

MUHAMMAD TARIQ MOTI SECURITES  
(PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
JUNE 30, 2017



**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, 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 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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984.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- (a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;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the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;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, the 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 repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its comprehensive 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 (XVII of 1980)

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Naveed Zafar Ashfaq Jaffery & Co.


Chartered Accountants  
Engagement Partner: Ahsan Elahi Vohra- FCA  
Karachi

Dated: **06 OCT 2017**

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED  
 BALANCE SHEET  
 AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	235,355	135,656
Intangible asset	5	9,926,170	9,926,170
Long term investment	6	41,163,833	40,073,830
Long term deposits	7	600,000	600,000
		<u>51,925,358</u>	<u>50,735,656</u>
<b>Current assets</b>			
Trade debtors	8	5,984,571	1,475,449
Other receivables	9	26,899,897	1,850,801
Advance tax-net of provision		3,286,958	456,013
Short term investment	10	26,542,364	-
Cash and bank balances	11	21,490,848	12,083,996
		<u>84,204,638</u>	<u>15,866,260</u>
<b>Total assets</b>		<u><u>136,129,996</u></u>	<u><u>66,601,916</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
5,500,000 (2016: 5,500,000) ordinary shares of Rs. 10 each		<u>55,000,000</u>	<u>55,000,000</u>
<b>Issued, subscribed and paid up capital</b>			
Issued, subscribed and paid up capital	12	53,010,000	53,010,000
Deposits against shares		2,000,000	2,000,000
Unappropriated profit		69,236,290	2,019,327
<b>Total equity</b>		<u>124,246,290</u>	<u>57,029,327</u>
<b>Current liabilities</b>			
Trade and other payables	13	11,883,706	9,377,658
Taxation	19	-	194,931
		<u>11,883,706</u>	<u>9,572,589</u>
<b>Total equities and liabilities</b>		<u><u>136,129,996</u></u>	<u><u>66,601,916</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14	-	-

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017

		2017	2016
	Note	Rupees	Rupees
Operating revenue	15	11,574,754	5,484,746
Capital gain on investment		42,837,487	-
Administrative and operating expenses	16	<u>(9,888,857)</u>	<u>(6,214,809)</u>
<b>Operating profit</b>		<b>44,523,384</b>	<b>(730,063)</b>
Finance cost	17	(1,297)	(920)
Other income	18	701,362	1,382,263
Unrealised on remeasurement of investment at fair value through profit or loss		<u>(2,632,656)</u>	-
<b>Profit before taxation</b>		<b>42,590,793</b>	<b>651,280</b>
Taxation	19	(508,130)	(194,931)
<b>Profit for the year</b>		<b><u>42,082,663</u></b>	<b><u>456,349</u></b>
<b>Earnings per share - basic and diluted</b>	20	<b><u>7.94</u></b>	<b><u>0.09</u></b>

The annexed notes from 1 to 27 form an integral part of these financial statements.



CHIEF EXECUTIVE

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DIRECTOR

**MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	27,500,000	456,350
Profit for the year	42,082,663	456,350
<i>Adjustments for:</i>		
Unrealised gain on re-measurement of 'available for sale' investments during the year	25,134,300	-
Change sale of investments	(1,837,400)	(16,150)
<b>Total comprehensive income for the year</b>	<b>67,216,963</b>	<b>456,350</b>

Operating profit before working capital changes

The annexed notes from 1 to 27 form an integral part of these financial statements.

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(Increase) / decrease in current assets

Trade debtors - considered good

Other receivables

Increase / decrease in current liabilities

Trade and other payables  
**CHIEF EXECUTIVE**

*M. Moti*  
**DIRECTOR**

Financial charges paid

Taxes paid

Receipts used in operating activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment

Proceeds from sale of PSF shares

Investment - net

Long term deposit

Net cash generated from / (used in) investing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

The annexed notes from 1 to 27 form an integral part of these financial statements.

