

MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2015

Muhammad Farooque Dandia & Co.
Chartered Accountants
29 Ground Floor, Business Plaza
Mumtaz Hasan Road, Karachi-74000

MUHAMMAD FAROOQUE DANDIA & COMPANY

CHARTERED ACCOUNTANTS

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Muhammad Tariq Moti Securities (Private) Limited as at 30 June, 2015 and the related 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 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 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 disclosure in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - (i). the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii). the expenditure incurred during the year was for the purpose of 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 explanation given to us, the statement of financial position, 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 respectively give a true & fair view of the state of the company's affairs as at 30th June, 2015, and of the Profit, 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.

Dated: 30th September 2015
Karachi


Chartered Accountants

Muhammad Tariq Moti Securities (Private) Limited
Balance Sheet
As at June 30, 2015

Capital & Liabilities	Note	2,015	2014	Assets	Note	2,015	2014
Share Capital & Reserves							
Authorised Capital		<u>55,000,000</u>	<u>55,000,000</u>	Non Current Assets			
5,500,000 ordinary shares of Rs. 10/= each				Intangible Assets	6	50,000,000	50,000,000
				Long-term Deposits	7	500,000	500,000
Issued, Subscribed and Paid-up	4	53,010,000	53,010,000				
Deposit against shares		2,000,000	2,000,000				
Accumulated Profit/(Loss)		<u>1,562,977</u>	<u>(297,758)</u>				
		56,572,977	54,712,242				
Current Liabilities							
Trade payables		9,196,511	12,069,125	Current Assets			
Accrued and other payable		84,307	347,834	Trade Receivables	8	586,191	584,637
Provision for taxation		485,036	127,857	Advances, Deposits, & Other Receivables	9	1,049,594	396,389
		9,765,854	12,544,816	Cash and Bank balances	10	14,203,046	15,776,031
						15,838,831	16,757,057
Contingencies and Commitments							
		<u>66,338,831</u>	<u>67,257,058</u>			<u>66,338,831</u>	<u>67,257,057</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

Muhammad Tariq Moti Securities (Private) Limited
Profit & Loss Account
For the year ended 30th June 2015

	Note	2015	2014
<u>Revenue</u>			
Brokerage Commission		6,786,485	5,283,005
Dividend KSE		1,202,215	216,398
Profit on KSE margin deposit		-	7,082
IPO Commission		27,452	14,296
		8,016,152	5,520,781
<u>Operating Expenses</u>			
Administrative Expenses	11	5,689,300	5,144,732
Operating profit/ (Loss) before taxation		2,326,852	376,049
Taxation			
Current year		485,036	127,857
Prior year		(18,919)	-
		466,117	127,857
Profit/ (Loss) after Taxation		1,860,735	248,192
Earning per share- basic and diluted		0.35	0.05

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chief Executive


Director



Muhammad Tariq Moti Securities (Private) Limited
Statement of Comprehensive Income
For the year ended 30th June 2015

	Note	2015	2014
Profit / (Loss) after Taxation		1,860,735	248,193
Other Comprehensive Income			-
Total Comprehensive Income / (Loss) for the year		<u>1,860,735</u>	<u>248,193</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Karachi
Dated :


Chief Executive

Muhammad Tariq Moti Securities (Private) Limited
Statement of Cash Flows
For the period ended June 30th, 2015

	2015	2014
	Rupees	
Cash flow from operating activities		
(Loss)/ Profit after taxation	1,860,735	248,192
Operating Profit before Working Capital	1,860,735	248,192
<u>(Increase) / decrease in current assets</u>		
Trade receivables	(1,554)	1,285,025
Advances, deposits and other receivables	(653,205)	(345,518)
	(654,759)	939,507
<u>Increase / (decrease) in current liabilities</u>		
Trade payable	(2,872,614)	5,593,740
Accrued expenses & Other liabilities	93,652	106,414
	(2,778,962)	5,700,154
Income taxes paid	-	-
Cash flow from operating activities	(1,572,986)	6,887,853
Cash flow from Investing Activities		
Long term deposit	-	100,000
Deposit against shares	-	2,000,000
	-	2,100,000
Cash flow From Financing Activities		
Capital Injection	-	-
Money received against Shares application	-	-
Net Cash Inflow from financing activities	-	-
	(1,572,986)	8,987,853
Cash and Cash Equivalents at beginning of the Year	15,776,030	6,788,177
Cash and Cash Equivalents at the end of the Year	14,203,044	15,776,030

The annexed notes to accounts form an integral part of these statements



Chief Executive



Director

Muhammad Tariq Moti Securities (Private) Limited
Statement of Changes in Equity
For the year ended 30th June 20154

	Issued, Subscribed and Paid-up Capital	Unappropriated Profit/ (Loss)	Deposit against shares	Total
	<i>Rupees</i>	<i>Rupees</i>		<i>Rupees</i>
Issue of shares for consideration of cash	3,010,000	-		3,010,000
Issue of shares for consideration other than cash	50,000,000	-		50,000,000
Profit / (Loss) after taxation	-	(545,951)		(545,951)
Balance as at June 30, 2013	53,010,000	(545,951)		52,464,049
Profit / (Loss) after taxation	248,193		2,000,000	2,248,193
Balance as at June 30, 2014	53,010,000	(297,758)	2,000,000	54,712,242
Profit / (Loss) after taxation	1,860,735		-	1,860,735
Balance as at June 30, 2015	53,010,000	1,562,977	2,000,000	56,572,977

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chief Executive


Director

MUHAMMAD TARIQ MOTI SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. STATUS AND NATURE OF BUSINESS:

Muhammad Tariq Moti Securities (Private) Limited ("Company") was incorporated under the Companies Ordinance, 1984 on 9th April 2013 as a private limited company. The Company is a corporate TREC holder of Karachi Stock Exchange Limited. The registered office of the company is located at Room No. 36, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities include trading and brokerage for equities, underwriting of public issues etc.

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 Accounting and Financial Reporting Standard 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.

2.2 Accounting Convention:

These financial statements have been prepared under the historical cost convention. The financial Statements have been prepared following the accrual basis of accounting except for the cash flow information.

2.3 Amendments / Interpretation to Existing Standards and Forthcoming Requirements:

a. Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are relevant.

These Standards are either not relevant to the Company's Operations or are not expected to have a significant impact on the Company's financial statements other than increased disclosures in certain cases.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014), the amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position. –

MUHAMMAD TARIQ MOTI SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

b. Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are not relevant.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on January 1, 2015 are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial statements.

c. Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

There are amendments to existing approved accounting standards and new interpretations that are not yet effective and are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial statements.

3. Summary of Significant Accounting Policies

3.1 Property, Plant and Equipment:

These are stated at costs less accumulated depreciation.

Depreciation on Property, Plant and Equipment is charged to income applying the reducing balance method, at the rates specified in notes to the accounts, whereby the cost of an asset is written off over its estimated useful life. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic.

Repair and maintenance and normal repairs including minor alternation. are charged to income as and when incurred. Renewals and improvements are capitalized and the assets so replaced, if any are retired. Gain or loss on disposal of property plant and equipment if any included in the income currently.

Depreciation on additions is charge for the full year, in the year in which it is purchased. Similarly, the depreciation on deletion is not charged in the year in which it is sold.

MUHAMMAD TARIQ MOTI SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

3.2 Intangible Assets

TREC

These are stated at cost less impairment, if any. These are not amortized due to the fact that they have indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the TREC and office.

3.3 **Financial Instruments:**

a) **financial assets and financial liabilities:**

Financial assets and liabilities includes investment, loans, deposits, trade debts, cash and cash equivalents, short term borrowings, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

All financial assets and financial liabilities are recognized at the time when Company becomes a party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expire or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

b) **Trade Debts:**

Trade debts originated by the Company are recognized and carried at original invoice amount. Debts considered irrecoverable, are written off and provision are made for debts considered doubtful, if any.

c) **Offsetting:**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

d) **Cash and cash equivalents:**

Cash and cash equivalents consist of financial assets at fair value through Statement of comprehensive income, Cash in hand and balance with banks and are carried on the statement of financial position at fair value.

3.4 **Revenue Recognition**

Gain/(loss) from dealing in securities

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income is recorded when right to receive dividend is established.

Consultancy and advisory fee, Commission from rendering of services to stock exchanges are recognized as and when such services are provided.

Profit on bank deposits is recognized on an accrual basis.

3.5 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of 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.

MUHAMMAD TARIQ MOTI SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

3.6 Taxation

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The company recognized a deferred tax asset only to the extent that it is probable that future taxable profit for the foreseeable future will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Trade & other Payables

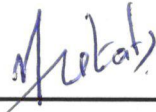
Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.8 Transactions with related parties

Transactions with related parties are executed on arm's length basis. These prices are determined in accordance with the admissible pricing methods. However, loan from directors are unsecured and interest free.



Chief Executive



Director



Muhammad Tariq Moti Securities (Private) Limited
Notes to the accounts
For the year ended 30th June 2015

4 Issued, Subscribed & Paid-up-Capital

5,000,000 ordinary shares of Rs.10/= each in consideration other than cash	50,000,000	50,000,000
301000 ordinary shares of Rs.10/= each in cash	3,010,000	3,010,000
	<u>53,010,000</u>	<u>53,010,000</u>

5 Accrued Expenses and Other liabilities

Accrued Expenses	84,307	260,000
Provision for taxation	342,668	127,857
Sales tax on commission	-	87,834
	<u>426,975</u>	<u>475,691</u>

Muhammad Tariq Moti Securities (Private) Limited
Notes to the Accounts
For the year ended 30th June 2015

	Notes	2015 Rupees	2014 Rupees
6 Intangible assets			
KSE - TREC	6.1	50,000,000	50,000,000
		50,000,000	50,000,000
<p>6.1 In accordance with the requirements of the stock exchange (Corporatisation, Demutualization and Integration) Act, 2012, the company is entitled to receive equity shares of Karachi Stock Exchange "KSE" and a trading right entitlement in lieu of its membership card of KSE. The company's entitlement in respect of KSE's shares will be determined based on the valuation of assets and liabilities of KSE as approved by the Securities and Exchange Commission of Pakistan.</p>			
7 Long Term Deposits			
Karachi Stock Exchange Limited		100,000	100,000
CDC		100,000	200,000
National Clearing Company of Pakistan		300,000	300,000
		500,000	600,000
8 Trade Debts - (Unsecured Considered Good)			
Trade Debts - Unsecured		586,191	584,637
		586,191	584,637
9 Advances, Deposits, Pre-payments & Other Receivables			
Income tax refundable		287,451	-
Advance payment of tax - KSE/Dividend/IPO Commission		762,081	396,389
Other Receivables		62	-
		1,049,594	396,389
10 Cash & Bank balances			
Cash in hand			
Cash at Bank			
- current account (Clients account 135170)		9,200,000	12,069,125
- current account (House account 135000)		5,003,046	3,706,906
		14,203,046	15,776,031
11 Administrative Expenses			
Director's Remuneration		1,805,000	1,720,000
Staff salaries & allowances		1,837,150	1,630,000
KSE rent, electricity and other service charges		561,474	277,059
Printing and Stationary		36,045	39,915
Fees & Subscription		50,000	75,000
Utilities expenses		226,898	438,687
Legal & Professional		167,000	150,800
Professional tax		50,300	-
Travelling & Conveyance		125,035	3,780
Audit Fee		42,400	40,000
Entertainment		83,625	73,420
Vehicle Running Expenses		179,307	216,357
Computer maint. And papers		25,220	41,120
CDC/NCC Charges		169,607	258,972
Bank charges		1,323	1,260
SECP transaction fee		191,595	72,462
CGT Tariff charges		137,320	-
Misc. & General		-	105,900
		5,689,300	5,144,732

