

MUHAMMAD TARIQ MOTI SECURITES
(PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Muhammad Tariq Moti Securities (Private) Limited** ("the Company") as at June 30, 2016; and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, 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 disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business: and
 - 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, 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 and fair view of the state of the Company's affairs as at June 30, 2016; and of the profit, its cash flows and changes in equity for the year ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements of the Company for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who vide their auditors' report dated September 30, 2015 issued an unqualified opinion on those financial statements.

N22


Chartered Accountants
Engagement Partner - Ahsan Vohra - FCA

Karachi

Dated: 07 OCT 2016

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees	2014 Rupees
		-----Restated-----		
ASSETS				
Non-current assets				
Property and equipment	4	135,656	-	-
Intangible asset	5	9,926,170	9,926,170	9,926,170
Long term investment	6	40,073,830	40,073,830	40,073,830
Long term deposits	7	600,000	500,000	500,000
		50,735,656	50,500,000	50,500,000
Current assets				
Trade debtors	8	1,475,449	586,191	584,637
Advance and other receivables	9	2,306,814	1,049,594	396,389
Cash and bank balances	10	12,083,996	14,203,046	15,776,031
		15,866,260	15,838,831	16,757,057
Total assets		66,601,916	66,338,831	67,257,057
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital				
5,500,000 (2015: 5,500,000) ordinary shares of Rs. 10 each		55,000,000	55,000,000	55,000,000
Issued, subscribed and paid up capital	11	53,010,000	53,010,000	53,010,000
Deposits against shares		2,000,000	2,000,000	2,000,000
Unappropriated profit / (loss)		2,019,327	1,562,977	(297,758)
Total equity		57,029,327	56,572,977	54,712,242
Current liabilities				
Trade and other payables	12	9,377,658	9,280,818	12,416,958
Taxation		194,931	485,036	127,857
Total equities and liabilities		66,601,916	66,338,831	67,257,057
CONTINGENCIES AND COMMITMENTS	13	-	-	-

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



CHIEF EXECUTIVE

N20


DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

		2016	2015
	Note	Rupees	Rupees
Operating revenue	14	6,792,812	8,016,152
Administrative and operating expenses	15	<u>(6,240,512)</u>	<u>(5,687,977)</u>
Operating profit		552,301	2,328,175
Finance cost	16	(920)	(1,323)
Other income	17	99,900	-
Profit before taxation		<u>651,281</u>	<u>2,326,852</u>
Taxation	18	(194,931)	(466,117)
Profit for the year		<u><u>456,350</u></u>	<u><u>1,860,735</u></u>
Earnings per share - basic and diluted	19	<u><u>0.09</u></u>	<u><u>0.35</u></u>

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

N202



CHIEF EXECUTIVE



DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Profit for the year	456,350	1,860,735
Other comprehensive income	-	-
Total comprehensive income for the year	456,350	1,860,735

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

N202

CHIEF EXECUTIVE

DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		651,281	2,326,852
<i>Adjustments for:</i>			
Depreciation		36,169	-
Finance cost		920	1,323
		37,089	1,323
Operating profit before working capital changes		688,369	2,328,175
Working capital changes			
(Increase) / decrease in current assets			
Trade debtors - considered good		(889,258)	(1,554)
Advance and other receivables		(1,257,220)	(653,205)
		(1,458,109)	(654,759)
Increase / (decrease) in current liabilities			
Trade and other payables		96,840	(2,872,614)
Net cash used in operating activities		(1,361,269)	(1,199,198)
Net cash used in operating activities			
Long term deposits		(100,000)	-
Financial charges paid		(920)	(1,323)
Income tax paid		(485,036)	(372,463)
Net cash used in operating activities		(1,947,225)	(1,572,984)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(171,825)	-
Net cash used in investing activities		(171,825)	-
Net decrease in cash and cash equivalents		(2,119,050)	(1,572,984)
Cash and cash equivalents at the beginning of the year		14,203,046	15,776,030
Cash and cash equivalents at the end of the year		12,083,996	14,203,046

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

N20



CHIEF EXECUTIVE



DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, Subscribed and paid up capital	Unappropriated Profit	Total
	----- Rupees -----		
Balance as at July 1, 2014	53,010,000	(297,758)	52,712,242
<i>Total comprehensive income for the year</i>		1,860,735	1,860,735
Balance as at June 30, 2015	53,010,000	1,562,977	54,572,977
<i>Total comprehensive income for the year</i>	-	456,350	456,350
Balance as at June 30, 2016	53,010,000	2,019,327	55,029,327

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

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CHIEF EXECUTIVE


DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 STATUS AND NATURE OF BUSINESS

Muhammad Tariq Moti Securities (Private) Limited ("the Company") was incorporated under the Companies Ordinance, 1984 on April 9, 2013 as a private limited company. The Company is a corporate TREC holder of Pakistan Stock Exchange Limited. The registered office of the Company is located at Room # 36, 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the Company 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 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

2.5.1 New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which become effective during the year:

N202

IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortization & Amendments bringing bearer plants into the scope of IAS 16
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortization

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IFRS 11	Joint Agreements - Amendments relating to accounting for acquisitions of interests in Joint Operations	January 01, 2016
IAS 27	Separate Financial Statements - Amendments relating to equity method in separate financial statements	January 01, 2016
IAS 7	Statement of Cash Flows - Amendments relating to Disclosure Initiative	January 01, 2017
IAS 12	Income Taxes - Amendments relating to recognition of Deferred Tax Assets for	January 01, 2017
IFRS 2	Share-based Payment - Amendments relating to classification and measurement of Share-based Payment Transactions	January 01, 2018
IFRS 16	Leases	January 01, 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Property and equipment

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

Depreciation is charged applying the written down method at the rates specified in note 4, which are considered appropriate to write off the cost of the assets over their useful economic lives.

Proportionate depreciation is charged in respect of additions and disposals made during the year. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, periodically.

Maintenance and normal repairs are charged to profit and loss account. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are determined by comparing the sale proceeds with the carrying values and are charged to profit and loss account.

3.2 Intangible assets

These represent Trading Right Entitlement Certificate of Pakistan Stock Exchange.

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

3.3 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.

3.4 Fiduciary assets

Assets held in a trust or in a fiduciary capacity by the Company are not treated as assets of the Company and are accordingly not included in the financial statements.

3.5 Investments

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction cost associated with the investment, except in case of investments at fair value through profit or loss, in which case these transaction cost are charged to the profit or loss account. All regular way of purchases and sale of investments are recognized/derecognized on the trade date. These are classified and measured as follows:

3.5.1 Investment at fair value through profit or loss

Investment which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified under this category. After initial recognition, these are remeasured at fair

value. Gains or losses on remeasurement of these investments are recognized in the profit and loss account currently.

3.5.2 Investments held to maturity

These are securities with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity. After initial recognition, these are measured at amortized cost less any provision for impairment.

3.6 Taxation

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

3.7 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

3.8 Trade and other payables

These are recognized initially at fair value plus directly attributable cost, if any, and are subsequently measured at amortized cost using effective interest method. Trade payables in respect of securities sold are recorded at settlement date of transaction.

3.9 Revenue recognition

Brokerage revenue is recorded when transaction are settled.

Underwriting commission is recognized when service relating to the underwriting is rendered.

Gain or loss on disposal of securities is taken to income in the period in which it arises.

Dividend income is recorded when the Company's right to receive dividend has been established.

Other revenues are recognized on accrual basis.

3.10 Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

N202

3.11 Related party transactions

All related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

4 RESTATEMENT OF FINANCIAL STATEMENTS

During the year, the company has accounted for the shares of Pakistan Stock Exchange Limited at par value and TREC as separate assets under IAS 39 "Financial instrument: Recognition and measurement" and IAS 38 "Intangible assets" respectively. The shares of Pakistan Stock Exchange Limited are classified as "Available for sale" investment. Previously, the company had recognised both the assets as Intangible assets under IAS 38 "Intangible assets". This correction has been made retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". The effect of restatement is as under.

	2015 Rupees	2014 Rupees
Effect on Balance sheet		
Intangible asset previously reported	50,000,000	50,000,000
Decrease in Intangible asset	(40,073,830)	(40,073,830)
Intangible asset as restated	<u>9,926,170</u>	<u>9,926,170</u>
Long term investment previously reported	-	-
Increase in long term investment	40,073,830	40,073,830
Long term investment as restated	<u>40,073,830</u>	<u>40,073,830</u>

4.1 There is no effect of restatement on Profit and loss account and cash flow statement as a result of retrospective restatement.

N20

**MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

4 PROPERTY AND EQUIPMENT

	Office Equipment	Computer Equipment	Total
COST			
As on July 1, 2015	-	-	-
Additions	102,525	69,300	171,825
Disposals	-	-	-
As at June 30, 2016	102,525	69,300	171,825
ACCUMULATED DEPRECIATION			
As at July 1, 2015	-	-	-
For the year	15,379	20,790	36,169
On disposals	-	-	-
As at June 30, 2016	15,379	20,790	36,169
Written down value	87,146	48,510	135,656
Written down value 2015	-	-	-
Depreciation rates per annum (%)	15	30	

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	2016	2015
	Rupees	Restated Rupees
5 INTANGIBLE ASSET		
Trading Right Entitlement Certificate	<u>9,926,170</u>	<u>9,926,170</u>
5.1 These represent Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act). For details please refer Note 6.1.		
6 LONG TERM INVESTMENT		
<i>Available for sale</i>		
Pakistan Stock Exchange Limited	<u>40,073,830</u>	<u>40,073,830</u>
6.1 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Company was entitled to receive equity shares and of PSX and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card. The Company has been allotted 4,007,383 shares having face value of Rupees 10 each in corporatized and demutualized PSX in dematerialized format in pursuance of the Act based on valuation of assets and liabilities of the PSX. Out of these shares, 2,404,430 shares have been deposited in a sub account opened in the Company's name under participant ID with Central Depository Company of Pakistan Limited which will remain blocked in terms of the provision of the Act.		
6.2 The 1,602,853 shares and TREC of Pakistan Stock Exchange Limited has been pledged/mortgage with the PSX in compliance with there notice KSE/N-2863 dated May 03, 2013 for the base minimum capital requirement for Broker.		
	2016	2015
	Rupees	Rupees
7 LONG TERM DEPOSITS		
PSX Ready Trading Deposits	200,000	100,000
Central Depository Company - Security Deposit	100,000	100,000
National Clearing Company Of Pakistan	300,000	300,000
	<u>600,000</u>	<u>500,000</u>
8 TRADE DEBTS		
Trade debtors - considered good	<u>1,475,449</u>	<u>586,191</u>
9 ADVANCES AND OTHER RECEIVABLES		
Advance tax	456,013	287,451
Other receivables	1,850,801	762,143
	<u>2,306,814</u>	<u>1,049,594</u>

N22

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

			2016	2015
			Rupees	Rupees
10	CASH AND BANK BALANCES			
	Cash at bank - current account		<u><u>12,083,996</u></u>	<u><u>14,203,046</u></u>
11	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
	5,000,000	5,000,000		
		Ordinary shares of Rs. 10 each fully paid (issued for consideration other than cash)	50,000,000	50,000,000
	301,000	301,000		
		Ordinary shares of Rs. 10 each fully paid (issued for cash)	3,010,000	3,010,000
	<u><u>5,301,000</u></u>	<u><u>5,301,000</u></u>	<u><u>53,010,000</u></u>	<u><u>53,010,000</u></u>
12	TRADE AND OTHER PAYABLES			
	Trade payables		8,395,901	9,196,511
	Withholding tax payable		116,613	-
	Accrued expenses		237,083	84,307
	Other liabilities		628,061	-
			<u><u>9,377,658</u></u>	<u><u>9,280,818</u></u>
13	CONTINGENCIES AND COMMITMENTS			
	<p>During the current year Deputy Commissioner of Inland Revenue has made a decision on June 27,2015 against the Company under section 11(2) of the Sales Tax Act,1990 for immediate Payments of Rs.24,627,708/- alongwith default surcharge under section 34 and penalty under section 33(5) of the Sales Tax,1990 for the recovery of Federal Excise duty on brokerage revenue provided in the year 2012 and 2013.</p> <p>The Company has filed an appeal with the Commissioner Inland Revenue (Appeals-III) against this order on July 27, 2015. Moreover the Honorable High Court of Sindh has granted stay order against the order No.07/33/2015 dated June 27, 2015 of the Deputy Commissioner of Inland Revenue. The Company is confident that the decision will be in favor of the Company as after the 18th amendment Federation has surrender its right to levy and collection on Sales Tax on services in favor of provinces.</p>			
14	OPERATING REVENUE		2016	2015
			Rupees	Rupees
	Brokerage and operating revenue		5,476,552	6,786,485
	Dividend - PSX		1,282,363	1,202,215
	IPO Commission		8,195	27,452
	CDC fee by client		25,703	
			<u><u>6,792,812</u></u>	<u><u>8,016,152</u></u>

N202

	Note	2016 Rupees	2015 Rupees
15 ADMINISTRATIVE AND OPERATING EXPENSES			
Director's remuneration		2,132,000	1,805,000
Staff salaries and allowances		1,951,500	1,837,150
PSX monthly charges		205,209	187,207
Clearing house fee		196,271	221,124
Printing and stationery		29,350	36,045
Fees and subscription		50,000	50,000
Utilities expense		152,800	226,898
Legal and professional charges		205,356	167,000
Professional tax		50,300	50,300
Travelling and conveyance		82,600	125,035
Entertainment		116,060	83,625
Audit fee	15.1	100,000	42,400
Vehicle running expenses		195,144	179,307
Computer maintenance and papers		40,085	25,220
CDC charges		218,468	205,084
Brokers' association fees		25,000	-
NCCPL charges		143,792	153,143
SECP charges		86,888	156,118
CGT tariff charges		223,520	137,320
Depreciation		36,169	-
		6,240,512	5,687,977
15.1 Auditors' Remuneration			
Audit fee		50,000	42,400
Certification		50,000	-
		100,000	42,400
16 FINANCE COST			
Bank charges		920	1,323
17 OTHER INCOME			
Reversal of expense - SECP Chalan refund		99,900	-
		99,900	-
17.1 This includes profit received from PSX over ready and future margins deposit.			
18 TAXATION			
Current		184,078	485,036
Prior		-	(18,919)
Deferred		10,853	-
		194,931	466,117

19 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	<i>Rupees</i>	<u>456,350</u>	<u>1,860,735</u>
Weighted average number of shares	<i>Number of shares</i>	<u>5,301,000</u>	<u>5,301,000</u>
Earning per share - basic and diluted	<i>Rupees</i>	<u>0.09</u>	<u>0.35</u>

	Note	2016 Rupees	2015 Rupees
20 CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	12,083,996	14,203,046
		<u>12,083,996</u>	<u>14,203,046</u>

21 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

	Chief Executive Officer		Directors	
	2016	2015	2016	2015
	----- Rupees -----			
Managerial remuneration	1,706,800	1,445,000	425,200	360,000
	<u>1,706,800</u>	<u>1,445,000</u>	<u>425,200</u>	<u>360,000</u>
Number of persons	1	1	1	1

22 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and off balance sheet risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

22.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Pakistan Stock Exchange.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

22.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as all the transactions of the Company are denominated in Pak Rupees.

22.3 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. The Company's interest rate risk arises from its placements in TDRs, bank deposits and short term borrowings at variable rates.

Following table provides information about exposure of the company to interest / mark-up rate risk at the balance sheet date based on contractual reprising or maturity dates whichever is earlier:

Note	June 30, 2016				June 30, 2015				
	Exposed to Interest Rate Risk		Not Exposed to Yield / Interest Rate Risk	Total	Exposed to Interest Rate Risk		Not Exposed to Yield / Interest Rate Risk	Total	
	Upto One Year	More Than One Year			Upto One Year	More Than One Year			
Rupees									
Financial Assets									
Non Current Assets									
	7	-	-	600,000	600,000	-	-	500,000	500,000
Current Assets									
	8	-	-	1,475,449	1,475,449	-	-	586,191	586,191
	9	-	-	2,306,814	2,306,814	-	-	1,049,594	1,049,594
	10	-	-	12,083,996	12,083,996	-	-	14,203,046	14,203,046
		-	-	15,866,260	15,866,260	-	-	15,838,831	15,838,831
		-	-	16,466,260	16,466,260	-	-	16,338,831	16,338,831
Financial liabilities									
	12	-	-	9,377,658	9,377,658	-	-	9,280,818	9,280,818
		-	-	9,377,658	9,377,658	-	-	9,280,818	9,280,818
		-	-	7,088,602	7,088,602	-	-	7,058,013	7,058,013
Off-Balance Sheet Financial Instruments									
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Total Interest Rate Sensitivity Gap									
		-	-	7,088,602	7,088,602	-	-	7,058,013	7,058,013

22.4 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 currency risk or interest rate 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. The Company was exposed to listed and quoted securities price risk because of investments held by the Company and classified on the balance sheet as at fair value through profit or loss. To manage its price risk arising from investments the Company mainly invests in mutual funds and listed shares and maintains diversified portfolio.

22.5 Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from trade debts, investments and deposits with

1202

banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. To manage exposure to credit risk on its investments, the Company manages a portfolio of investments which consists of securities issued by the Government and reputable entities. To secure against the risk of default from debtors, the Company obtains collateral from its customers. The maximum exposure to credit risk is equal to the carrying amounts of financial assets less the amount of collaterals held.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2015 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	Note	2016 Rupees	2015 Rupees
Long term deposits	7	600,000	624,500
Trade debts	8	1,475,449	586,191
Loans and advances	9	2,306,814	1,049,594
Cash and bank balances	10	12,083,996	14,203,046
		<u>16,466,260</u>	<u>16,463,331</u>

22.6 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company's liquidity management involves projecting cash flows and maintaining level of liquid assets necessary to meet these risks.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Note	June 30, 2016				June 30, 2015			
	Total	Upto Three Months	More Than Three months and upto One Year	More Than One Year	Total	Upto Three Months	More Than Three months and upto One Year	More Than One Year
Trade and other payables	12	8,395,901	8,395,901	-	9,196,511	9,196,511	-	-

-----Rupees-----

N202

22.7 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

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

23 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Company has on hand. Where the customer operates through institutional delivery system, the Company is not exposed to this risk.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions in case of money market brokerage. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

24 NUMBER OF EMPLOYEES

The total number of employees at the balance sheet date were 6 (2015:6) and average number of employees during the year were 6 (2015:6).

25 RECLASSIFICATION

Following corresponding figures have been reclassified for better presentation:

<u>From</u>	<u>To</u>	<u>Rupees</u>
Profit and loss account	Finance cost	
Bank charges	Bank charges	1,323

26 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 07-10-2016 by the Board of Directors of the Company.

27 GENERAL

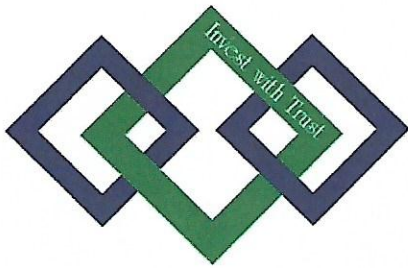
The figures have been rounded of to the nearest rupee.



CHIEF EXECUTIVE

N202


 DIRECTOR



Muhammad Tariq Moti Securities (Pvt) Lim

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Phone no. +9221 32421624, 32419415, 32410835, Website: tariqmoti.com.pk, Email id: admin@tariqmoti.com.pk.

DIRECTORS'S REPORT

By the grace of ALMIGHTY ALLAH, your Director present herewith Report along with the Audited Accounts and Auditors' Report for the year ended **June 30, 2016**.

Overview:

Pakistan economy is being confronted from drastic law and order situation, low foreign investment and budget deficit. Furthermore, shortage of Electricity negatively affected the overall performance of economy.

Review of Operations:

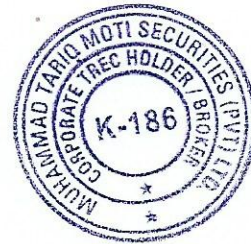
The Total Revenue for the year ended June 30, 2016 was Rs. 6,792,812/- as compare to Rs. 8,016,152/- for the same period ended June 30, 2015; after the administrative expenses and taxes, the net profit for the year ended June 30, 2016 was Rs. 456,350/- as compared to net profit after tax of Rs. 1,860,735/- for the same period ended June 30, 2015.

Future Prospects:

We are positive on the future prospects of Pakistan's Equity Market and expect the market to provide a healthy return in the upcoming years.

For and behalf of the board

Muhamamd Tariq Moti
Chief Executive & Director



Place: Karachi

Date: October 07, 2016