*M. Moti*  
**CHIEF EXECUTIVE**

*M. Moti*  
**DIRECTOR**

**MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		42,590,793	651,280
<i>Adjustments for:</i>			
Depreciation		39,301	36,169
Gain on sale of investment		(42,837,487)	-
Finance cost		1,297	920
		<u>(42,796,889)</u>	<u>37,089</u>
Operating profit before working capital changes		(206,096)	688,369
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Trade debtors - considered good		(4,509,122)	(889,258)
Other receivables		1,438,272	(1,088,658)
		<u>(3,070,850)</u>	<u>(1,977,916)</u>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		2,506,048	96,840
<b>Net cash used in operating activities</b>		<u>(770,898)</u>	<u>(1,192,707)</u>
Financial charges paid		(1,297)	(920)
Taxes paid		(3,534,006)	(653,598)
<b>Net cash used in operating activities</b>		<u>(4,306,201)</u>	<u>(1,847,225)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(139,000)	(171,825)
Proceeds from sale of PSX shares		40,394,417	-
Investments - net		(26,542,364)	-
Long term deposit		-	(100,000)
<b>Net cash generated from / (used in) investing activities</b>		<u>13,713,053</u>	<u>(271,825)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>9,406,852</u>	<u>(2,119,050)</u>
Cash and cash equivalents at the beginning of the year		12,083,996	14,203,046
<b>Cash and cash equivalents at the end of the year</b>		<u>21,490,848</u>	<u>12,083,996</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



CHIEF EXECUTIVE

  
DIRECTOR

MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Issued, Subscribed and paid up capital	Unappropriated Profit	Unrealized gain on available for sale investment	Total
	----- Rupees -----			
Balance as at July 1, 2016	53,010,000	1,562,977	-	54,572,977
Total comprehensive income for the year	-	456,350	-	456,350
Balance as at June 30, 2016	53,010,000	2,019,327	-	55,029,327
Total comprehensive income for the year	-	42,082,663	25,134,300	67,216,963
Balance as at June 30, 2017	<u>53,010,000</u>	<u>44,101,990</u>	<u>25,134,300</u>	<u>122,246,290</u>

The annexed notes from 1 to 27 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, 2017**

**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 and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards comprise of such International Accounting Standard as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these Standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

The Companies Ordinance 1984, has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 30 July 2017, these financial statements have been prepared in accordance with the provision of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2017. The application of the Companies Act, 2017 will require additional disclosures in the financial statements of the company.

**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 Significant accounting estimates and judgments**

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.

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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**

**a) Standards, amendments or interpretations which became effective during the year:**

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), interpretations which became effective during the year but are not considered to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

**b) Standards, amendments or interpretations not yet effective**

The following 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 interpretations:

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IFRS 40	Investment property: Transfers of investment property (Amendments)	January 01, 2018
IFRS 4	Insurance contracts: Applying IFRS 9 financial instruments with IFRS 4 insurance contracts (Amendments)	January 01, 2018
IFRS 7	Financial statements: Disclosures - Disclosure initiative (Amendment)	January 01, 2017
IAS 12	Income Taxes - Amendments relating to recognition of Deferred Tax Assets for unrealized losses	January 01, 2017
IFRS 2	Share-based Payment - Amendments relating to classification and measurement of Share-based Payment Transactions	January 01, 2018

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.

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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	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	January 01, 2018
IFRS 14 Regulatory deferral accounts	January 01, 2016
IFRS 16 Leases	January 01, 2019
IFRS 17 Insurance contracts	January 01, 2021
IFRS 15 Revenue from Contracts with Customers	January 01, 2018

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

#### 3.1 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation. The company does not provide for deferred taxation as the timing differences are not likely to reverse in the foreseeable future.

#### 3.2 Property and equipment

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

Depreciation is charged on assets capitalized during the year considering the date of purchase and on disposals upto the month immediately preceding the disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized;

Gain and losses on disposal of fixed assets, if any, included in profit and loss account currently;

The Company reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

#### 3.3 Impairment of non-financial assets

Assets that are subject to depreciation /amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. As impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original costs of the asset.

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### 3.4 Intangible assets

An intangible asset is recognized as an asset if it is probable that the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably.

