

Annual Report 2017

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(A wholly owned subsidiary of Zarai Taraqiati Bank Limited)

1 Faisal Avenue, Islamabad

DIRECTORS' REPORT

On behalf of the Board of Directors, it gives us great pleasure to present the Directors' Report of Kissan Support Services (Pvt) Limited along with the Audited Accounts and Auditors Report thereon, for the year ended December 31, 2017

The principal activity of the Company continued to be the provider of non-core support services to Zarai Taraqiati Bank Limited (ZTBL) by exercising appropriate control on the workforce in line with the best service quality standards.

Financial Overview

During the year, KSSL witnessed 12.82% increase in its revenue over the last year, the Company's Profit After Taxation was Rs. 105.507 million compared to Rs. 104.909 million for the previous year, reflecting 0.57% increase in the company's earning performance, resulting into Earning Per Share (EPS) of Rs. 10.55 which was Rs. 10.49 per share in 2016. The Company being a wholly owned subsidiary of ZTBL neither proposes any dividend to be paid nor transferred any sum to any specific Fund/Reserve for the purpose.

No significant change or commitment occurred during the period from the end of the year to the date of this report.

Key Operating & Financial Data of last 6 Years

(Rupees in Million)

Particulars	2012	2013	2014	2015	2016	2017
Total Assets	317.121	385.934	447.921	581.059	795.119	910.335
Cash & Cash Equivalents	242.909	301.917	333.372	416.394	544.968	684.706
Non-Current assets	30.813	34.660	56.074	64.473	89.300	98.897
Share Capital & Reserves	225.461	259.593	287.760	364.765	471.477	585.860
Non-Current Liabilities	54.919	60.939	150.552	196.722	258.491	307.263
Profit before Tax	44.190	44.387	57.677	114.830	155.487	155.054
Taxation	15.314	15.047	16.377	44.343	50.577	49.547
Profit after Tax	28.876	29.340	41.299	70.487	104.909	105.507
Earnings per Share (Rs.)	2.89	2.93	4.13	7.05	10.49	10.55

Operations

During the year, Company's operational performance remained satisfactory regarding services rendered to ZTBL.

Corporate and Financial Reporting Framework

The Directors are pleased to give the following statements in respect of compliance with the Corporate and Financial Reporting Framework:-

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.

e) The Company has complied with Public Sector Companies (Corporate Governance) Rules, 2013 (The Rules). Statement of Compliance with the Rules along with a statement enlisting the Rule which has not been complied with, including the Explanation for Non-Compliance has been prepared.

f) The system of internal control has been effectively implemented and monitored.

g) There are no significant doubts upon the Company's ability to continue as a going concern.

Appointment & Remuneration of the Directors

The ZTBL, being 100% shareholder of KSSL, has nominated all the Board Members. The Company adopts the remuneration policy of the Board Members as given in Section 42 of its Articles of Association. No remuneration is paid to the Executive or Non-Executive Directors of the Board. The accommodation of the Board Members is arranged by the Company itself whereas the existing remuneration of the Independent Members are as follows;

1.	Meeting of the Board	Rs. 20,000/- per meeting
2.	Meeting of the Board's sub-committee	Rs. 10,000/- per meeting
3.	Travelling	Rs.15/km if travelled by road or Return Air Ticket (Economy Class)

Board of Directors

During the year 2017, the composition of the Board and meetings attended by each Board Member is as follows:-

Sr. No.	Name of Director	Designation	No. of Board meetings attended in 2017
1	Syed Talat Mahmood	Chairman	4
2	Mr Mehboob Hussain	Director	4
3	Rana Nazeer Ahmed Khan	Director	3
4	Mr Ishwar Lal	Director	3
5	Col Zahid Iqbal (Retd)	Director	4
6	Dr Hasan Afzaal	Director	4
7	Lt Col (Retd) Khalid Rafique Shah	Ex-Director/ MD/CEO	2
8	Brig (Retd) Zaheer Ud Din Ahmad	Director/ MD/CEO	1
9	Mr. Matloob Ahmad Khan *	Company Secretary	4

* Mr. Matloob Ahmad Khan attended one meeting as Acting MD/CEO and Company Secretary

Committees of the Board

The Board has constituted its sub-committees namely, Audit Committee, Human Resource Management Committee, Procurement Committee and Nomination Committee, as required under the Public Sector Companies (Corporate Governance) Rules 2013, to support it in performing its functions efficiently, and for seeking assistance in the decision making process. The Meetings of the Audit Committee were held on quarterly basis whereas Meetings of Human Resource Management Committee and Procurement Committee are also held as and when required to discuss and carry out business as per their terms of reference.

Annual General Meeting

Eleventh Annual General Meeting (AGM) of the Company was held on April 6, 2017.

Chief Executive Officer

The Company has a full time Chief Executive Officer whose term of employment is under contract.

Company's Future Outlook

KSSL has a strong vision and passion to assist the ZTBL by provision of support staff and taking over all non-core activities of the bank which the Bank deems appropriate to outsource so that the bank may concentrate on its core banking activities.

The Company intends to offer its expertise in HR third party contracting to the corporate sector by participating against invitation to bid process as and when an opportunity arises.

Auditors

The Auditors for the year 2017 were M/s BDO Ebrahim & Co., Chartered Accountants, Islamabad.

Pattern of Shareholding

1. **ZTBL** **100% Shares (10 million shares of Rs. 10 each)**

Company is a wholly owned subsidiary of ZTBL, incorporated under Section 32 of the Companies Ordinance, 1984 (repealed and replaced by Companies Act, 2017) in Pakistan.

Acknowledgement

We appreciate the hard work and diligence of the Company's management and employees in making the Current Year a successful year for the Company.

On behalf of the Board of Directors.

(BRIG (RETD) ZAHEER UD DIN AHMAD)
MD/CEO

(SYED TALAT MAHMOOD)
Chairman

Islamabad
March 21, 2018

BDO

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22-East Blue Area,
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **KISSAN SUPPORT SERVICES (PRIVATE) LIMITED** ("the Company") for the year ended December 31, 2017.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirement(s) of the Rules was/were observed which is/are not stated in the Statement of Compliance:

i. The Board has not formulated significant policies regarding "Corporate Social Responsibility" and "Health Safety and Environment" as required by rule 5 (7) (j) and 5 (7) (m) respectively of the Rules.
ii. Though Chief Internal Auditor has been appointed, however, the qualification criteria as required by Rule 22 (2) of the Rules has not been complied with.

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended December 31, 2017.

ISLAMABAD

CHARTERED ACCOUNTANTS
Engagement partner: Abdul Qadeer

DATED: 12 MAR 2018

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: Kissan Support Services (Pvt) Limited

Line Ministry: Subsidiary of ZTBL which is owned by Finance Division, GOP

For the Year Ended: December 31, 2017

I. This statement is being presented to comply with the Public-Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public-sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule No.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevant</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✔</td><td></td></tr>
<tr><td>2.</td><td>The Board has the requisite percentage of independent directors. At present the board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td>Independent Director</td><td>1. Rana Nazeer Ahmad Khan
2. Mr. Ishwar Lal
3. Col. (R) Zahid Iqbal
4. Dr. Hasan Afzaal</td><td>19-Apr-2016
-do-
-do-
-do-</td></tr>
<tr><td>Executive Director</td><td>1. Brig Zaheer ud Din Ahmad, MD/CEO</td><td>28-Nov-2017</td></tr>
<tr><td>Non-Executive Director</td><td>1. Syed Talat Mahmood
2. Mr. Mehboob Hussain</td><td>19-Apr-2016
-do-</td></tr>
</table></td><td>3(2)</td><td>✔</td><td></td></tr>
<tr><td>3.</td><td>A casual vacancy occurring on the board was filled up by the directors within ninety days.</td><td>3(4)</td><td>✔</td><td></td></tr>
<tr><td>4.</td><td>The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td>✔</td><td></td></tr>
<tr><td>5.</td><td>The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Ordinance.</td><td>3(7)</td><td>✔</td><td></td></tr>
</table>

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant	
6.	The chairman of the board is working separately from the chief executive of the Company.	4(1)	✔	
7.	The chairman has been elected by the Board of Directors.	4(4)	✔	
8.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✔	
9.	(a) The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website to be indicated http://10.1.101.32/KSSLDocuments.aspx) (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✔ ✔	
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✔	
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	✔	
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	✔	
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. (b) A Committee has been formed to investigating deviations from the company's code of conduct.	5(5)(c) (ii)	✔ ✔	
14.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✔	

Sr. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant	
15.	The board has developed a vision or mission statement, *corporate strategy* and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6)	✔	
16.	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✔	
17.	(a) The board has met at least four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✔ ✔ ✔	
18.	The board has carried out performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria, developed by it. The board has also monitored and assessed the performance of senior management on quarterly basis.	8	✔ ✔	
19.	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✔	
20.	The board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end and has placed the annual financial statements on the company's website.	10	✔	
21.	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11		✔

<table>
<tr><th>Sr. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">Tick the relevant</td></tr>
<tr><td>22.</td><td>(a) The board has formed the requisite committees, as specified in the Rules.

(b) The committees were provided with written term of reference defining their duties, authority and composition.

(c) The minutes of the meetings of the committees were circulated to all the board members.

(d) The committees were chaired by the following non-executive directors:-

<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr>
<tr><td>Audit Committee</td><td>3</td><td>Col. (R) Zahid Iqbal</td></tr>
<tr><td>Risk Management Committee</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Human Resources Committee</td><td>3</td><td>Mr. Ishwar Lal</td></tr>
<tr><td>Procurement Committee</td><td>3</td><td>Rana Nazeer Ahmad Khan</td></tr>
<tr><td>Nomination Committee</td><td>3</td><td>Mr. Mehboob Hussain</td></tr>
</table></td><td>12</td><td>✔

✔

✔

✔</td><td></td></tr>
<tr><td>23.</td><td>The board has approved appointment of Chief Financial Officer and Company Secretary, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.</td><td>13/14</td><td>✔</td><td></td></tr>
<tr><td>24.</td><td>The company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub-section (3) of section 234 of the Ordinance.</td><td>16</td><td>✔</td><td></td></tr>
<tr><td>25.</td><td>The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>✔</td><td></td></tr>
<tr><td>26.</td><td>The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.</td><td>18</td><td>✔</td><td></td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y
Tick the relevant</th><th>N</th></tr>
<tr><td>27.</td><td>A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the company contains criteria and details of remuneration of each director.</td><td>19</td><td>✔</td><td></td></tr>
<tr><td>28.</td><td>The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before approval of the board.</td><td>20</td><td>✔</td><td></td></tr>
<tr><td>29.</td><td>The board has formed an audit committee, with defined and written terms of reference, and having the following members:
<table>
<tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr>
<tr><td>Col. (R) Zahid Iqbal</td><td>Independent Member</td><td>MSc. Engineering (Digital Systems)</td></tr>
<tr><td>Dr. Hasan Afzaal</td><td>-do-</td><td>PhD in progress

Doctor of Pharmacy</td></tr>
<tr><td>Mr. Mehboob Hussain</td><td>Non-Executive Member</td><td>CFO of the parent/holding company, ZTBL.</td></tr>
</table>
The chief executive and chairman of the Board are not members of the audit committee.</td><td>21</td><td>✔

✔</td><td></td></tr>
<tr><td>30.</td><td>The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.</td><td>22</td><td>✔</td><td></td></tr>
<tr><td>31.</td><td>The company has appointed its external auditors in line with the requirements envisaged under the Rules.</td><td>23</td><td>✔</td><td></td></tr>
<tr><td>32.</td><td>The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.</td><td>23(4)</td><td>✔</td><td></td></tr>
<tr><td>33.</td><td>The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.</td><td>23(5)</td><td>✔</td><td></td></tr>
<tr><td>34.</td><td>The company has complied with all the corporate and financial reporting requirements of the Rules.</td><td></td><td>✔</td><td></td></tr>
</table>

(BRIG (R) ZAHEER UD DIN AHMAD)
MD/CEO

(SYED TALAT MAHMOOD)
Chairman

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with; [Except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year]:

Sr. No.	Clause No. of Statement of Compliance	Rule/sub-rule No. of CC Rules	Reasons for non-compliance	Future course of action
1.	21	11	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	A comprehensive orientation course for its Board Members will be arranged in 2018

(BRIG (R) ZAHEER UD DIN AHMAD)
MD/CEO

(SYED TALAT MAHMOOD)
Chairman

BDO

FINANCIAL STATEMENTS OF

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED

FOR THE YEAR ENDED
DECEMBER 31, 2017

BDO

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22-East Blue Area,
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KISSAN SUPPORT SERVICES (PRIVATE) LIMITED** (the Company) as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and

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respectively give a true and fair view of the state of the Company's affairs as at December 31, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

ISLAMABAD

DATE: 21 MAR 2018

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Qadeer

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	11,230,193	13,280,069
Deferred tax asset	6	87,666,906	76,020,265
		98,897,099	89,300,334
CURRENT ASSETS			
Receivable from ZTBL	7	120,130,420	118,967,807
Loans and advances	8	779,259	1,515,815
Short-term prepayments	9	678,015	628,682
Short-term investments	10	663,660,183	527,670,739
Accrued interest	11	7,240,855	7,041,311
Other receivables	12	5,210,663	5,210,663
Tax refund due from Government	13	-	35,156,137
Taxation - net	20	611,320	-
Cash and bank balances	14	13,126,701	9,627,316
		811,437,416	705,818,470
TOTAL ASSETS		910,334,515	795,118,804
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	100,000,000	100,000,000
Accumulated profit		485,859,504	371,477,366
		585,859,504	471,477,366
NON CURRENT LIABILITIES			
Deferred liabilities	16	304,823,050	256,092,193
Payable against car loan depreciation policy	17	2,440,000	2,398,500
		307,263,050	258,490,693
CURRENT LIABILITIES			
Trade and other payables	18	16,986,959	14,739,113
Security deposits	19	225,002	225,002
Taxation - net	20	-	50,186,630
		17,211,961	65,150,745
CONTINGENCIES AND COMMITMENTS	21	-	-
TOTAL EQUITY AND LIABILITIES		910,334,515	795,118,804

The annexed notes from 1 to 38 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, 2017

	Note	2017 Rupees	2016 Rupees
Revenue	22	1,243,538,880	1,102,238,940
Cost of services	23	(1,085,413,546)	(937,837,947)
Gross profit		158,125,334	164,400,993
Administrative expenses	24	(42,370,901)	(39,207,690)
Operating profit		115,754,433	125,193,303
Other income	25	39,309,789	30,328,416
Financial charges		(10,277)	(35,025)
Profit before taxation		155,053,945	155,486,694
Taxation	26	(49,547,034)	(50,577,474)
Profit after taxation		105,506,911	104,909,220
Earnings per share - basic and diluted	27	10.55	10.49

The annexed notes from 1 to 38 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, 2017

	Note	2017 Rupees	2016 Rupees
Profit after taxation		105,506,911	104,909,220
Other comprehensive income			
Item that will not be reclassified to profit and loss account			
Gain on remeasurement of defined benefit liability		12,678,896	2,576,056
Tax impact relating to remeasurement of defined benefit liability		(3,803,669)	(772,817)
		8,875,227	1,803,239
		114,382,138	106,712,459

The annexed notes from 1 to 38 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, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		155,053,945	155,486,694
Adjustments for non cash items:			
Depreciation	5	2,286,249	1,655,901
Provision for gratuity		49,749,761	47,445,960
Provision for medical fund		18,682,566	17,085,392
Interest income		(39,309,789)	(30,328,416)
		31,408,787	35,858,837
Operating profit before working capital changes		186,462,732	191,345,531
Changes in working capital:			
(Increase)/decrease in current assets			
Receivable from holding company		(1,162,613)	(70,978,285)
Loans and advances		736,556	1,107,371
Short-term prepayments		(49,333)	(165,426)
Other receivables		-	518,265
		(475,390)	(69,518,075)
Increase in current liabilities			
Trade and other payables		2,247,846	4,230,645
Cash generated from operations		188,235,188	126,058,101
Interest income received		39,110,245	26,101,737
Gratuity paid		(4,151,179)	(2,029,717)
Medical expenses paid		(2,871,395)	(555,678)
Income tax paid		(80,639,157)	(16,963,436)
		(48,551,486)	6,552,906
Net cash generated from operating activities		139,683,702	132,611,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(2,575,485)	(10,683,563)
Sale proceeds from disposal of property and equipment		2,339,112	-
Net cash used in investing activities		(236,373)	(10,683,563)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payable under car loan depreciation policy		41,500	2,398,500
Security deposits paid		-	(144,000)
Net cash generated from financing activities		41,500	2,254,500
Net increase in cash and cash equivalents		139,488,829	124,181,944
Cash and cash equivalents at the beginning of the year		537,298,055	413,116,111
Cash and cash equivalents at the end of the year	28	676,786,884	537,298,055

The annexed notes from 1 to 38 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, 2017

	Share capital	Accumulated profit	Total
	---------- Rupees ----------		
Balance as at January 01, 2016	100,000,000	264,764,907	364,764,907
Total comprehensive income for the year			
Other comprehensive income	-	1,803,239	1,803,239
Profit for the year	-	104,909,220	104,909,220
	-	106,712,459	106,712,459
Balance as at December 31, 2016	100,000,000	371,477,366	471,477,366
Total comprehensive income for the year			
Other comprehensive income	-	8,875,227	8,875,227
Profit for the year	-	105,506,911	105,506,911
	-	114,382,138	114,382,138
Balance as on December 31, 2017	100,000,000	485,859,504	585,859,504

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHAIRMAN

KISSAN SUPPORT SERVICES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1 COMPANY AND ITS OPERATIONS

1.1 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.

1.2 The Company's principal business was to provide consultancy, advisory, agency and other support services on contractual basis or otherwise to ZTBL. In the year 2016, the Company has changed its Memorandum of Association and now the Company can provide services/undertake business with other corporate sectors as well.

1.3 The Company's principal business is to provide consultancy, advisory (not being investment advisory), agency services and other support services, all kind of support staff and ancillary services, marketing of products and services, provision of quality products and services for efficient and improved farming including seeds, fertilizers, pesticides, agri-machinery and technical services, training and education of farmers and others, provision of storage facilities such as warehousing and grain silos facilities, import and export of goods and services to any legal entity and corporate sector in accordance with applicable laws.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The financial statements of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 23 dated October 04, 2017 issued in continuation of Circular No. 17 dated July 20, 2017.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee benefits which have been stated at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note

2.3 Functional and presentation currency

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 - 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017

3.2 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied
IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	No stated effective date
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS 39	Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope	Applies when IFRS 9 is applied
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2018 are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

		Effective date (annual periods beginning on or after)
Annual Improvements to IFRSs (2015 – 2017) Cycle:		
IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2018

3.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 14 Regulatory Deferral Accounts
IFRS 16 Leases
IFRS 17 Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on reducing balance method except for vehicles and computer equipment which are depreciated on straight line method.

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

Depreciation is charged on pro-rata basis from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which asset is disposed off.

Gain and losses on disposal of operating assets are taken to profit and loss account.

4.2 Impairment losses

The Company assesses at each balance sheet date whether there is any indication that assets other than stores and spares and stock in trade and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

4.3 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less provision for any uncollectible amounts. Provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written off when identified.

4.4 Loans, advances and other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each balance sheet date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.5 Investments

Investments are classified into the following two categories:

Held to maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. HTM investments are measured subsequently at amortized cost using the effective interest method.

Available for sale investments

These are investments which do not fall under the "investment at fair value through profit and loss" or "held to maturity categories". These investments are initially measured at their fair value plus directly attributable transaction cost and at subsequent reporting dates measured at fair values and gains or losses from changes in fair values other than impairment loss are recognized in other comprehensive income until disposal at which time these are charged through profit and loss account. Impairment loss on investments available for sale is recognized in the profit and loss account.

4.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise cash at bank and short term investments with maturity of not later than three months at known amount in rupees if any.

4.7 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 the goods and services received, whether or not billed to the Company.

4.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity/comprehensive income, in which case it is recognized in equity/comprehensive income.

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or one percent of turnover, or alternative corporate tax, whichever is higher in accordance with the provisions of 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

4.10 Provision

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. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.11 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.12 Employees 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 benefits are charged to profit and loss account at the rate of Rs 400/- per employee per month on time proportionate basis.

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, 2017 using the Projected Unit Credit Actuarial Cost method as mandated under the latest IAS-19 revised 2011. The Actuarial Gains/Losses arising due to differences between actuarial assumptions and actual experience regarding salary increase, mortality and withdrawal probabilities are considered as remeasurements of the net defined benefit liability, and are recognized in Other Comprehensive Income.

4.13 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

Revenue from services is recognised as and when services are rendered.
Interest income is recognized as revenue on time proportion basis.
Commission income is recognized when services are rendered.
Rental income is recognized on accrual basis.

4.14 Borrowing

Loans and borrowings are recorded at the proceeds received. Mark up, interest and other borrowing costs are charged to income in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets (plant and machinery) are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.15 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.

4.16 Offsetting of financial assets and financial liabilities

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

4.17 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.18 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at balance sheet date are carried as loans and receivables and held to maturity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

Held to maturity and available for sale investments

The particular measurement method adopted is disclosed in the individual policy.

Impairment

At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

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

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.19 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

4.20 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

4.21 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.22 Operating lease

Rentals payables under the operating leases are charged to profit or loss on straight line basis over the term of relevant lease.

4.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.24 Significant accounting judgments and critical accounting estimates / assumptions

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Property plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

b) Income taxes

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

c) **Provision for doubtful receivables**

The carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

d) **Contingencies**

The Company reviews the status of all the legal cases on regular basis. Based on expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

e) **Financial Instrument**

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) **Defined benefits plan**

Certain actuarial assumptions have been adopted as disclosed in note 16 of these financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

5 OPERATING FIXED ASSETS

Particulars	Furniture and fixtures	Electrical installations	Vehicles	Office equipment	Computers	Total
	Rupees					
Net carrying value basis						
Year ended December 31, 2017						
Opening book value	1,097,269	339,243	11,283,199	222,146	338,212	13,280,069
Additions	37,590	42,895	2,411,000	-	84,000	2,575,485
Deletions	-	-	(2,339,112)	-	-	(2,339,112)
Depreciation charge	(111,606)	(74,283)	(1,800,959)	(44,429)	(254,972)	(2,286,249)
Closing net book value	1,023,253	307,855	9,554,128	177,717	167,240	11,230,193
Gross carrying value basis						
As at December 31, 2017						
Cost	1,457,783	904,166	18,093,883	537,795	2,775,081	23,768,708
Adjustments	-	-	(3,535,948)	-	-	(3,535,948)
Accumulated depreciation	(434,530)	(596,311)	(5,003,807)	(360,078)	(2,607,841)	(9,002,567)
Net book value	1,023,253	307,855	9,554,128	177,717	167,240	11,230,193
Net carrying value basis						
Year ended December 31, 2016						
Opening book value	325,603	241,533	2,823,113	200,737	661,421	4,252,407
Additions	837,065	153,988	9,572,814	62,600	57,096	10,683,563
Depreciation charge	(65,399)	(56,278)	(1,112,728)	(41,191)	(380,305)	(1,655,901)
Closing net book value	1,097,269	339,243	11,283,199	222,146	338,212	13,280,069
Gross carrying value basis						
As at December 31, 2016						
Cost	1,420,193	861,271	15,682,883	537,795	2,691,081	21,193,223
Accumulated depreciation	(322,924)	(522,028)	(4,399,684)	(315,649)	(2,352,869)	(7,913,154)
Net book value	1,097,269	339,243	11,283,199	222,146	338,212	13,280,069
Annual rate of depreciation (%)	10%	20%	20%	20%	33.33%	

5.1 Depreciation has been allocated as under:

	2017 Rupees	2016 Rupees
Administrative expenses	2,009,349	1,655,901
Cost of services	276,900	-
	2,286,249	1,655,901

5.2 The cost of fully depreciated property and equipment that are still in use is Rs. 4.941 million (2016: Rs. 3.381 million).

5.3 The vehicles include having NBV amounting to Rs. 6.852 million (2016: 6.842) which are registered on the joint name of the Company and the employees under the "Car loan depreciation policy" and are transferable after the five years to the employees at the net book value against the amount received from employees as per note 17 to these financial statements.

		Note	2017 Rupees	2016 Rupees
6	**DEFERRED TAX ASSET**			
	Deferred tax asset	6.1	87,666,906	76,020,265
6.1	Deferred tax assets arising on account of temporary differences in:			
	Accelerated depreciation		23,659	(34,577)
	Provision for post employment benefit obligation		60,769,238	53,924,185
	Provision for medical facilities		26,874,009	22,130,657
			87,666,906	76,020,265
	Tax rate used		30%	30%
6.2	**Reconciliation of deferred tax**			
	Balance at the beginning of the year		76,020,265	60,220,490
	Provision against employment benefits obligation		10,648,722	13,129,645
	Provision against medical fund		4,743,352	3,814,131
	Operating fixed assets		58,236	(371,184)
	Charged to profit and loss account		15,450,310	16,572,592
	Charged to other comprehensive income:			
	Deferred tax on remeasurement of post employment benefit obligation		(3,803,669)	(772,817)
	Balance at the end of the year		87,666,906	76,020,265

6.3 The deferred tax asset recognized in the financial statements represents the management's best estimate of potential benefit which is expected to be realized in future years in the form of reduced tax liability as the Company would be able to set off the profits earned in those years against temporary differences.

		2017 Rupees	2016 Rupees
7	**RECEIVABLE FROM ZTBL**		
	Holding company		
	Unsecured - considered good		
	Zarai Taraqiati Bank Limited (ZTBL)	120,130,420	118,967,807
7.1	The aging of balances at the balance sheet date is as follows:		
	Not past due	120,130,420	118,967,807
8	**LOANS AND ADVANCES**		
	Unsecured - considered good		
	Advances to:		
	Employees	756,066	1,515,815
	Others	23,193	-
		779,259	1,515,815

8.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred.

	Note	2017 Rupees	2016 Rupees
9 SHORT-TERM PREPAYMENTS			
Life insurance		494,763	434,487
Vehicles insurance		183,252	194,195
		678,015	628,682
10 SHORT TERM INVESMENTS			
Held to maturity			
Term deposit receipts (TDR) - Holding Company	10.1	349,541,247	152,205,738
Term deposit receipts (TDR) - Others	10.2	314,118,936	375,465,001
		663,660,183	527,670,739
10.1 Term deposit receipts (TDR) - Holding Company			
Zarai Taraqiati Bank Limited	10.1.1	349,541,247	152,205,738

10.1.1 This represents six TDRs having maturity of six months each (2016: Six months) and carrying interest rates ranging from 6.25% to 6.30% (2016: 6.50%) per annum.

	Note	2017 Rupees	2016 Rupees
10.2 Term deposit receipts (TDR) - Others			
Silk Bank Limited	10.2.1	152,560,902	140,092,715
JS Bank Limited	10.2.2	161,558,034	235,372,286
		314,118,936	375,465,001

10.2.1 This represents two TDRs having maturity of three months each (2016: three months) and interest at the rate of 6.40% (2016: 6.50%) per annum.

10.2.2 This represents two TDRs having maturity of three months each (2016: six months) and carrying interest at rates ranging from 6.40% to 6.50% (2016: 6.80% to 6.95%) per annum.

	Note	2017 Rupees	2016 Rupees
11 ACCRUED INTEREST			
Term deposit receipts		6,814,653	6,499,004
Saving accounts		426,202	542,307
		7,240,855	7,041,311

		Note	2017 Rupees	2016 Rupees
12	**OTHER RECEIVABLES**			
	Unsecured- considered good			
	Income tax receivables	12.1	5,095,687	5,095,687
	Other receivables	12.2	114,976	114,976
			5,210,663	5,210,663

12.1 As explained in note 21.1 (c) this represents income tax paid under protest to the taxation authorities.

12.2 This represents expenses incurred by the Company for establishment of Kissan Security Services (Private) Limited, a related party. The aging of the balance receivable is more than one year.

		2017 Rupees	2016 Rupees
13	**TAX REFUND DUE FROM GOVERNMENT**		
	Income tax	-	35,156,137

13.1 During the year an amount of Rs. 35.156 million (2016: 8.683) has been adjusted against the tax liability of the Company.

		Note	2017 Rupees	2016 Rupees
14	**CASH AND BANK BALANCES**			
	Cash at bank			
	Current account		29,664	14,365
	Savings accounts		13,097,037	9,612,951
			13,126,701	9,627,316

14.1 Saving accounts carry mark up at the rates ranging from 3.75% to 5.25% per annum (2016: 3.75% to 5.50% per annum) and this balance in saving accounts include funds kept in ZTBL of Rs. 13.057 million (2016: Rs. 5.595 million).

		2017 Rupees	2016 Rupees
15	**SHARE CAPITAL**		
15.1	**Issued, subscribed and paid up capital**		

Number of ordinary shares of Rs. 10/- each				
2017	2016			
10,000,000	10,000,000	Fully paid in cash	100,000,000	100,000,000
15.1.1		Percentage of holding company (Zarai Taraqiati Bank Limited)	100%	100%

15.2 Authorised share capital

This represents 10,000,000 (2016: 10,000,000) ordinary shares of Rs. 10 each amounting to Rs. 100,000,000 (2016: Rs. 100,000,000).

	Note	2017 Rupees	2016 Rupees
16 DEFERRED LIABILITIES			
Gratuity	16.1	215,243,023	182,323,337
Medical fund	16.2	89,580,027	73,768,856
		304,823,050	256,092,193

16.1 Reconciliation of gratuity liability recognized in the balance sheet

16.1.1 The amounts recognized in the balance sheet are determined as follow:

Present value of defined benefit obligation	215,243,023	182,323,337
Benefits due but not paid during the year	-	-
Liability in the balance sheet	215,243,023	182,323,337

16.1.2 Movement in the liability recognized in the balance sheet

At the beginning of the year	182,323,337	139,483,150
Amount recognized during the year	49,749,761	47,445,960
Benefits paid during the year	(4,151,179)	(2,029,717)
Remeasurement gain on obligation	(12,678,896)	(2,576,056)
	215,243,023	182,323,337

16.1.3 Movement in present value of defined benefit obligations

Opening present value of defined benefit obligations	182,323,337	139,483,150
Current service cost for the year	33,527,464	33,599,131
Interest cost for the year	16,222,297	13,846,829
Benefits paid during the year	(4,151,179)	(2,029,717)
Remeasurement gain on obligation	(12,678,896)	(2,576,056)
Closing present value of defined benefit obligations	215,243,023	182,323,337

16.1.4 Remeasurement chargeable to other comprehensive income

Remeasurement gain on defined obligation	(12,678,896)	(2,576,056)

	Note	2017 Rupees	2016 Rupees
16.1.5 Charge for the year			
Current service charges		33,527,464	33,599,131
Interest cost for the year		16,222,297	13,846,829
		49,749,761	47,445,960

16.1.6 The principal actuarial assumptions used were as follows:

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

Discount rate (%)	9.25%	9.00%
Expected rate of increase in salary (%)	8.25%	8.00%
Mortality rate	SLIC 2001-2005	SLIC 2001-2005

16.1.7 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at December 31, 2017 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Salary increase risk - The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Longevity risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risks - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Withdrawal risk - The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

16.1.8 Sensitivity analysis

The calculation of the defined benefit obligations sensitive to the assumption set out above. The following table summaries how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	Increase in Assumption Rupees	Decrease in Assumption Rupees
Discount rate	191,253,852	244,154,329
Salary increase	245,241,604	190,001,219

16.1.9 **Comparison for five years**

2017	2016	2015	2014	2013
		'Rupees		
215,243,023	182,323,337	139,483,150	106,837,645	60,938,653

16.1.10 The charge in respect of defined benefit plan for the year ending December 31, 2018 is estimated to be Rs. 53.002 million.

16.1.11 There are no plan assets, therefore, disclosure in respect to plan assets required as per IAS 19 "Employee Benefits" has not been made in these financial statements.

	Note	2017 Rupees	2016 Rupees
16.2 Medical fund			
Movement in the fund recognized in the balance sheet			
At the beginning of the year		73,768,856	57,239,142
Recognized during the year		18,682,566	17,085,392
Payments during the year		(2,871,395)	(555,678)
Balance at the end of the year		89,580,027	73,768,856

16.2.1 **General description**

This represents amount set aside for employees' hospitalization expenses. This unfunded amount is utilized against the reimbursement of employees' hospitalization expenses. Contribution to this fund is made at the rate of Rs. 400 per employee per month on proportionate time basis.

	Note	2017 Rupees	2016 Rupees
17 PAYABLE AGAINST CAR LOAN DEPRECIATION POLICY			
Secured - against vehicles			
Against CLDP	17.1	2,440,000	2,398,500

17.1 This represents amount received being the difference of price paid by employees against purchase of vehicles under car loan depreciation policy (CLDP) above their eligible entitlement and will be adjusted at the time of transfer of vehicle to the employees. The vehicles are registered on the joint name of the Company and the employees and transferable after the five years to the employees at net book value.

		Note	2017 Rupees	2016 Rupees
18	**TRADE AND OTHER PAYABLES**			
	Sundry and trade creditors		442,781	3,629,278
	Tax deducted payable		6,944,810	4,239,828
	Accrued expenses		3,514,584	5,019,197
	Sports expenses payable		6,084,784	1,850,810
			16,986,959	14,739,113
19	**SECURITY DEPOSITS**			
	Contractors securities	19.1	225,002	225,002

19.1 This represents security deposits received from contractors against service agreements executed with contractors.

		2017 Rupees	2016 Rupees
20	**TAXATION-NET**		
	Opening Balance	50,186,630	8,694,611
	Less: Provision for taxation		
	Current year	64,997,344	67,161,123
	Prior year	-	(11,057)
		64,997,344	67,150,066
	Less: Advance income tax deposited/adjusted during the period	(115,795,294)	(25,658,047)
		(611,320)	50,186,630

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

a) 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 decided in the favor of the Company.

b) The Officer Inland Revenue LTU, Islamabad initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the financial year ended December 31, 2013 i.e. Tax Year 2014 and created a demand of Rs. 1.182 million. The Company filed an appeal before the Commissioner Inland Revenue(Appeals). The Commissioner passed an Order against the Company and maintained the assessment by the Officer Inland Revenue. The Company filed an appeal to the Appellate Tribunal Inland Revenue, Islamabad. The Appellate tribunal Inland Revenue, Islamabad through its order dated April 18, 2017 has accepted CPR of tax withheld and deposited by the company in the month of July 2013, which was previously rejected by Officer Inland Revenue LTU, and has directed the officer Inland Revenue to reexamine the remaining issue by only treating any amount paid to ZTBL as services if payment amount is for other than salary, bonuses, overtime etc. Officer Inland Revenue is also directed to pass final order within

maximum of 180 days of this order. No provision has been made in these financial statements as the management is confident that the decision of the case will be decided in favour of the Company.

c) 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 aggrieved, the Company filed an appeal 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 Appellate Tribunal Inland Revenue, Islamabad under section 131 of the Income Tax Ordinance, 2001. Appellate Tribunal Revenue Islamabad passed order against the Company and maintained/ upheld the order of the commissioner (Appeals). The Company had filed an application for rectification of mistake under section 221 of the Ordinance to the Appellate Tribunal Revenue Islamabad, which passed order against the Company and maintained/upheld the order already passed.

Now, the Company has filed a suit against the Large Taxpayer's Unit Islamabad in the Honourable High Court Islamabad which has not been decided yet. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favour of the Company.

d) The Company is facing claims launched in various Courts filed by the employees, pertaining to service promotion, dismissal from service and entry into company's premises and others. The matters are still pending before the Courts. As no amount is involved in most of the cases, therefore, the liability is not accurately quantifiable (2016: same as mentioned).

e) There was no other contingent liability of the company as at the balance sheet date (2016: Nil).

21.2 Commitments

The company has no commitments as at the balance sheet date (2016: nil).

	Note	2017 Rupees	2016 Rupees
22 REVENUE			
Service charges	22.1	181,844,433	189,863,901
Other	22.2	2,859,040	1,742,381
Less: Sales tax on services		(25,081,636)	(26,187,908)
		159,621,837	165,418,374
Add: Expenditure reimbursed during the period	22.3	1,083,917,043	936,820,566
		1,243,538,880	1,102,238,940
22.1 Service charges			
Human resource services		171,772,985	178,783,650
Janitorial services		740,242	728,554
Sports activity		9,078,115	9,838,684
Security services		54,253	257,633
Photocopies		198,838	255,380
		181,844,433	189,863,901

		Note	2017 Rupees	2016 Rupees
22.2	Others			
	Rental income		2,212,509	1,630,580
	Miscellaneous income		646,531	111,801
			2,859,040	1,742,381
22.3	Expenditure reimbursed			
	Human resource services		997,685,386	842,401,942
	Janitorial services		6,381,399	6,280,653
	Sports activities		78,259,610	84,816,225
	Photocopies		846,057	1,100,779
	Security services		467,691	2,220,967
			276,900	-
			1,083,917,043	936,820,566
23	**COST OF SERVICES**			
	Human resource services	23.1	997,685,386	842,401,942
	Photocopies		846,057	1,100,779
	Janitorial expenses		6,381,399	6,280,653
	Sports activities	23.1	78,259,610	84,816,225
	Security expenses		467,691	2,220,967
	Expenses on hostel		1,496,503	1,017,381
	Depreciation		276,900	-
			1,085,413,546	937,837,947

23.1 Human resource services and sports activities include Rs. 44.244 and 2.918 million (2016: 41.709 and 3.384 million) respectively, in respect of staff retirement benefits.

		Note	2017 Rupees	2016 Rupees
24	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	24.1	33,713,205	28,951,915
	Repair and maintenance		107,317	96,287
	Travelling and conveyance		115,129	1,288,944
	Rent, rates and taxes		2,904,966	3,095,856
	Postage, telephone and telegram		412,021	522,855
	Printing, stationery and advertisement material		780,308	579,169
	Fee and meeting expenses		651,255	926,539
	Insurance		269,521	153,317
	Legal and professional charges		805,000	1,315,528
	Auditors' remuneration	24.2	306,130	278,300
	Fuel expenses		111,304	141,468
	Entertainment expenses		171,396	191,611
	Depreciation	5	2,009,349	1,655,901
	Expenses on FM radio station		14,000	10,000
	Miscellaneous expenses		-	-
			42,370,901	39,207,690

24.1 Salaries, wages and other benefits include Rs. 2.588 million (2016: 2.353 million) in respect of staff retirement benefits.

		2017 Rupees	2016 Rupees
24.2	Auditors' remuneration		
	Annual audit fee	166,375	151,250
	Half yearly and quarterly review	86,515	78,650
	Other services	53,240	48,400
		306,130	278,300
25	**OTHER INCOME**		
	Income from financial assets		
	Interest income from investments	37,291,712	28,222,355
	Interest on bank deposits	2,018,077	2,106,061
		39,309,789	30,328,416
26	**PROVISION FOR TAXATION**		
	Current	64,997,344	67,161,123
	Prior	-	(11,057)
	Deferred	(15,450,310)	(16,572,592)
		49,547,034	50,577,474

26.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as

	2017	2016
Average effective tax rate	0.42	0.43
Temporary difference	(0.10)	(0.11)
Others	(0.02)	(0.010)
Applicable tax rate	0.30	0.31

27	**EARNING PER SHARE - Basic and diluted**		
	Profit for the year (Rupees)	105,506,911	104,909,220
	Weighted average ordinary shares (Number)	10,000,000	10,000,000
	Earning per share (Rupees)	10.55	10.49

27.1 There is no dilutive effect on the basic earnings per share, as the Company has not issued any instruments carrying option which would have any impact on earnings per share when exercised.

		Note	2017 Rupees	2016 Rupees
28	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	14	13,126,701	9,627,316
	Short term investments	10	663,660,183	527,670,739
			676,786,884	537,298,055

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2017				2016			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees)							
Managerial remuneration	4,186,229	-	59,401,966	63,588,195	4,660,805	-	61,395,170	66,064,975
Bonus	439,600	-	1,863,151	2,302,751	415,808	-	2,284,624	2,700,432
Staff retirement benefits	1,318,800	-	-	1,318,800	-	-	-	-
Fee	-	420,000	-	420,000	-	500,000	-	500,000
Utilities	266,826	-	928,832	1,195,658	335,191	-	971,038	1,306,229
Others	-	-	-	-	-	-	-	-
Total	6,211,455	420,000	59,193,949	65,825,404	5,420,804	500,000	64,650,832	70,571,636
Number of persons	1	6	54	62	1	6	72	79

b) The Chief Executive has been provided with self maintained car under Car Loan Depreciation Policy for official cum private use and other benefits as per his terms of employment.

c) The aggregate amount charged in the financial statements for remuneration, including all benefits to Executive directors and Non executive directors of the Company is as follows:

	2017			2016		
	Executive Directors	Non Executive Directors	Total	Executive Directors	Non Executive Directors	Total
	(Rupees)					
Managerial remuneration	6,711,455	420,000	6,631,455	5,420,804	500,000	5,920,804
Number of persons	1	6	7	1	6	7

d) No remuneration / benefits were paid to the Non-Executive Directors other than the 4 Independent Directors during the current year and during preceding financial years.

30 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

Description	Total	2017 Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
		Rupees			
Financial assets					
Loans and receivables and HTM at amortised cost					
Receivable	120,130,420	-	-	-	120,130,420
Accrued interest	7,240,855	-	-	-	7,240,855
Short term investments	663,660,183	663,660,183	-	663,660,183	-
Other receivables	114,976	-	-	-	114,976
Cash and bank balances	13,126,701	13,097,037	-	13,097,037	29,664
	804,273,135	676,757,220	-	676,757,220	127,515,915
Financial liabilities					
Financial liabilities carried at amortised cost					
Deferred liabilities	304,823,050	-	-	-	304,823,050
Trade and other payables	16,986,959	-	-	-	16,986,959
Security deposits	225,002	-	-	-	225,002
	322,035,011	-	-	-	322,035,011
On balance sheet gap	482,238,124	676,757,220	-	676,757,220	(194,519,096)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	482,238,124	676,757,220	-	676,757,220	(194,519,096)

Description	Total	2016 Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
		Rupees			
Loans and receivables and HTM at amortised cost					
Receivable	118,967,807	-	-	-	118,967,807
Short term investments	527,670,739	527,670,739	-	527,670,739	-
Accrued interest	7,041,311	-	-	-	7,041,311
Other receivables	114,976	-	-	-	114,976
Cash and bank balances	9,627,316	9,612,951	-	9,612,951	14,365
	663,422,149	537,283,690	-	537,283,690	126,138,459
Financial liabilities					
Financial liabilities carried at amortised cost					
Deferred liabilities	256,092,193	-	-	-	256,092,193
Trade and other payables	10,499,285	-	-	-	10,499,285
Security deposits	225,002	-	-	-	225,002
	266,816,480	-	-	-	266,816,480
On balance sheet gap	396,605,669	537,283,690	-	537,283,690	(140,678,021)
Off Balance sheet Items					
Financial commitments:	-	-	-	-	-
Total Gap	396,605,669	537,283,690	-	537,283,690	(140,678,021)

Effective interest rates are mentioned in the respective notes to the financial statements.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

31.1 The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

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

31.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2017 Rupees	2016 Rupees
Receivable from ZTBL	120,130,420	118,967,807
Short-term investments	663,660,183	527,670,739
Other receivables	114,976	114,976
Accrued interest	7,240,855	7,041,311
Cash and bank balances	13,126,701	9,627,316
	804,273,135	663,422,149

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

The aging of trade debts at the reporting date is:

	2017 Rupees	2016 Rupees
Not past due	120,130,420	118,967,807
Past due 1-30 days	-	-
	120,130,420	118,967,807

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

31.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	One year or less	One to two years	Two to five years
	----------	----------	---------- Rupees ----------	----------	----------
2017					
Deferred liabilities	304,823,050	304,823,050	700,000	-	304,123,050
Trade and other payab	16,986,959	16,986,959	16,986,959	-	-
Security deposits	225,002	225,002	225,002	-	-
	322,035,011	322,035,011	17,911,961	-	304,123,050
2016					
Deferred liabilities	256,092,193	256,092,193	700,000	-	255,392,193
Trade and other payab	14,739,113	14,739,113	14,739,113	-	-
Security deposits	225,002	369,002	369,002	-	-
	270,831,306	270,831,306	15,439,113	-	255,392,193

31.4 Market risk

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

(i) **Currency risk**

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies.

Presently the Company is not exposed to foreign currency risk.

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short-term investments.

Interest rate of the Company's financial assets and financial liabilities as at December 31, 2016 can be evaluated from the following schedule:

	2017 Rupees	2016 Rupees
At amortized cost		
Financial assets with fixed rates		
Short-term investments	663,660,183	375,465,001
Saving accounts	13,097,037	9,612,951
	676,757,220	385,077,952

The following rates have been applied:

	Reporting date rate	
	2017	2016
	Percentage	Percentage
Short-term investments	6.25 to 6.40	6.55 to 6.95
Saving accounts	3.75 to 5.25	3.75 to 5.50

The Company is not exposed to variable interest rate risk as the Company does not hold any variable interest bearing instrument as at the balance sheet date, therefore, no sensitivity analysis has been presented.

(iii) **Other price risk**

Price risk is 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 instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

32 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The management assessed that the cash and bank balances and short-term deposits, trade receivables, trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Fair value hierarchy

The Company using following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1: quoted (unadjustable) prices in active market for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observables either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observables market data.

Transfer between level of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

As at December 31, 2017 and December 31, 2016 the Company did not hold any financial instruments carried at fair value.

33 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

34 TRANSACTIONS WITH RELATED PARTIES

34.1 The related parties of the Company comprise of holding company, directors and key management personnel. Transactions with related parties during the period are as follows:

Relation with the Company	Nature of transactions	December 31 2017 Rupees	December 31 2016 Rupees
Holding company (Zarai Taraqiati Bank Limited - ZTBL)	Services charges	181,844,433	189,863,901
	Rent, accounting and communication charges paid	6,523,263	7,012,587
	Expenses reimbursed during the quarter	1,083,917,043	936,820,566

Relation with the Company	Nature of transactions	December 31 2017 Rupees	December 31 2016 Rupees
	Short-term investment made (TDRs)	516,278,591	264,950,738
	Short-term investment enchased	(318,943,082)	(112,745,000)
	Interest income	15,517,064	5,056,825
	Year end balances		
	Receivable balance	120,130,420	118,967,807
	Bank accounts maintained		
	Current account	29,268	14,365
	Saving accounts	13,055,163	5,594,991

34.2 There are no transactions with key management personnel other than thosewhich are under their terms of employment.

35 NUMBER OF EMPLOYEES

The number of employees as at year end was 4152 (2016: 4194) and average number of employees during the year was 4173 (2016: 3889).

36 CORRESPONDING FIGURES

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

37 DATE OF AUTHORIZATION

This condensed financial information is authorized for issue by the Board of Directors on 21 MAR 2018.

38 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHAIRMAN