Office # 26, 2nd Floor,
Rose Plaza, I-8 Markaz,
Islamabad - Pakistan.
Tel: 92-51-4102626, 92-51-4102627
Fax: 92-51-4102628
E-mail: info@ilyassaeed.com
www.ilyassaeed.com

Ilyas Saeed & Co

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of M/s KISSAN SUPPORT SERVICES (PRIVATE) LIMITED ("hereinafter referred to as "the Company") as at December 31, 2013 and the related profit and loss a ccount, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof (hereinafter referred to as the financial statements) for the year then ended and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose 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 financial 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 financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial 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 financial statements have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as stated in note 26 to the financial statements, with which we concur;

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

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

Continued...P-2

(c) in our opinion and to the best of our information and according to the explanation given to us, the financial statements conform with approved accounting standards as applicable in Pakistan and give the information as 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 affair as at December 31, 2013 and of the profit, its' cash flows and its' changes in equity for the year then ended; and

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

ISLAMABAD: 02/10/2014.

Ilyas Saeed & Co.

CHARTERED ACCOUNTANTS
Engagement Partner: IMRAN ILYAS, FCA

mgi
BUSINESS SOLUTIONS
WORLDWIDE

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2013

	Note	December 31, 2013 Rupees	Restated December 31, 2012 Rupees	Restated December 31, 2011 Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**1,640,406**	1,943,964	2,192,736
Deferred tax asset	6	**33,020,064**	28,868,803	21,649,347
		34,660,470	30,812,767	23,842,083
CURRENT ASSETS				
Receivable from ZTBL ("the holding Company")	7	**10,094,855**	11,793,673	9,835,729
Trade receivables- considered good		**2,332,691**	3,595,412	11,666,109
Short term advances	8	**2,202,942**	9,496,549	9,734,784
Short term deposits and prepayments		**311,611**	265,982	31,842
Investments	9	**288,680,227**	200,394,273	103,764,693
Accrued interest	10	**4,216,126**	5,291,492	13,636,680
Other receivables	11	**2,796,615**	3,290,002	4,506,410
Advance Tax	12	**31,929,805**	15,223,459	-
Cash and bank balances	13	**8,709,072**	36,957,289	98,798,034
		351,273,944	286,308,131	251,974,281
		385,934,414	317,120,898	275,816,364
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each	14	**100,000,000**	100,000,000	100,000,000
		100,000,000	100,000,000	100,000,000
Issued, subscribed and paid-up capital 10,000,000 ordinary shares of Rs. 10 each		**159,592,897**	125,460,612	98,905,045
Unappropriated profit		**259,592,897**	225,460,612	198,905,045
NON CURRENT LIABILITIES				
Deferred liabilities	15	**60,938,653**	54,919,470	42,651,541
		60,938,653	54,919,470	42,651,541
CURRENT LIABILITIES				
Trade and other payables	16	**65,402,864**	36,740,816	27,269,694
Income tax payable		**-**	-	6,990,084
		65,402,864	36,740,816	34,259,778
CONTINGENCIES AND COMMITMENTS	17	**-**	-	-
		385,934,414	317,120,898	275,816,364

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	December 31, 2013 Rupees	Restated December 31, 2012 Rupees
Revenue	18	**595,707,640**	523,299,646
Cost of services	19	**(522,768,803)**	(459,225,747)
Gross Profit		**72,938,837**	64,073,899
Administrative expenses	20	**(51,854,057)**	(42,647,747)
Operating profit		**21,084,780**	21,426,152
Other income	21	**23,302,425**	22,764,055
Profit before taxation		**44,387,205**	44,190,207
Provision for taxation	22	**(15,047,450)**	(15,313,932)
Profit after taxation		**29,339,755**	28,876,275
Earning per share - Basic and diluted	**23**	**2.93**	2.89