### 3.5 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchase and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and measurement at the time of purchase.

The Company classifies its investments in the following categories.

#### **Financial assets' at fair value through profit or loss-held for trading.**

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as ' financial assets at fair value through profit or loss-held for trading'. Subsequent to initial recognition, these investments are marked-to-market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

#### **Held to maturity investment**

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

#### **Available-for-sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale' Subsequent to initial measurement, available-for-sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed of or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued, Fair value of Term Finance Certificates, units of open end Mutual Funds and Government Securities are determined on the basis of rates notified by Mutual Fund Association of Pakistan for Term Finance Certificates, relevant redemption prices for the open-end Mutual Fund and quotations obtained from the PKRV sheets for Government Securities respectively. Unquoted securities are valued at cost.

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**3.6 Revenue recognition**

Brokerage and commission is recognized as and when such services are provided.

**3.7 Trade debts**

These are stated at net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

**3.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid investment that are convertible to known amounts of cash and are subject to insignificant risk of change in value, and short-term running finance under mark-up arrangements.

**3.9 Financial instruments**

Financial asset and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be party to such contractual provisions of the instruments. Financial instrument mainly comprise investments, trade and other receivables, cash and bank balances, deposit, borrowings, trade and other payable, accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Written down value	71,674	117,661	208,255
Written down value 2016	87,146	13,511	2,47,207
Depreciation rates per annum (%)	15	20	

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4 PROPERTY AND EQUIPMENT

INTANGIBLE ASSET

COST

As on July 1, 2016

Additions

Disposals

As at June 30, 2017

ACCUMULATED DEPRECIATION

As at July 1, 2016

For the year

On disposals

As at June 30, 2017

Written down value

Written down value 2016

Depreciation rates per annum (%)

	Office Equipment	Computer Equipment	Total
As on July 1, 2016	102,525	69,300	171,825
Additions	24,000	115,000	139,000
Disposals	-	-	-
As at June 30, 2017	126,525	184,300	310,825
As at July 1, 2016	15,379	20,790	36,169
For the year	15,472	23,829	39,301
On disposals	-	-	-
As at June 30, 2017	30,851	44,619	75,470
Written down value	95,674	139,681	235,355
Written down value 2016	87,146	48,510	135,656
Depreciation rates per annum (%)	15	30	

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Muhammad Tariq Moti Securities (Private) Limited  
Notes to the Financial Statements

		2017	2016
		Rupees	Rupees
5	<b>INTANGIBLE ASSET</b>		
	Trading Right Entitlement Certificate	5.1 <u>9,926,170</u>	<u>9,926,170</u>

5.1 These represent Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSE) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act).

6 **LONG TERM INVESTMENT**

*Available for sale*

Pakistan Stock Exchange Limited	<u>41,163,833</u>	<u>40,073,830</u>
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This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and Demutualization of PSX as a Public Company Limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs. 10,000,000,000 and Rs. 8,014,766,000 respectively with a par value of Rs. 10 each. The paid-up capital of PSX was equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member in the following manner:

1) 40% of the total shares allotted (i.e. 1,602,953 shares) were transferred in the House Account-CDC of each initial shareholder.

2) 60% of the total shares (i.e. 2,404,430 shares) were deposited in a sub-account in Company's name under PSX's participant ID with CDC.

In the current period, 40% shares (out of 60% of total shareholding in PSX), which were held in blocked form in terms of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, have been sold to Chinese consortium with the approval of Securities and Exchange Commission of Pakistan against a consideration of \$85.6 million at offer price of Rs. 28 per share.

10% of the consideration amount will be retained by PSX for a period of one year to settle any outstanding liabilities of PSX.

Remaining 20% shares, which were held in blocked account, have been sold through book building and IPO to high net worth individuals, strategic institutions and general public.

The remaining 40% shares (i.e. 1,602,953 shares) are now kept in blocked account in the name of company in compliance with sub-regulations (1),(2) and (3) of Regulation 5 of Public Offering Regulations 2017. The company has revalued its remaining shares at the closing price of Rs. 25.68 per share as at June 30, 2017.