Muhammad Tariq Moti Securities (Private) Limited
Notes to the Accounts
For the year ended 30th June 2015

12 Taxation

Current
 Prior
 Deferred

	2015	2014
485,036		127,857
(18,919)		-
<u>466,117</u>		<u>127,857</u>

13 Remuneration of Directors and Chief Executive

Remuneration

Directors	Chief Executive
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<u>360,000</u>	<u>1,445,000</u>
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14 Number of person(s)

<u>1</u>	<u>1</u>
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14 Transactions and balances with Related Parties
 Related parties from the Company's [ers]ectove cp,[rose asspocoates amd asspocoated imdertalomgts. Sponsors and directors, and key management personnel. Kay management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Key management personnel do not draw any compensation from the company.

Details of transactions and balances with related parties is as follows:

14.1 Transactions with related parties

Nature of relationship		2015	2014
Director/Chief Executive	Nature of transactions	Rupees	Rupees
	Deposit against shares	2000000	2000000

15 Shares in the company held by related parties
 Ordinary shares in the company held by related parties, other than chief executive and directors, are none none



Muhammad Tariq Moti Securities (Pvt.) Limited
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED June 30, 2015

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

B Liquidity Risk Management

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements.

	2015		Total
	Maturity up to one year	Maturity after one year	
Financial liabilities			
Accrued and other liabilities	569,343	-	569,343
Client liabilities	9,196,511	-	9,196,511
Total	9,765,854		9,765,854

	2014		Total
	Maturity up to one year	Maturity after one year	
Financial liabilities			
Accrued expenses	475,691	-	475,691
Client liabilities	12,069,125	-	12,069,125
Total	12,544,816		12,544,816

C Market Risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The company manages market risk through binding contracts.

D Interest/ markup rate risk management

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company has no significant long term interest bearing financial assets and liabilities, whose fair value of future cash flows will fluctuate because of changes in market interest rates.

Muhammad Tariq Moti Securities (Pvt.) Limited
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED June 30, 2015

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	June 30, 2015	June 30, 2014
	-----Rupees-----	
FINANCIAL ASSETS:		Rupees
KSE Membership	50,000,000	50,000,000
Long term deposits	500,000	500,000
Advances	1,049,594	396,389
Trade receivables	586,191	584,637
Cash and bank balances	14,203,046	15,776,031
	<u>66,338,831</u>	<u>67,257,057</u>
FINANCIAL LIABILITIES:		
Accrued and other liabilities	569,343	475,691
Client liabilities	9,196,511	12,069,125
	<u>9,765,854</u>	<u>12,544,816</u>

17 FINANCIAL INSTRUMENTS & RELATED DISCLOSURES

Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

A Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted.

Credit risk arises from all financial assets except cash in hand.

For Trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and through letter of credit. The utilization of credit limit is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Muhammad Tariq Moti Securities (Pvt.) Limited
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED June 30, 2015

E Foreign exchange risk management

Company is not exposed to foreign Exchange risk because the company does not deal in foreign Currency.

F Fair value of financial instruments

The carrying value of all the financial assets & liabilities reflected in the financial statements approximates their fair value. The methods used for in determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

18 Number of Employees

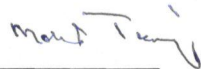
Number of employees as at June 30, 2015 are 6. (2014: 6)

19 Date of Authorization for Issue

These financial statement have been authorized for issue on 30th September 2015 by the Board of Directors of the Company.

20 General

Figures have been rounded off to nearest of rupee



Chief Executive



Director