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	December 31, 2013	Restated December 31, 2012
	Rupees	Rupees
Profit for the period	**29,339,755**	28,876,275
Deficit on revaluation of Available-for-Sale Investments	**(22,895)**	-
Effect of recognition of actuarial loss	-	(49,927)
Effect of recognition of actuarial (losses) or gain	**7,296,098**	(3,493,510)
Deferred tax	**(2,480,673)**	1,222,729
	4,815,425	(2,270,781)
Total comprehensive income for the period	**34,132,285**	26,555,567

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	December 31, 2013 Rupees	Restated December 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**44,387,205**	44,190,207
Adjustments for non cash items:			
Depreciation		**906,523**	794,602
Deficit on revaluation of AFS Investments		**(22,895)**	-
Provision for gratuity		**14,066,448**	8,965,436
Interest income		**(23,302,425)**	(22,764,055)
		(8,352,349)	(13,004,017)
Operating profit before working capital changes		**36,034,856**	31,186,190
Working capital changes			
(Increase) / decrease in current assets			
Receivable from holding Company		**1,698,818**	(1,957,944)
Trade receivables		**1,262,721**	8,070,697
Short Term Advances		**7,293,607**	238,235
Short term deposits and prepayments		**(45,629)**	(234,140)
Other receivables		**493,387**	1,216,408
		10,702,904	7,333,256
Increase / (decrease) in current liabilities			
Trade and other payables		**28,662,048**	9,471,122
Cash generated from operations		**75,399,808**	47,990,568
Interest income received		**24,377,791**	31,109,243
Gratuity paid		**(751,167)**	(240,944)
Income tax paid		**(38,385,730)**	(43,524,202)
		(14,759,106)	(12,655,903)
Net cash generated from /(used in) operating activities		**60,640,702**	35,334,665
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(602,964)**	(545,830)
Net cash used in investing activities		**(602,964)**	(545,830)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		**60,037,738**	34,788,835
Cash and cash equivalents at the beginning of the period	24	**237,351,562**	202,562,727
Cash and cash equivalents at the end of the period		**297,389,299**	237,351,562

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Issued, subscribed and paid-up capital	Unappropriated profit	Total equity
		Rupees	
Opening balance as at January 01, 2012 - as preivously reported	100,000,000	101,438,879	201,438,879
Effect of change in accounting policy - Net of tax (Note 26.3)	-	(3,064,423)	(3,064,423)
Effect of Correction of error (Note 27.1)	-	530,589	530,589
Opening balance as at January 01, 2012 - Restated	100,000,000	98,905,045	198,905,045
Profit for year ended December 31, 2012	-	26,555,567	26,555,567
Balance as at December 31, 2012 - Restated	**100,000,000**	**125,460,612**	**225,460,612**
Profit for the year ended December 31, 2013	**-**	**34,132,285**	**34,132,285**
Balance as at December 31, 2013	**100,000,000**	**159,592,897**	**259,592,897**

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

1 COMPANY AND ITS OPERATIONS

Kissan Support Services (Private) Limited ("the Company") was incorporated in Pakistan as a private limited company on September 19, 2005 under the Companies Ordinance, 1984. It is a subsidiary of Zarai Taraqiati Bank Limited (ZTBL) which holds 100% shares. The registered office of the Company is situated at Zarai Taraqiati Bank Limited, Head Office, 1 - Faisal Avenue, Zero Point, Islamabad. The Company's principal business is to provide consultancy, advisory, agency and other support services on contractual basis or otherwise to ZTBL.

2 STATEMENT OF COMPLIANCE

The financial information have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Medium Sized Entities (MSEs) issued 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.

3 ACCOUNTING CONVENTION AND BASIS OF MEASUREMENT

These financial information have been prepared under the historical cost convention and accrual basis of accounting.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective policies and notes given here under.

The preparation of financial statements is in conformity with the Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan require management to make judgments,estimates and assumptions that affect the application of policies and reported amounts of assets and 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 the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and provision for employee benefits. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

4.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the rates set out in note 5. Depreciation is charged on reducing balance method except for vehicles and computer equipment which are depreciated on straight line method. Full month depreciation is charged in which asset is purchased and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

Major renewals and improvements are capitalized. Gains and losses, if any on disposal of assets are included in profit and loss during the year.

4.3 Impairment

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

4.4 Trade debts

Trade debts are carried at the amounts billed/charged, less an estimate made for doubtful debts based on review of outstanding amounts at the year end, if any.

4.5 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.6 Investments

Investments are classified into the following two categories:

Held to maturity

These are the investments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold them till maturity and measured at cost, less any impairment loss recognised to reflect irrecoverable amounts.

Available for sale

These are recognized at fair value. Gain or loss from changes in fair values are taken to equity until disposal at which time these are recycled to income statement.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash at bank and short term highly liquid investments.

4.8 Employee Benefits

Unfunded medical benefits

The Company operates an unfunded medical benefit fund for its employees. Employees are entitled for free medical facility during their service. This unfunded amount is utilized against the reimbursement of employee's actual medical expenses. The benifits are charged to profit and loss account at the rate of Rs 400/- per employee per month.

Staff retirement benefits

The Company operates an un-funded gratuity scheme for its permanent employees whose period of service is one year or more. Employees are entitled to gratuity on the basis set out in staff regulation. The most recent actuarial valuation is carried out at December 31, 2013 using the projected unit credit Actuarial Cost method as mandated under the latest IAS-19 revised 2011 (refer note 15). Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting period exceed 10% of the higher of present value of defined benefit obligation and the fair value of plan assets at that date. The gains or losses in excess of amount determined as per above said criteria are recognized over the expected average remaining working lives of the employees participating in the plan.

4.10 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.

4.11 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, 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 obligation.

4.12 Taxation

Current

Provision for taxation, if any, is made on net taxable income at current prevailing rates as per the Income Tax Ordinance, 2001.

Deferred

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

4.13 Borrowing cost

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets are capitalized. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.14 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.15 Revenue recognition

Revenue from services is recognised as and when services are rendered. Interest income is recognised on accrual basis. Commision income is recognised when services are rendered.

4.16 Financial instruments

All the financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of these instruments. The Company de-recognises the financial assets and financial liabilities when it ceases to be a party to such contractual provision.

4.17 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.18 Off setting of financial assets and liabilities

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

Accounting policies, related judgments, estimates and assumptions adopted for preparation of these financial information are the same as those applied in preparation of the annual audited financial statements for the year ended December 31, 2012 except for:

4.19 Change in accounting policy - staff retirement benefits

IAS 19 (as revised in June 2011) Employees Benefits became effective from January 01, 2013. The amendments to IAS 19 changed the method of accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for defined benefit obligation and plan assets. The amendments require full recognition of variations in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach', permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Adoption of the amended IAS 19 amounts to change in accounting policy as per IAS 8 " Accounting Policies, Changes in Accounting Estimates and Errors" and effects of retrospective application of this change in accounting policy has been disclosed in Note 26.

4.20 Correction of error

For the year 2010, 2011 and 2012 the Deffered Tax Asset arising due to accelerated depreciation was incorrectly recorded as liability instead of asset. Accounting Estimates and Errors" and effects of retrospective correction of this error has been disclosed in Note 27.

5 PROPERTY, PLANT AND EQUIPMENT

	Owned					
	Furniture and fixtures	Electrical installation	Motor vehicles	Office equipment	Computers	Total
Cost						
Balance at Jan 1, 2012	583,128	569,513	3,890,560	290,689	896,571	**6,230,461**
Additions	-	29,000	134,000	56,950	325,880	**545,830**
Balance at Dec 31, 2012	583,128	598,513	4,024,560	347,639	1,222,451	**6,776,291**
Additions	-	26,600	2,300	-	574,064	**602,964**
Balance at Dec 31, 2013	583,128	625,113	4,026,860	347,639	1,796,515	**7,379,255**
Accumulated depreciation						
Balance at Jan 1, 2012	86,855	230,198	2,924,277	118,716	677,679	**4,037,725**
Depreciation for the year	49,628	71,005	438,345	40,989	194,635	**794,602**
Balance at Dec 31, 2012	136,483	301,203	3,362,622	159,705	872,314	**4,832,327**
Depreciation for the year	44,664	62,122	463,409	37,588	298,740	**906,523**
Balance at Dec 31, 2013	181,147	363,325	3,826,031	197,293	1,171,054	**5,738,850**
Carrying amount	401,981	261,788	200,829	150,346	625,461	**1,640,406**
As at Dec 31, 2013	401,981	261,788	200,829	150,346	625,461	**1,640,406**
As at Dec 31, 2012	446,645	297,310	661,938	187,934	350,137	**1,943,964**
Depreciation rates per annum	10%	20%	20%	20%	33%	

5.1 Depreciation for the period has been allocated to administrative expenses.

6 DEFERRED TAX ASSET	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
Deferred tax asset	6.1	33,020,064	28,868,803
		33,020,064	28,868,803
Deferred debit/(credit) arising due to:			
Accelerated depreciation		297,393	281,285
Provision for gratuity		20,719,143	19,221,815
Provision for medical facilities		12,003,528	9,365,703
		33,020,064	28,868,803

6.1 Deferred tax asset arising on temporary differences has been recognized in these financial statements during the period as the management foresee that sufficient future profits will be available with the Company to utilize and reverse the effect of deferred tax asset.

7 RECEIVABLE FROM ZTBL ("HOLDING COMPANY")	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
Unsecured - cconsidered good			
Zarai Taraqiati Bank Limited (ZTBL)	7.1	10,094,855	11,793,673

7.1 This represents net receivable against services rendered/ obtained from ZTBL.

8 SHORT TERM ADVANCES			
Advances to:			
Employees	8.1	2,202,942	2,860,060
Suppliers		-	6,636,489
		2,202,942	9,496,549
8.1 - for expenses			
executives		-	-
employees		2,202,942	2,860,060
		2,202,942	2,860,060

9 SHORT TERM INVESTMENT			
Available for sale investments			
Mutual Funds			
NAFA	9.1	21,640,275	20,000,000
Less: Deficit on revaluation		(43,852)	-
		21,596,423	20,000,000
Askari Fund Management	9.2	10,760,658	10,000,000
Add: Surplus on revalution		20,957	-
		10,781,615	10,000,000
		32,378,037	30,000,000

		December 31, 2013	December 31, 2012
Held-to-maturity investments		Rupees	Rupees
Term Deposit Receipts (TDR)			
Bank of Punjab	9.3	114,752,190	105,394,273
Silk Bank	9.4	30,000,000	40,000,000
Faisal Bank Limited	9.5	111,550,000	-
Investment with Bank of Khyber		-	25,000,000
		256,302,190	170,394,273
		288,680,227	200,394,273

9.1 This investment has been made in NAFA Money Market Fund. It consists of 2,157,096.890 units at the rate of Rs.10.0118 per unit. The Market value of said investment is Rs. 21,596,423.

9.2 This investment has been made in Askari Sovereign Cash Fund. It consists of 106,961.10 units at the rate of Rs.100.7994 per unit. The Market Value of said investment is Rs. 10,781,615.

9.3 This TDR matures on Jan 27, 2014 and carries interest rate of 9.40% per annum.

9.4 This TDR matures on Jan 30, 2014 and carries interest rate of 9.50% per annum.

9.5 This comprise of two TDRs. One TDR of Rs.62,000,000 matures on Feb 02, 2014 and carries interest rate of 10.00% per annum. The second TDR of Rs.49,550,000 matures on Feb 05, 2014 and carries interest rate of 10.30% per annum.

			December 31, 2013	December 31, 2012
10	**ACCRUED INTEREST**	Note	Rupees	Rupees
	Term deposit receipt		3,856,086	3,690,586
	Deposit bank accounts		360,040	1,600,906
			4,216,126	5,291,492
11	**OTHER RECEIVABLES**			
	Institute of Business Education (IBE)	17.1.1	2,647,137	2,647,137
	Commission receivable		-	554,201
	Other		149,478	88,664
			2,796,615	3,290,002
12	**ADVANCE TAX**			
	Opening		15,223,459	-
	Advance income tax deducted		38,385,730	31,342,167
	Tax paid on the basis of return		-	7,086,348
	Payment of tax under section 122 (5A)	17.1.2	-	5,095,687
	Adjusted against provision for taxation			
	Prior year		-	7,086,348
	Current year		21,679,384	21,214,395
	Net tax adjusted		21,679,384	28,300,743
			31,929,805	15,223,459

13 CASH AND BANK BALANCES		December 31, 2013 Rupees	December 31, 2012 Rupees
Cash at Bank			
Current account		543,948	1,042,327
Saving accounts	13.1	8,165,124	35,914,962
		8,709,072	36,957,289

13.1 Saving accounts carry mark up rate ranging from 6% to 7% (2012: 5% to 10%) and this balance in saving accounts include funds kept in ZTBL of Rs. 8.145 Million (2012: Rs. 30.06 Million).

14 AUTHORIZED, ISSUED, SUBSCRIBED & PAID UP CAPITAL	December 31, 2013 Rupees	December 31, 2012 Rupees
Authorized share capital		
Authorized share capital consists of 10 million (2012: 10 millions) ordinary shares of Rs. 10 each.	100,000,000	100,000,000
Issued, subscribed and paid up capital		
10 million (2011: 10 million) ordinary shares of Rs. 10 each issued fully paid in cash	100,000,000	100,000,000

15 DEFERRED LIABILITIES

15.1 Reconciliation of liabilities recognized in the balance sheet

Present value of defined benefit obligation		60,938,653	54,919,470
		60,938,654	54,919,470

15.2 Movement in the liability recognized in the balance sheet

Opening balance		54,919,470	42,651,541
Charge for the year	15.3	14,066,448	8,965,436
Benefits paid		(751,167)	(240,944)
Acturial (gain) or loss on Obligation		(7,296,098)	3,543,437
		60,938,653	54,919,470

15.3 Charge for the year

Current service charges		7,793,901	6,362,743
Interest cost for the year		6,272,547	2,602,693
		14,066,448	8,965,436

15.4 Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

Discount rate (%)	13	11.5
Expected rate of increase in salary (%)	12	10.5

15.5 General description

The scheme provides for terminal benefits for all its permanent employees whose period of service is one year. Employees are entitled to gratuity on the basis set out in Company's staff regulation. Actuarial valuation of these plans was carried out as at December 31, 2013 using Projected Unit Credit (PUC) Accrual Cost Method as mandated under the latest International Accounting Standard 19 (revised 2011).

16 TRADE AND OTHER PAYABLES	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
Trade creditors		3,772,878	8,690,169
Security deposit		344,000	394,000
Medical fund	16.1	35,304,493	26,759,150
Tax payable		682,688	897,497
Other payables	16.2	25,298,805	-
		65,402,864	36,740,816

16.1 This represents amount set aside for employees medical facility. This unfunded amount is utilized against the reimbursement of employees' actual medical expenses. Contribution to this fund is made at the rate of Rs.400 per employee per month.

16.2 Other Payables

Expenses payable	2,545,542	-
Medical expenses payable	13,739,086	-
Sports expenses payable	9,014,177	-
	25,298,805	-

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 The Company had let out a property to the Institute of Business Education (IBE) on the March 27, 2008. Subsequently, the Company served vacation notice dated January 26, 2009 on IBE. IBE failed to vacate the property within notice period. The Company filed a petition with Civil Judge, Islamabad for the vacation of the property. This petition was decided in the favor of the Company. Subsequently, the Company filed another petition for the recovery of rent arrears for the period beyond the notice period of Rs.2,668,750 along with markup @ 2% plus prevailing bank profit rate and cost of suit with the Civil Judge, Islamabad. The case is pending before the court for decision, however, based on legal advisor opinion, the management of the Company is confident of favorable outcome, hence, no provision against rent receivable has been provided in these financial statements. IBE paid an amount of Rs.657,790 out of the total claim and deducted tax including surcharge amounting to Rs.45,250. However, the Company returned the cheque received as the amount claimed is higher than the payment made. However, the Company took the credit of tax withheld and deposited in the Government treasury by IBE. This reduced the receivable balance to Rs. 2,647,137.

17.1.2 The Officer Inland Revenue, Large Taxpayers Unit, Islamabad amended the assessment of the Company under section 122(5A) for the financial year ended December 31, 2009 i.e. Tax Year 2010 and created a demand of Rs. 5.095 million. Being aggreived, the Company filed an appeall before the Commissioner Inland Revenue (Appeals). The Commissioner passed an Order against the Company and maintained the assessment framed by the Officer Inland Revenue. The tax amount of Rs. 5.095 million has been deposited with the Tax Authorities and at the same time the Company preferred an appeal before the Appeallete Tribunal Inland Revenue, Islamabad under section 131 of the Income Tax Ordinance, 2001 and the date of hearing is yet to be fixed. No provision has been made in these accounts as the management is confident that the decision of the case will be announced in the favour of the Company.

17.1.3 The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 and 2011. The Company has submitted all the documentary evidences yet, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be announced in the favour of the Company.

17.2 Commitments

There are no commitments at the period end.

	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
18 REVENUE			
Human resource services		**390,642,081**	353,526,758
Photo copying		**1,481,563**	1,380,230
Janitorial services		**3,633,506**	2,997,695
Sports activity		**60,553,314**	52,657,881
Courier services		**12,190,727**	11,179,503
Repair and maintenence		**1,466,490**	1,946,244
Security services		**2,529,677**	2,238,698
Medical services		**123,081,300**	95,861,999
Income from Tentage		**104,982**	169,500
Rental income		**-**	1,069,931
Commision income from sale of fertilizers		**-**	258,207
Miscellaneous Income		**24,000**	13,000
		595,707,640	523,299,646

	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
19 COST OF SERVICES			
Human resource services	19.1	**321,874,571**	292,677,219
Photocopies		**1,346,875**	1,254,755
Janitorial expenses		**3,303,187**	2,725,177
Sport expenses		**60,553,314**	52,657,881
Postage, telephone and telegram		**11,082,479**	10,163,185
Repair and maintenance - building		**1,333,173**	1,769,313
Security expenses		**2,299,706**	2,035,180
Medical expenses		**111,687,575**	87,147,272
Expenses on hostel		**587,564**	482,367
Medical contribution	16.1	**8,700,359**	8,313,398
		522,768,803	459,225,747

19.1 Salaries, wages and other benefits include Rs. 14.066 million (2012: 8.965 million) in respect of staff retirement benefits.

	Note	December 31, 2013 Rupees	December 31, 2012 Rupees
20 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		**18,520,531**	15,006,257
Repair and maintenance - vehicle		**109,983**	45,925
Travelling and conveyance		**270,850**	1,072,475
Rent, rates and taxes		**2,183,454**	1,807,206
Postage, telephone and telegram		**369,561**	329,677
Printing, stationery and advertisement material		**567,563**	423,219
Accounting service charges		**25,465,119**	19,440,333
Fee and subscription		**632,911**	1,120,539
Insurance		**1,713,466**	1,258,728
Legal and professional charges		**792,190**	977,400
Auditors remuneration	20.1	**270,000**	278,900
Fuel expenses		**26,380**	25,044
Entertainment expenses		**21,453**	29,819
Depreciation	5.1	**906,523**	794,602
Finance Cost		**4,073**	2,623
Miscellaneous expenses		**-**	25,000
Expenses on FM radio station		**-**	10,000
		51,854,056	42,647,747
20.1 Auditors remuneration			
Annual audit fee		**125,000**	80,000
Half yearly and quarterly review		**65,000**	55,000
Other services		**80,000**	143,900
	20	**270,000**	278,900
21 OTHER INCOME			
Interest income from investments		**19,168,228**	15,504,674
Interest on bank deposits		**1,733,265**	7,259,381
Income from Mutual Funds		**2,400,932**	-
		23,302,425	22,764,055
22 PROVISION FOR TAXATION			
Current year		**21,679,384**	21,214,395
Prior year		**-**	96,264
Deferred Tax		**(6,631,934)**	(5,996,727)
		15,047,450	15,313,932
23 EARNINGS PER SHARE - Basic and diluted			
Profit after taxation		**29,339,755**	28,876,275
Number of ordinary shares		**10,000,000**	10,000,000
Earnings per share (Rupees)		**2.93**	2.89

No figure for diluted earning per share has been presented as the Company has not issued any instruments carrying option which would have an impact on earnings per share when exercised.

24 CASH AND CASH EQUIVALENTS	December 31, 2013 Rupees	December 31, 2012 Rupees
Cash at bank	8,709,072	36,957,289
Short term investment	288,680,227	200,394,273
	297,389,300	237,351,562

25 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly 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 obligations.

25.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating and financing activities including deposits with bank. The Company's credit risk exposure are categorised under the following headings:

25.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its

25.1.2 Exposure to credit risk

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

	December 31, 2013 Rupees	December 31, 2012 Rupees
Investments	288,680,227	200,394,273
Other receivables	2,796,615	3,290,002
Bank balances	8,709,072	36,957,289
	300,185,915	240,641,564

After giving due consideration to their strong financial standing the Company believes that no impairment allowance is necessary in respect of deposits, receivable from the Government of Pakistan and other receivables as the Company is satisfied that recovery of the amount owing is possible. Accordingly the credit risk is minimal.

25.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments.

The maturity profile of the Company's financial liabilities based on the contractual amounts are as follows:

	Carrying Amount	Less than one	Later than one
December 31, 2012			
Trade and other payables	36,740,816	9,981,666	26,759,150
	36,740,816	9,981,666	26,759,150

	Carrying Amount	Less than one	Later than one
December 31, 2013			
Other payables	65,402,864	30,098,371	35,304,493
	65,402,864	30,098,371	35,304,493

25.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company's exposure to market risk is explained as follows:

25.3.1 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as all of its transactions are in local currency and no foreign currency receivables and payables exists at the balance sheet date.

25.3.2 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest 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 similar financial instrument traded in the market. The Company is not exposed to other price risk.

25.3.3 Markup rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market markup rates.

The Company is not exposed to markup rate risk

Profile

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	December 31, 2013	December 31, 2012
	Rupees	Rupees
Financial assets		
Bank balance	8,709,072	36,957,289
	-	-
Financial liabilities		
	-	-

Mark up rate sensitivity analysis

Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. If interest rates at the year end date, fluctuates by 1% higher/ lower with all other variables held constant, mark up expense for the year would have been Rs. NIL higher/ lower, mainly as a result of higher/ lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liability outstanding at balance sheet date was outstanding for the whole period.

25.3.4 Fair values of financial instruments

Fair value is the amount for which as asset could be exchanged or a liability settled between knowledgeable willing parties is an arms length transactions. The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each balance sheet date.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instruments in their portfolio.

25.4 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. Further, the Company is not subject to any externally imposed capital requirements.

26 EFFECT OF CHANGE IN ACCOUNTING POLICY - STAFF RETIREMENT BENEFITS

The change in accounting policy as disclosed in note 4.19 has been accounted for retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in adjustment of prior year financial statements.

Effect of retrospective application of change in accounting policy are as follows:

	As at December 31, 2012		
	As Previously Reported	Effect of Restatement	As Restated
26.1 Effect on balance sheet	**Rupees**	**Rupees**	**Rupees**
Payable to defined benefit plans	46,711,464	8,208,007	54,919,471
Deferred tax asset	25,433,430	2,872,802	28,306,232
Unappropriated profit	130,250,721	5,335,205	124,915,516
Advance Tax	15,240,934	17,474	15,223,460

	As at December 31, 2012	
	For the year 31 December 2012	Prior to 01 Januray 2012
26.2 Effect on profit and loss account	**Rupees**	**Rupees**
Net increase in profit before tax	49,927	-
Net increase in tax expenses	17,474	-
Net increase in profit after tax	32,453	-
26.3 Effect on other comprehensive income		
Actuarial net loss reclassified to other comprehensive income	(49,927)	-
Net actuarial loss recognized in other comprehensive income	(3,493,510)	(4,714,497)
Deferred Tax	1,222,729	1,650,074
	(2,270,782)	(3,064,423)
	(2,320,709)	(3,064,423)

27 CORRECTION OF ERROR

For the year 2010, 2011 and 2012 the Deffered Tax Asset arising due to accelerated depreciation was incorrectly recorded as liability instead of asset. The effect of the correction is as follows:

	As at December 31, 2011		
	As Previously Reported	Effect of Restatement	As Restated
27.1 Effect on balance sheet	**Rupees**	**Rupees**	**Rupees**
Deferred tax asset	21,118,758	530,589	21,649,347
Unappropriated profit	98,374,456	530,589	98,905,045

	As at December 31, 2012		
	As Previously Reported	Effect of Restatement	As Restated
27.2 Effect on balance sheet	**Rupees**	**Rupees**	**Rupees**
Deferred tax asset	28,836,822	31,981	28,868,803
Unappropriated profit	125,428,631	31,981	125,460,612

	Year ended December 31,		
27.3 Effect on the profit and loss account	**2012**	**2011**	**2010**
Increase / (decrease) in Provision for taxation	(31,981)	590,916	(1,121,505)
Increase / (decrease) in After tax profit for the period	31,981	(590,916)	1,121,505
Increase / (decrease) in Earning Per Share	0.0563	0.0531	0.1122

28 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the Company	Nature of transaction	December 31, 2013 Rupees	December 31, 2012 Rupees
ZTBL ("the holding Company")	Income from ZTBL	**595,578,658**	521,789,008
	Receivable from ZTBL	**10,094,855**	11,793,673
	Rent, accounting and communication charges paid to ZTBL	**35,209,842**	27,432,251
	Bank accounts maintained		
	Current Account	**543,948**	1,042,327
	Saving Account	**8,144,924**	30,060,498

29 REMUNERATION OF CHIEF EXECUTIVE

The aggregate amount charged in these financial statements in respect of remuneration and allowances including all benefits to the chief executive officer of the company are given below:

	2013			2012	
	No.	**Salaries**	**Fee/All.**	Salaries	Fee/All.
Chief Executive Officer	**1**	**2,078,400**	**-**	2,012,400	-
Directors' Meeting Fee	**7**	**-**	**16,000**	-	108,000
		2,078,400	**16,000**	2,012,400	108,000

The chief executive officer is also provided with a maximum of 250 litres of petrol per month.
There are no transactions with key management personnel other than those which are under their terms of employment.

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 01/10/2014.

31 GENERAL

Figures in the financial statements have been rounded off to the nearest rupee, unless otherwise stated.

CHIEF EXECUTIVE

CHAIRMAN