**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the Financial Statements**

	2017	2016
	Rupees	Rupees
<b>7 LONG TERM DEPOSITS</b>		
PSX Ready Trading Deposits	200,000	200,000
Central Depository Company - Security Deposit	100,000	100,000
National Clearing Company Of Pakistan	300,000	300,000
	<b>600,000</b>	<b>600,000</b>
	<b>600,000</b>	<b>600,000</b>
<b>8 TRADE DEBTS</b>		
Trade debtors - considered good	<b>8.1</b> <u>5,984,571</u>	<u>1,475,449</u>
	<b>5,984,571</b>	<b>1,475,449</b>
<b>8.1 Ageing analysis</b>	<b>2017</b>	<b>2016</b>
	Rupees	Rupees
Within 5 days	233,104	-
Above 5 days	5,751,468	1,475,449
	<b>5,984,572</b>	<b>1,475,449</b>
	<b>5,984,572</b>	<b>1,475,449</b>
<p>This include PKR 1.091 million (2016: Nil) due from related party. As per Brokers (licensing and operations) Regulations, 2016 trade debts for more than five days to the extent by which the amount receivable exceed the collateral held from such customer after applying haircuts on VAR are Rs. 2.376 million</p>		
<b>9 OTHER RECEIVABLES</b>		
Other receivables	411,262	1,850,801
Receivable from PSX against disposal of shares	26,487,368	-
Receivable from NCCPL	1,267	-
	<b>26,899,897</b>	<b>1,850,801</b>
	<b>26,899,897</b>	<b>1,850,801</b>
<b>10 SHORT TERM INVESTMENT</b>		
'At fair value through profit and loss' - Listed securities	<u>26,542,364</u>	<u>-</u>
	<b>26,542,364</b>	<b>-</b>
<b>11 CASH AND BANK BALANCES</b>		
Cash at bank		
- Main account	10,165,248	3,688,095
- Client account	11,325,600	8,395,901
Cash at bank - current account	<b>21,490,848</b>	<b>12,083,996</b>
	<b>21,490,848</b>	<b>12,083,996</b>

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Muhammad Tariq Moti Securities (Private) Limited  
Notes to the Financial Statements

		2017	2016
		Rupees	Rupees
<b>12</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
	Ordinary shares of Rs. 10 each fully paid (issued for consideration other than cash)	50,000,000	50,000,000
	Ordinary shares of Rs. 10 each fully paid (issued for cash)	3,010,000	3,010,000
	5,301,000	53,010,000	53,010,000

**13 TRADE AND OTHER PAYABLES**

Trade payables	11,325,600	8,395,901
Withholding tax payable	-	116,613
Accrued expenses	246,192	237,083
Other liabilities	311,914	628,061
	<b>11,883,706</b>	<b>9,377,658</b>

**14 CONTINGENCIES AND COMMITMENTS**

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.

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.

		2017	2016
		Rupees	Rupees
<b>15</b>	<b>OPERATING REVENUE</b>		
	Brokerage and operating revenue	11,571,360	5,476,552
	IPO Commission	3,394	8,195
	15.1	<b>11,574,754</b>	<b>5,484,746</b>
<b>15.1</b>	<b>Brokerage Income</b>		
	Retail Clients	<b>11,571,360</b>	<b>5,476,552</b>

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**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the Financial Statements**

