for base minimum capital purpose amounting to Rs.5 million.



7. LONG TERM INVESTMENT	Note	2016 Rupees	2015 Rupees
Investment in Share of Pakistan Stock Exchange Limited	7.1	5,834,612	14,600,000
		<u>5,834,612</u>	<u>14,600,000</u>

**7.1** Pursuant to demutualisation of the Pakistan Stock Exchange Limited ('PSX' or 'the Exchange'), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualisation, the Company received 4,007,383 shares of Rs. 10 each and TREC from the PSX against its membership card. Out of allotted 4,007,383 shares, 40% shares were received by the Company whereas, remaining 60% shares were transferred in a blocked CDC account under the PSX participant Id which were meant for selling to strategic investor, general public and financial institutions and proceeds to be paid to the Company.

During the year 2016, Divestment Committee of the Exchange had issued an invitation for Expression of Interest of acquiring upto 40% equity stake in PSX held in blocked CDC account. Thereafter, bids were submitted by interested persons and as a result of bidding process, share price of Rs. 28.00 per share had been offered by the anchor investor / successful investor and accordingly, the Share Purchase Agreement (SPA) was signed between PSX, Divestment Committee of PSX and anchor investor for sale of 40% equity stake in PSX at share price of Rs. 28.00 per share. Subsequent to December 31, 2016, the SPA has been executed and PSX has transferred the sale proceeds at Rs. 25.20 per share in March 2017, after retaining 10% of the sale price for one year, to settle any outstanding liabilities of PSX in terms of SPA.

8. LONG TERM DEPOSITS	2017 Rupees	2016 Rupees
CDC deposit	100,000	100,000
NCCPL deposit	200,000	200,000
PSX forward deposit	500,000	500,000
KSE deposit	200,000	200,000
B to B deposit	100,000	100,000
BMC capital	1,778,589	231,294
	<u>2,878,589</u>	<u>1,331,294</u>

9. TRADE DEBTS		
Debtors secured - considered good	7,607,556	12,522,602
	<u>7,607,556</u>	<u>12,522,602</u>

10. ADVANCES AND DEPOSITS		
Advance tax	12,010,390	8,162,800
NCCPL deposit	906,296	381,905
Deposit into PSX against exposure	5,000,000	2,000,000
Advance deposit against purchase of car	2,256,500	-
Deposit against sale of PSX Shares	4,488,269	-
	<u>24,661,455</u>	<u>10,544,705</u>





11. SHORT TERM INVESTMENTS	Note	2017 Rupees	2016 Rupees
<b>Financial assets at fair value through profit or loss - held for trading</b>			
Quoted equity securities		28,595,568	-
		<u>28,595,568</u>	<u>-</u>
<b>12. CASH AND BANK BALANCES</b>			
Cash in hand		189,637	244,973
<b>Cash at banks:</b>			
- Current accounts		166,955,610	94,570,358
- Saving accounts		-	15,846
		<u>167,145,247</u>	<u>94,831,177</u>
<b>13. OPERATING EXPENSES</b>			
Salaries, wages and benefits	13.1	9,306,000	19,956,456
Rent, rates and taxes		60,000	60,000
Repair and maintenance		185,475	235,965
Fee and subscription		119,380	190,135
Legal and professional charges		297,500	383,440
Travelling and conveyance		673,610	590,060
Utility charges		456,369	443,417
Depreciation	5	1,897,804	942,270
Entertainment		489,561	481,063
Postage and telegrams		55,217	57,755
Printing and stationery		334,573	218,697
SECP Charges		11,851	188,296
PSX Recurring Charges		115,192	120,800
Software expenses		129,040	102,600
Security charges		-	186,258
Auditors' remuneration	13.2	130,000	130,000
Internet expenses		20,800	18,900
Dealer commission		16,582,731	-
Advertisement		-	7,460
Zakat and donation		1,002,500	792,500
Clearing housing services		318,182	1,647,765
Bad debts		69	238,990
Impairment loss	6.1	400,000	-
Vehicle running and maintenance		1,111,700	774,970
Miscellaneous expenses		66,422	61,300
		<u>33,763,976</u>	<u>27,829,097</u>

**13.1** Salaries, wages and benefits includes amount of Rs. 2,400,000 (2016: Rs. 2,400,000) paid to three directors.

**13.2 Auditors' Remuneration**

Audit fee	125,000	125,000
Out of pocket	5,000	5,000
	<u>130,000</u>	<u>130,000</u>



	2017 Rupees	2016 Rupees
<b>14. FINANCIAL AND OTHER CHARGES</b>		
Bank charges	117,547	47,915
Mark-up on bank overdraft	92,761	85,297
Workers' welfare fund	-	79,110
	<b>210,308</b>	<b>212,322</b>
<b>15. OTHER INCOME</b>		
Commission on shares application	26,500	294,429
Shares trading loss	(111,694)	-
Unrealized (loss) on revaluation of short term investments	(1,755,206)	-
Interest income	102,294	104,024
Dividend income	440,812	1,282,363
Gain on sale of fixed assets	121,022	67,540
Gain on Sale of PSX Shares	58,116,393	-
Others	711,750	1,038,180
	<b>57,651,871</b>	<b>2,786,536</b>
<b>16. TAXATION</b>		
Current	3,415,647	1,077,889
Prior	38,735	(63,915)
	<b>3,454,382</b>	<b>1,013,974</b>
<b>17. EARNINGS PER SHARE</b>		
Profit after taxation	63,489,318	2,862,397
Number of ordinary shares	4,000,000	4,000,000
<b>Earnings per share</b>	<b>15.87</b>	<b>0.72</b>
<b>18. FINANCIAL ASSETS AND LIABILITIES</b>		

	Markup bearing			Non-Markup bearing			2017 Total	2016 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	-	-	-	7,607,556	-	7,607,556	7,607,556	12,522,602
Long term deposits	-	-	-	-	2,878,589	2,878,589	2,878,589	1,331,294
Long term investment	-	-	-	-	5,834,612	5,834,612	5,834,612	14,600,000
Cash and bank balances	-	-	-	167,145,247	-	167,145,247	167,145,247	94,831,177
	-	-	-	<b>174,752,803</b>	<b>8,713,201</b>	<b>183,466,004</b>	<b>183,466,004</b>	<b>123,285,073</b>
<b>Financial Liabilities</b>								
Creditors, accrued and other liabilities	-	-	-	113,898,460	-	113,898,460	113,898,460	78,976,760
	-	-	-	<b>113,898,460</b>	-	<b>113,898,460</b>	<b>113,898,460</b>	<b>78,976,760</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 15 SEP 2017 by the Board of Directors of the Company.

**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.



Chief Executive Officer



Director