	Note	2017 Rupees	2016 Rupees
<b>16 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Director's remuneration	22	5,440,000	2,132,000
Staff salaries and allowances		1,880,000	1,951,500
PSX monthly charges		268,555	205,209
Clearing house fee		454,458	196,271
Printing and stationery		35,620	29,350
Fees and subscription		50,000	50,000
Utilities expense		161,880	152,800
Legal and professional charges		236,535	205,356
Professional tax		50,300	50,300
Travelling and conveyance		10,021	82,600
Entertainment		122,790	116,060
Audit fee	15.1	120,000	100,000
Vehicle running expenses		162,468	195,144
Computer maintenance and papers		93,990	40,085
CDC charges		318,040	192,765
Brokers' association fees		25,000	25,000
NCCPL charges		279,524	143,792
SECP charges		135,375	86,888
CGT tariff charges		-	223,520
Depreciation		39,301	36,169
General Expense		5,000	-
		<u>9,888,857</u>	<u>6,214,809</u>
<b>16.1 Auditors' Remuneration</b>			
Audit fee		60,000	50,000
Certification		60,000	50,000
		<u>120,000</u>	<u>100,000</u>
<b>17 FINANCE COST</b>			
Bank charges		1,297	920
		<u>1,297</u>	<u>920</u>
<b>18 OTHER INCOME</b>			
Dividend - PSX		440,812	1,282,363
Dividend - Company		260,550	-
Reversal of expense-SECP Chalan refund		-	99,900
		<u>701,362</u>	<u>1,382,263</u>
<b>19 TAXATION</b>			
Current		508,130	184,078
Deferred		-	10,853
		<u>508,130</u>	<u>194,931</u>

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**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the Financial Statements**

	2017	2016
	Rupees	Rupees
<b>20 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation	Rupees <u>42,082,663</u>	<u>456,350</u>
Weighted average number of shares	Number of shares <u>5,301,000</u>	<u>5,301,000</u>
Earning per share - basic and diluted	Rupees <u>7.94</u>	<u>0.09</u>

**21 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS**

	Chief Executive Officer		Directors	
	2017	2016	2017	2016
	----- Rupees -----			
Managerial remuneration	4,459,750	1,706,800	980,250	425,000
	<u>4,459,750</u>	<u>1,706,800</u>	<u>980,250</u>	<u>425,000</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.

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**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the Financial Statements**

**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

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, 2017				June 30, 2016				
	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-----									
<b>Financial Assets</b>									
<b>Non Current Assets</b>									
Long term deposits	7	-	-	600,000	600,000	-	-	600,000	600,000
<b>Current Assets</b>									
Trade debts	8	-	-	5,984,571	5,984,571	-	-	1,475,449	1,475,449
Loans and advances	9	-	-	26,899,897	26,899,897	-	-	1,850,801	1,850,801
Cash and bank balances	11	-	-	21,490,848	21,490,848	-	-	12,083,996	12,083,996
		-	-	54,375,316	54,375,316	-	-	15,410,246	15,410,246
<b>Sub Total</b>		-	-	<b>54,975,316</b>	<b>54,975,316</b>	-	-	<b>16,010,246</b>	<b>16,010,246</b>
<b>Financial liabilities</b>									
Trade and other payables	13	-	-	11,883,706	11,883,706	-	-	9,377,658	9,377,658
<b>Sub Total</b>		-	-	<b>11,883,706</b>	<b>11,883,706</b>	-	-	<b>9,377,658</b>	<b>9,377,658</b>
<b>On-Balance Sheet Gap</b>		-	-	<b>43,091,610</b>	<b>43,091,610</b>	-	-	<b>6,632,588</b>	<b>6,632,588</b>
<b>Off-Balance Sheet Financial Instruments</b>									
<b>Off-Balance Sheet Gap</b>		-	-	-	-	-	-	-	-
<b>Total Interest Rate Sensitivity Gap</b>		-	-	<b>43,091,610</b>	<b>43,091,610</b>	-	-	<b>6,632,588</b>	<b>6,632,588</b>

**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.

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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 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, 2017 is the carrying amount of the financial assets. The maximum exposure to credit risk at reporting date is:

	Note	2017 Rupees	2016 Rupees
Long term deposits	7	600,000	600,000
Trade debts	8	5,984,571	1,475,449
Other receivables	9	26,899,897	1,850,801
Cash and bank balances	11	21,490,848	12,083,996
		<u>54,975,316</u>	<u>16,010,247</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, 2017				June 30, 2016			
	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	13	11,325,600	11,325,600	-	8,395,901	8,395,901	-	-

-----Rupees-----

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**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 (2016:6) and average number of employees during the year were 6 (2016:2017).

**26 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 06-10-2017 by the Board of Directors of the Company.

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**27 GENERAL**

The figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR